

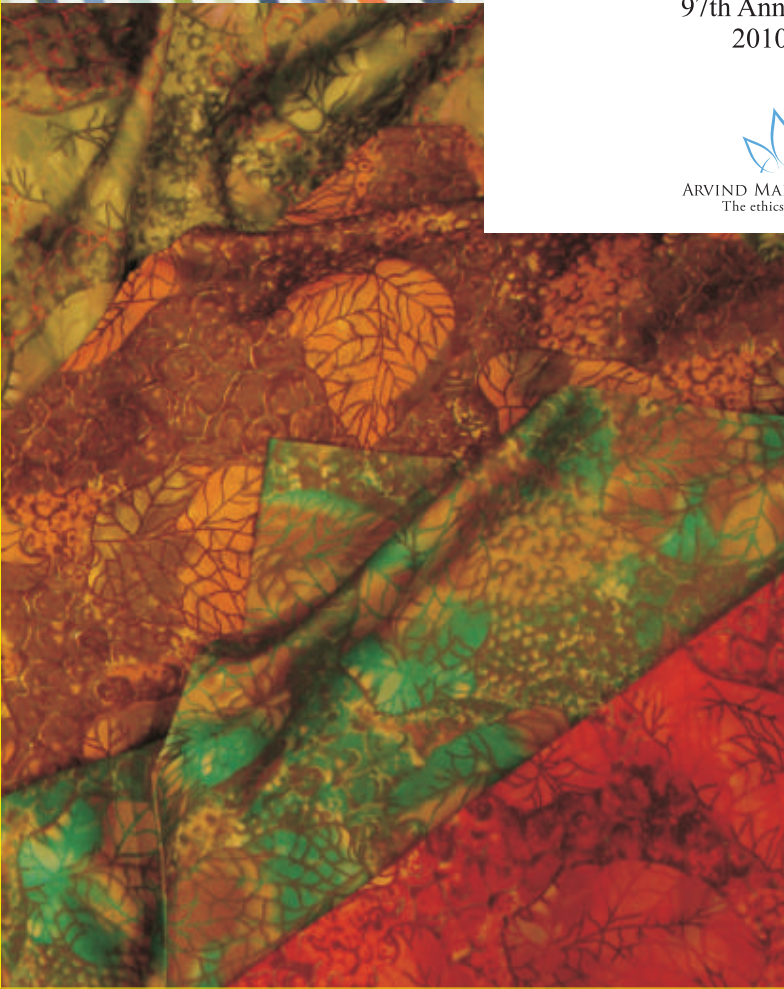


MAfatlal[®]

MAFATLAL INDUSTRIES LIMITED
97th Annual Report
2010-2011



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 2011-12.

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

Sharepro Services (India) Pvt. Ltd.,

Samhita Warehousing Complex,
2nd Floor, Gala No.52 to 56,
Bldg.No.13 A-B, Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Mumbai-400 072
Tel: 91-022-67720300 / 67720400
Fax: 91-022-28591568 / 28508927
E-mail: sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai-400 021.
Tel: 91-022-66134700, Fax: 91-022-22825484
E-mail: sharepro@shareproservices.com

The Shareholders are requested to notify change in address, if any, along with a copy of their address proof immediately to the R. & T. Agents at the above address mentioning their Folio Numbers.

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97th Annual General Meeting on
Friday, the 23rd September, 2011
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

SHRI ARVIND N. MAFATLAL

Chairman - Emeritus

BOARD OF DIRECTORS

SHRI ARVIND N. MAFATLAL

Chairman
(upto 28-10-2010)

SHRI HRISHIKESH A. MAFATLAL

Chairman
(w.e.f. 28-10-2010)

SHRI PRAFUL R. AMIN

Director

SHRI P. J. DESAI

Director

SHRI V.K. BALASUBRAMANIAN

Director

SHRI N. K. PARIKH

Director

SHRI A.C. GANDHI

Director

COMPANY SECRETARY

SHRI R.R. PATEL

AUDITORS

M/S. DELOITTE HASKINS & SELLS,
Chartered Accountants

SOLICITORS

M/S. VIGIL JURIS

CORPORATE OFFICE:

Mafatlal House, Backbay Reclamation,
H.T. Parekh Marg, Churchgate,
Mumbai-400 020.
Phone: 91-022-4008 3636
Fax: 91-022-66357633
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)

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, 2nd Floor,
Gala No.52 to 56, Bldg.No.13 A-B
Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka, Mumbai-400 072
Tel: 91-022-67720300 / 67720400
Fax: 91-022-28591568 / 28508927
E-mail: sharepro@shareproservices.com

Investor Relations Centre:

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Nariman Point, Mumbai-400 021.
Tel: 91-022-66134700
Fax: 91-022-22825484
E-mail: sharepro@shareproservices.com

NOTICE

NOTICE IS HEREBY GIVEN THAT the Ninety-Seventh Annual General Meeting of the Members of the Company will be held on Friday, the **23rd day of September, 2011**, 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 period ended 30th June, 2011, and the Balance Sheet as at that date and the Auditor's Report thereon.
- 2) To appoint a Director in place of Shri P. R. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri V. K. Balasubramanian, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
- 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 modifications, as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Shri Priyavrata H. Mafatlal, a relative of Shri Hrishikesh A. Mafatlal Chairman and Managing Director of the Company to hold office or place of profit as General Manager – Marketing & Sales in the Management Cadre Grade-I in the Textile Division of the Company with effect from 1st January, 2011 and from 6th April, 2011 on the terms and conditions as to the remuneration as set out in the Letters of Appointment dated 27th December, 2010 and 10th May, 2011, issued to him pursuant to the Board Resolutions dated 22nd December, 2010 and 9th May, 2011 respectively."

Regd. Office:
Asarwa Road,
AHMEDABAD-380 016.
Mumbai,
Dated: 8th August, 2011

By Order of the Board,
R.R. Patel
Company Secretary

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. 5 and 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 **23rd day of August, 2011** to Tuesday, the **30th day of August, 2011**, both days inclusive.
4. Shri P. R. Amin, a Non-Executive Independent Director, seeking re-appointment at this meeting holds 211 Equity Shares in the Company. Shri V.K. Balasubramanian also a Non-Executive Independent Director seeking re-appointment at this meeting does not hold any Equity Shares in 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. 5 & 6 mentioned in the accompanying Notice dated 8th August, 2011

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 2011-2012. 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

The Board of Directors of the Company at their Meeting held on 22nd December, 2010, has appointed Shri Priyavrata H. Mafatlal, as General Manager – Marketing & Sales of the Company in the Management Cadre Grade-I. He is the relative (son) of Shri Hrishikesh A. Mafatlal, Chairman and Managing Director of the Company. He is M.Com, BMS and is having experience of two years. His appointment is with effect from 1st January, 2011, on a monthly gross remuneration of Rs.47,917 including allowances, perquisites and other benefits applicable to other employees in the said Grade. He is also entitled to benefit of Accident Insurance and Mediclaim Policies premium for self and family as per the Company's Rules applicable to the executives in that cadre. He is also entitled to free use of the Company's Car with Driver and free telephone facility (including Mobile Phone) at the residence and also entitled to reimbursement of the actual expenses incurred for the business of the Company. This was subject to the consent of the Company accorded by a Special Resolution at the first general meeting of the Company held

Mafatlal Industries Limited

after the holding of such office or place of profit. By a resolution passed at the Meeting of the Board of Directors held on 9th May, 2011, the gross remuneration payable to him was increased from Rs. 47,917/- per month to Rs.1,00,000/- per month including allowances, perquisites and other benefits with basic salary of Rs.50,000/- per month in the Basic Salary Scale (Time Scale) of Rs. 50,000-15,000-1,25,000 with allowances, perquisites and other benefits as applicable to other employees in the Companies Management Cadre-I Grade, provided however the total remuneration including perquisites and allowances shall not in any year exceed Rs. 30,00,000/- (Rupees Thirty Lacs) or Rs. 2,50,000/- (Rupees Two Lacs Fifty Thousand) per month. Within the said limit he shall be given such increments in the salary, perquisites and allowances as the Board of Directors deems appropriate from time to time.

Accordingly, Special Resolution is proposed to be passed at this Annual General Meeting as required by Section 314(1) (b) and other applicable provisions of the Companies Act, 1956 for approving the appointment of Shri Priyavrata H. Mafatlal as aforesaid on the remuneration paid/payable as mentioned above.

The Board of Directors recommend passing of the Special Resolution at item No.6 of the Notice.

The copies of the Appointment Letters dated 27th December, 2010 and 10th May, 2011, issued by the Company to Shri Priyavrata H. Mafatlal, are open for inspection by the Members at the Registered Office of the Company on any working day between 2.00 P.M. and 4.00 P.M.

Shri Hrishikesh A. Mafatlal Chairman and Managing Director of the Company being relative (father) of Shri Priyavrata H. Mafatlal is deemed to be concerned or interested in the Resolution.

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

Registered Office:

Asarwa Road,
AHMEDABAD-380 016.

Mumbai,

Dated: 8th August, 2011

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.
Shri P. R. Amin (75 Yrs.) B.Com., ACA.	13.06.1985	Experience of over 51 years in Finance, Production, Management and Corporate Affairs.	Director in: Mafatlal Industries Limited and Mafatlal Denim Limited. Committee Membership: Chairman of: Audit Committee, Investors' Grievance Committee, Remuneration Committee, and Member of Share Transfer Committee of Mafatlal Industries Limited. Chairman of Audit Committee of Mafatlal Denim Limited.
Shri V. K. Balasubramanian (70 Yrs.) M. A., C.A.I.I.B,	17.06.2005	Experience of over 45 years in the field of Corporate Finance, Accounts, Taxation etc.	Director in: Mafatlal Industries Limited and Transdeal Financial Ltd. Committee Membership: Member of Audit Committee of Mafatlal Industries Limited.

SUMMARISED FINANCIAL DATA**RS IN LACS**

No.	Particulars	1999-01 (18 months)	2001-02 (18 months)	2002-03	2003-04	2004-05	2005-06	2006-08 (18 months)	2008-09	2009-10 (14 months)	2010-11 (13 months)
	PROFIT AND LOSS ACCOUNT										
1	Sales & Other Income	54592.78	69665.96	18162.69	20081.15	20484.54	16619.06	41026.18	54766.10	30813.69	86170.17
2	Profit before Depreciation, Taxes	(18500.74)	4665.72	(6155.28)	(3255.67)	(93.82)	(5717.47)	3760.60	34168.74	6606.95	51026.00
3	Depreciation	4280.42	3294.53	1428.10	1108.90	920.71	780.94	807.08	402.02	332.51	252.48
4	Profit before Taxes	(22781.16)	1371.19	(7583.38)	(4364.57)	(1014.53)	(6498.41)	2953.52	33766.72	6274.44	50773.52
5	Earning per share (EPS) Rs.	-	27.54	(151.68)	(87.30)	(20.60)	(130.42)	58.61	675.01	71.16	387.78
	BALANCE SHEET										
6	Total Assets :										
	Gross Fixed Assets	42928.02	35203.64	35156.84	31657.50	27339.58	27557.72	27388.69	26648.33	21731.30	20009.63
	Net Fixed Assets	19717.23	11509.40	10095.10	8698.33	5516.76	4673.74	3797.80	3373.55	1975.17	1613.34
	Investments (Net)	21734.30	21955.00	19619.33	19576.77	19574.71	19433.95	16609.00	16567.45	12477.61	5477.25
	Current Assets (Net)	155.57	(20703.95)	(23373.96)	(29557.94)	(15200.17)	(17316.17)	(5322.26)	(11407.63)	(3499.36)	41657.38
	Miscellaneous Exps not W/Off	2146.50	752.56	1070.66	6544.11	4987.58	3474.16	1279.69	0.75	-	-
	Total Application	43753.60	13513.01	7411.13	5261.27	14878.88	10265.68	16364.23	8534.12	10953.42	48747.97
7	Borrowings	70626.40	40787.24	42269.24	44484.45	46389.93	48297.74	51633.98	10053.15	7296.15	7034.70
8	Net Worth :										
	Share Capital	4999.39	499.94	499.94	499.94	9499.94	9499.94	9499.94	9499.94	6981.32	6981.32
	Reserves	(31872.19)	(27774.17)	(35358.05)	(39723.12)	(41010.99)	(47532.00)	(44769.69)	(11018.97)	(3324.05)	34731.95
		(26872.80)	(27274.23)	(34858.11)	(39223.18)	(31511.05)	(38032.06)	(35269.75)	(1519.03)	3657.27	41713.27
9	Total Sources	43753.60	13513.01	7411.13	5261.27	14878.88	10265.68	16364.23	8534.12	10953.42	48747.97
10	No. of Shareholders	155548	150226	147252	137568	133686	128193	123998	122770	119590	115982
11	No. of Employees	8621	8560	6569	3596	3382	4001	3959	3875	3744	3590
12	Debt/Equity Ratio	-	-	-	-	-	-	-	-	1.99:1.00	0.17:1.00

DIRECTORS' REPORT

To:

The Members,

MAFATAL INDUSTRIES LIMITED

Your Directors present the 97th Annual Report together with Audited Statement of Accounts for the period ended 30th June, 2011.

1. FINANCIAL RESULTS:

The Financial Results of the Company are as under:

(Amount Rs.in Lacs)

	Current period 2010-11 @ (13months) 1st June,2010 to 30th June, 2011	Previous Period 2009-10 (14 months) 1st April, 2009 to 31st May, 2010
Turnover (Including export benefits/ incentives)	65,034.61	13,238.20
Other Income (includes sale of properties)	21,135.56	17,575.49
Increase/(Decrease) in Stock of finished Goods & Process Stock	1,030.48	(117.26)
Gross Profit	51,673.59	7,065.18
[Before Interest, Depreciation & Tax]		
Less: Depreciation	252.48	332.51
Interest (Net)	647.59	458.23
Provision for Current tax (Including Wealth tax)	12,450.40	1,100.25
Profit after Taxes	38,323.12	5,174.19
(Short)/Excess Provision of Tax of Earlier Years)	(267.12)	2.11
	38,056.00	5,176.30
Add: Deficit brought forward from Previous Period/Year	(26,101.73)	(31,278.03)
	11,954.27	(26,101.73)

@ The Board of Directors has changed the Financial Year 2010-11 to end on 30th June, 2011 instead of 31st May, 2011.

2. DIVIDEND:

The profit, during the period under report, is due to income arising out of the sale of Development Rights on the 50% land of Mazgaon Unit in terms of Modified Rehabilitation Scheme-2009(MS-09) approved by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR). The operations of the Company during the year have resulted in a loss, though substantially reduced.

Pursuant to MS-09 the Company cannot declare any dividends to its equity shareholders without the prior approval of the BIFR during the rehabilitation period which extends up to 31st March, 2016. Also, as per the terms of issue of Fully Redeemable Non Cumulative Preference Shares the company cannot declare any dividend on equity shares till dividend is declared and paid to the preference shareholders who are entitled to a dividend @ 1% for every financial year commencing on or after 1st January, 2014, unless redeemed earlier.

The Company however, is confident of repaying its residual liabilities under the schemes including redemption of Preference Shares much sooner than the period envisaged under MS-09.

In view of this, Directors regret their inability to recommend dividend.

3. MODIFIED REHABILITATION SCHEME (MS-09):

As you are aware, the Hon'ble BIFR has sanctioned the Rehabilitation Scheme of the Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985("SICA") vide its Order dated 30th October, 2002. Thereafter, as already reported last year, the Modified Rehabilitation Scheme (MS-09) of the Company was sanctioned by BIFR, vide Order dated 24th/25th June, 2009.

Consequent upon the net worth of the Company turning positive based on Balance Sheet of 31st May, 2010 and upon application of the Company, BIFR

de-registered the Company from the purview of SICA/BIFR vide its Order dated 12th August, 2010. Under the said Order dated 12th August, 2010, BIFR interalia directed that the unimplemented provisions of MS-09, if any, should be implemented by the concerned agencies and their implementation shall be monitored by the Company. Subsequently, in an Appellate Proceedings, the Appellate Authority for Industrial and Financial Reconstruction vide its Order dated 16th May, 2011, interalia modified the above directions to the effect that the implementation of MS-09 shall be monitored by the BIFR instead of the Company.

During the period under review the winding-up petition filed by LKP Merchant Financing Ltd.("LKP")(which was reported to the members of the Company in earlier Directors' Report) was withdrawn by LKP as their dues were settled.

4. SALE OF MAZGAON UNIT LAND OF THE COMPANY IN MUMBAI:

The Members are aware that the BIFR-sanctioned Rehabilitation Scheme and the Modified Scheme of the Company provided for sale of surplus assets including Mazgaon land in Mumbai.

As intimated to the members in the Explanatory Statement annexed to the notice of postal ballot dated 9th May, 2011, the Company had received Offer dated 3rd May 2011 from Piramal Developers Pvt. Ltd. and Gliders Buildcon LLP, entities of Ajay Piramal Group for development or sale / assignment of leasehold land of the Company admeasuring about 30,910 Sq. Mtrs. (including road set back area of 3622 Sq. Mtrs.) situated at Rambhau Bhogale Marg, Mazgaon, Mumbai-400 010, for a consideration of Rs.605.80 Crores. The said proposal was approved by the members by passing a resolution by postal ballot by overwhelming majority of 99.82% of the valid votes cast in the said postal ballot.

Accordingly, on 17th June, 2011, the Company executed Agreement with Gliders Buildcon LLP, for the development and other relevant agreements in respect of a part of the Company's leasehold land at Mazgaon in Mumbai admeasuring about 30,910 Sq. Mtrs.

As mentioned in the explanatory statement to the notice of the said postal ballot, the remaining 50% land of the Company at Mazgaon (Mumbai), is required to be surrendered to the Municipal Corporation of Greater Mumbai ("MCGM") for which the Company will be eligible to get Transferable Development Rights("TDRs"). The Company will be able to sell such TDRs in the market.

The Developer shall construct at its cost a Spinning Unit and give it to the Company for recommencing the spinning activity with a capacity of 10000 spindles which is required to be run by the Company in terms of the notification dated 10th February, 2004 issued by the Government of Maharashtra for dereserving 50% of the land and also in terms of the BIFR sanctioned schemes.

Ahmedabad Unit :

As reported to the members in the Directors' Report for financial year ended 30th September, 2003 the Company had agreed to sell its closed Ahmedabad Unit to Annapurna Polymers Pvt. Ltd. (APPL) for a consideration of Rs.6,77,70,000/- out of which the Company had already received a sum of Rs.5,10,00,000/- as advance. The said sale was pursuant to the Scheme of Rehabilitation approved by BIFR, and it was also approved by the Asset Sale Committee appointed pursuant to the said BIFR Scheme. The formal transfer of the assets of the said unit to APPL was completed during the period against which the Company has received the balance consideration of Rs.1,67,70,000/-.

5. YEAR IN RETROSPECT :

During the period under review, due to continuous product development activities and better plant maintenance efforts, the production during the 13 months period was substantially improved to 192.88 lacs mtrs. compared to 180.74 lacs mtrs. during the previous period of 14 months. This could have been improved further but for the shortage of working capital and delay in implementation of capital expenditure due to lack of funds which adversely affected the utilization of plant capacities.

Cost reduction and product improvement projects were undertaken on continuous basis in order to reduce losses and improve profitability. With this, the Company has been successful in improving the process house capacity utilization as well as deliver better quality products.

Further, there was a substantial rise in raw material rates as also increase in employees cost due to high inflation and consequential increase in dearness allowance. The increase in cost of production due to these factors was off-set to a large extent by an increase in selling prices of the products, increase in volume of production and better product-mix.

Total sales during the 13 months period was 218.16 lacs mtrs. compared to 197.89 lacs mtrs during the previous period (14 months). The textile turnover during the current period of 13 months was Rs.165.32 crores as compared to Rs.132.38 crores during the previous period.

The period under review was a landmark for the Company since it was de-registered from the purview of SICA/BIFR after almost a decade of hibernation under BIFR. Further the Company also achieved a major milestone of completing the sale of its Mazgaon Unit land. The proceeds realized therefrom will be sufficient to address the residual outstanding liabilities in terms of MS-09. It will also provide the requisite seed capital to the Company to raise its Fixed Capital and Working Capital requirements from the Banks for its growth and expansion.

6. PROJECT PROMOTION DIVISION:

NOCIL Limited (NOCIL):

During the year 2010-11, NOCIL had relatively stable business conditions in the first half of the year. However, right from the beginning of second half, prices of most of its inputs started hardening on the back of the surge in the crude oil price as well as the prices of various derivatives thereof. Also the Company continues to face very aggressive competition from the dumped imports of Rubber Chemicals into India and margins remained under pressure due to the continued dumping of the products. The Company has initiated a Mid Term Anti-Dumping Petition on imports sourced from Korea. Despite increase in input cost by a combination of timely booking of orders at the best possible prices, better management of various operational parameters and organization of utilities management, the margins during the year remained more or less similar to the previous year.

The turnover of NOCIL for the year 2010-11 was Rs.480 crores as compared to Rs.460 crores, representing an increase of 4.50% over the previous year. The production of Rubber Chemicals and their intermediates was 38,264 MT for the year under review as against 36,697 MT representing an increase of 4 % as compared to the previous year. NOCIL has made profit before Tax of Rs.48.01 Crore for the year as compared to Rs.50.13 Crores for previous year. During the year 2010-11, NOCIL achieved exports of Rs.181 crores, which were marginally lower than Rs.186 crores in the previous year.

The Rubber Chemicals market continues to remain competitive and dumping by international suppliers into India continues to be a matter of concern.

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:

No employee of the Company was in receipt of remuneration of Rs.65 lacs for 13 months period ended 30th June, 2011 or Rs.5 lacs per month for the part of the period. Hence, Statement required to be given as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is not given.

9. INDUSTRIAL RELATIONS:

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

10. DIRECTORATE:

Shri P. R. Amin and Shri V. K. Balasubramanian, Directors of the Company will retire by rotation at the ensuing 97th Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

11. SUBSIDIARY COMPANIES:

During the period under review Mishapar Investments Ltd., Sudas Manufacturing & Trading Limited, Sunanda Industrial Machinery Ltd., Mafatlal Services Ltd., continued to be the subsidiaries of your Company.

As per the general exemption granted under Section 212(8) of the Companies Act, 1956, by the Government of India, Ministry of Corporate Affairs, New Delhi. vide its General Circular No.2/2011, dated 8th February, 2011, Balance Sheet and Profit & Loss Account, Directors' Report and the Auditor's Report of the Subsidiary companies have not been attached with the Balance Sheet of the Company.

However, other details required to be given as per the said General Circular No.2/2011, dated 8th February, 2011, have been disclosed in the Annual Report.

The Annual Accounts and related information of the subsidiary companies are open for inspection by any member at the Registered Office of the Company on any working day between 2.00 p.m. and 4.00 p.m. and the Company will make available these documents 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), of the Companies Act, 1956, your Directors report as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures,
- (ii) 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 period and of the Profit of the Company for the period under review,
- (iii) 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,
- (iv) that the directors have prepared the annual accounts on a going concern basis.

14. AUDITORS:

At the Annual General Meeting, Members are requested to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara, as Auditors for the current year and to fix their remuneration. The specific notes forming part of the Accounts referred to in the Auditor's Report are self-explanatory and give 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 required to be 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 Financial Year 2010-11 i.e. from 1.06.2010 to 31.05.2011, pursuant to approvals of the Central Government vide their letters dated 15th July, 2010 and 13th July, 2010, respectively. The Company has applied to the Central Government for approval to the appointment of the said Cost Auditors for the extended Financial Year 2010-11 ended on 30th June, 2011. The Cost Audit Report in respect of the financial period 2010-11 will be filed on or before the due date i.e. 27th December, 2011.

15. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS REPORT:

As required under the Listing Agreement with Stock Exchanges, Reports on "Corporate Governance" as well as "Management Discussion and Analysis Report" are attached and form part of the Directors' Report. Further, during the period 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,

H. A. MAFATLAL
Chairman

Mumbai,

Dated: 8th August, 2011

Mafatlal Industries Limited

ANNEXURE TO THE DIRECTORS' REPORT 2010-11

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:

1.	11 Inventors are installed on autoconer suction fan motor and its speed reduced from 2950 to 2450 RPM
2.	Speed of card dust fan No.3 optimised.
3.	In Compressor Air Network following work done which resulted in 350 CFM of compressed air saving (A) Reduced air pressure (B) Additional 2 Oil Separator fabricated & installed, (C) Air Dryer efficiency improvement and (D) All traps of compressor and Dryer put in service.
4.	Sizing Shed one Exhaust Fan Motor was removed by installing suction Duct.
5.	Compressor Room shed two Exhaust Fan motor removed by installing suction duct on compressor.
6.	By stopping fan, reducing pump capacity and running H.& V. plant by monitoring department condition.
7.	By taking following action for reduction in steam and coal at New Unit Boiler House: (a) grate area of Boiler reduced from 52 Sq. Ft. to 30 Sq. Ft. (b) Steaming M/c. piping layout changed & leakage attended (c) Both Steaming M/c. automation done (d) Optimise Boiler pressure/Putting in semi auto mode. (e) Sizing M/c. main Steam line leakage attended (f) Putting ogdon pump in operation
8.	Steam line insulation work done in the Department
9.	Contract Demand reduced from 8250 KVA to 6750 KVA by replacing C.T. and P.T. at 66 KVA Sub-Station.
10.	PNG line installation done in place of LPG storage tank at Old Unit.

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

NIL

(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 is able to reduce the cost of Energy Bill.

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

The above information is furnished in the prescribed Form "A" annexed hereto in respect of two operational Textile 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 initiates 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 Middle East, Europe and U.S.A. for increasing the export of processed fabrics to those countries. The Company has been successful to some extent.

(B) Total Foreign Exchange used and earned:

(Rs.in lacs)

	Current Period 2010-11 (13 Months)	Previous Period 2009-10 (14 Months)
Total Foreign Exchange used	79.09	63.40
Total Foreign Exchange earned	3062.68	2986.71

FORM-A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Current Period*	Previous Period
2010-11	2009-10
13 Months	14 Months

A. POWER AND FUEL CONSUMPTION

1 Electricity:

a)	Purchased: Units Lacs KWH	634.16	665.61
	Total Cost (Lacs Rs.)	3912.88	4185.08
	Rate / KWH	6.17	6.29
b)	Own Generation:		
i)	Through Diesel Generator:		
	Units	1512	2457
	Unit per litre of diesel oil (KWH)	1.44	1.35
	Cost/Unit (Only Diesel) (Rs.)	29.17	29.52
ii)	Through Steam Turbine/Generator	N.A.	N.A.
	Units		
	Unit per litre of diesel oil (KWH) Cost/Unit(Rs.)		

2 Coal / Lignite : (Specify quality and where used):

Steam Coal and Lignite used for Steam Generation in Boilers for Departmental use.			
	Quantity (Tonnes)	37906	31736
	Total Cost (Rs. Lacs)	1158.87	1039.73
	Average Rate / Tonne (Rs.)	3057.26	3276.21

3 Furnace Oil:

	Quantity (K Ltrs.)	0.000	0.000
	Total Amount (Rs in lacs.)	0.00	0.00
	Average Rate (Rs/Ltr.)	0.00	0.00

4 Others / Internal Generation:

	N.A.	N.A.
--	------	------

B. Consumption Per Unit of Production:**1 Electricity :**

Purchased and Generation		
KWH/Metre of Grey Production*	2.47	2.68
KWH/Metre of Wet Production	0.36	0.38
Chemicals	NIL	NIL

2 Furnace Oil:

Litre/KWH of Grey Production
KWH/Metre of Wet Production

3 Coal / Lignite : (Specify quality - Steam Coal)

Kgs. of Coal/Metre of Grey Production	0.51	0.25
Kgs. of Coal Metre of Wet Production (Finished Production)	1.34	1.48

4 Others

N.A. N.A.

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

FORM - B**A) RESEARCH AND DEVELOPMENT :****1. Specific areas in which R. & D. carried out by the Company:**

- Fabrics with Soil release Flame retardant & Antimicrobial finish were developed for Institutional orders. Fabrics were developed with fibres having inherent FR and AM properties.
- New products were developed
Natural stretch fabric cotton and Cotton/Modal, cotton, satin with Lurex, Modal dyed & printed fabric, Cotton yarn dyed with Lurex.
- After controlled trials, Bioscouring process was established for whites at yarn stage, reducing cost.
- For higher end Markets, Moist cross linking process was established to achieve higher DP rating.
- After dyeing trials in Lab., deeper shades in 100% polyester were dyed through Thermosol route, saving water, energy and also reducing dyeing cost.
- Linen look fabrics were developed in Yarn Dyed * Solid Dyed fabrics.
- Combined OBA and Finishing of 100% Polyester, improving delivery time, Production and also saving energy.
- Laboratory Accreditation Certificate from M & S and NEXT (UK 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.

3. Future Plan of Action:

- New testing equipments and up-gradation of existing equipments
- New version of Spectrophotometer / software
- Auto Color dispensing unit for pilot lab.
- New CAD system for design development

4. Expenditure on R. & D:

	Current Period 2010-2011 (13 months)	<i>Previous Period 2009-2010 (14 months)</i>
	<i>(Rs. in Lacs)</i>	
(a) Capital Expenditure :	Nil	Nil
(b) Recurring Expenditure :	28.12	31.42
(c) Total :	28.12	31.42
(d) Total R. & D. Expenditure as a percentage of Total Turnover:	0.04	0.24

B) TECHNOLOGY ABSORPTION AND INNOVATION :**1. Efforts in brief made towards technology absorption, adaptation and innovation :**

- To improve fabric quality and eliminate section mark in P/C Yarn Dyed fabrics, warping was done by Direct warping instead of Sectional warping.
- Change of cotton mixing for cost reduction without affecting efficiency and quality of fabrics.
- To reduce water consumption, water from blanket washing were re-used in printing machine.
- Lowered heights of tube-light in Weaving and Autoconers and reducing the number of tube-lights fittings, saving electricity.
- For saving Drawing-in time by one shift and for improving Loom efficiency, Cross Leased Beam Technique was implemented.
- Sodium Alginate (Printing Thickner) is manufactured by using Algae. About 15% of Sodium Alginate was substituted by Synthetic thickner to Conserve Algae, which is important for maintaining Marine Eco system.

2) Benefits as a result of 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:

- a) Technology imported : No machine is imported during last 5 years.
- b) Year of Import : --
- c) Has technology been fully absorbed? : --
- d) If not fully absorbed, not taken place, : --
reasons therefore and future plans
of action.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

This was a landmark period in which the Company was de-registered from BIFR after its net worth turned positive. There was a marked improvement in operational performance and sales figures showed substantial growth inspite of uncertainties due to huge fluctuation in cotton and polyester prices during the period.

Another milestone achieved during the period was completion of sale of Mazgaon Unit land. The proceeds from the land sale will be sufficient to clear dues of all creditors making it a debt free company shortly. This will also be helpful in implementing the workers' VRS and for capital expenditure which will reduce costs and thus help the company to compete in the market. It will also be possible now to access working capital loans and Capex loans from the banking system.

Way Forward

Capital expenditure of about Rs 65 crores has been planned over the next 18 months, with the bulk of the expenditure planned in processing. This will enable the Company to increase its processing capacity besides helping in developing new products, increasing productivity and improving quality. Another Rs.10 crore capex is planned in Captive Power Generator of 2.0 MW through co-generation route. These investments will help in reducing costs and improving our competitiveness.

Health & Safety / Quality Certification

The Company has implemented safeguards to adhere to health, safety and 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 and Oeko Tex certified, boast of quality approvals from Marks & Spencer and NEXT, and also have British Safety Council certification.

Strength & Weakness

The Company's major strength is the trust which it enjoys with its wide customer base which it has developed through fair business practices. The other major strength is excellent product range backed by good quality and service. However, the major weakness is the old range of equipments at the plant and high labour cost which reduces Company's competitiveness.

Opportunities & Threats

The demand for good quality fabric is ever growing from Domestic/International markets and Garment Exporters which creates endless opportunities for Textile Industry. With China's competitiveness decreasing slowly, this is a great opportunity for Indian Textile Companies.

However, the threat comes from fluctuation in raw material costs and in exchange rate in addition to the competition from low cost producers in India and abroad.

Industry Structure

The Indian Textile Industry is one of the leading textile Industries in the world. Though it was a predominantly unorganized industry, the scenario started

changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world.

The textile and clothing industry contribute to over 12% of India's export, 14% of industrial output and accounts for more than 5% of GDP. It provides direct employment to over 35 million people. For the Indian economy it is the second most important sector after agriculture.

The Indian Textile industry continues to be extremely fragmented with very few players in the composite sector. While the spinning sector is more organized, most of the weaving and processing units operate in the unorganized sector.

Prospects

The textile industry is estimated to have grown to USD 62 billion in 2010-2011. The estimated exports for 2011-12 stand at about USD 25 billion. Markets are doing well and the textile industry is reported to be growing at 3-5% per annum. Prospects look good during the coming year.

Business Segment Analysis

The Company has achieved a textile turnover of Rs. 165.32 crores, out of which export sales was Rs. 31.50 Crores. The Company's order book position is fair. In light of the overall prospects of the Textile Industry and the SWOT Analysis of the Company, we feel that it can achieve better results, 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. Total No. of employees was 3590 as on 30th June, 2011.

Internal Control

The Company has proper and adequate systems of internal control. Regular internal audits and checks are carried out and also management reviews of 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 controls / internal audit issues.

Cautionary Statement

Statements in this report of Management 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 and/or regulations. These statements are based on certain assumptions and expectations of 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 13 months period ended 30th June, 2011, 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 six directors as at the end of the period out of which one was promoter director and other five were Non-Executive Independent Directors. During the period, with effect from 28th October, 2010, the Board of Directors was headed by Shri Hrishikesh A. Mafatlal who is the Promoter Chairman and Managing Director. 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, 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 28/10/2010 attended	Other Directorship held (including Private Companies) at the year end	\$ No. of Committee Membership Chairmanship in other Domestic Companies at the Year end	
						As Chairman & Member	As Member
1	Mr. A. N. Mafatlal (upto 28.10.2010)*	Promoter Non-Executive	NIL	No	NIL	NIL	NIL
2	Mr.H. A. Mafatlal	Promoter Executive	07	Y	#13	01	01
3	Mr.Praful R. Amin	Non-Executive Independent	06	Y	01	01	NIL
4	Mr.P. J. Desai	Non-Executive Independent	05	Y	01	NIL	NIL
5	Mr.V.K. Balasubramanian	Non-Executive Independent	05	Y	01	NIL	NIL
6	Mr.N. K. Parikh	Non-Executive Independent	06	Y	NIL	NIL	NIL
7	Mr.A.C. Gandhi	Non-Executive Independent	07	Y	06	1	06

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.

* Shri A. N. Mafatlal did not seek re-election at the 96th Annual General Meeting, hence he ceased to be a Director w.e.f. 28.10.2010.

@ During the period under review viz.1st June, 2010 to 30th June, 2011, total Seven Meetings of the Board of Directors of the Company were held viz. on 28.06.2010, 24.09.2010, 28.10.2010, 22.12.2010, 31.03.2011, 09.05.2011 and 27.06.2011.

\$ Under this column, memberships / Chairmanships of Audit Committee and Investors' / Shareholders' Grievance Committee in all Public Limited Companies (excluding Mafatlal Industries Limited), are only considered as required to be disclosed under the amended provisions of Clause 49 of Listing Agreement with the Stock Exchanges.

Out of 13 directorships, 5 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 and for Committees thereof @ Rs.5,000/- 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:

There are no contracts / agreements except letter of appointment issued to the Managing Director.

(v) Shareholding of Non-Executive Directors as at 30th June, 2011, is as follows :

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

Shri P.R. Amin – 211 shares, Shri P.J. Desai –NIL, Shri V.K. Balasubramanian- NIL, Shri N K Parikh- NIL and Shri A.C.Gandhi – 64 shares.

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 six Meetings of the Audit Committee of the Board of Directors of the Company were held viz. on 28.06.2010, 24.09.2010, 28.10.2010, 22.12.2010, 31.03.2011, and 27.06.2011.

Mafatlal Industries Limited

The attendance of the members of the audit committee 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	28.06.2010	Y	Y	Y	Y	Y
2	24.09.2010	Y	Y	Y	Y	Y
3	28.10.2010	Y	Y	Y	Y	Y
4	22.12.2010	No	Y	Y	Y	Y
5	31.03.2011	Y	Y	Y	Y	Y
6	27.06.2011	Y	No	No	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.

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 Company viz., Mishapar 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 Mishapar Investments Limited.

The Minutes of the Board Meetings as well as statements of all significant transactions and investments made by the unlisted subsidiary companies, are placed before the Board of Directors.

The Audit Committee of the Company also review the financial statements, in particular, the investments made by the subsidiary companies.

The management of the subsidiary companies draws the attention of the Board of Directors of the Company, to a statement of all significant transactions and arrangements entered into by the subsidiary Companies.

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 and Shri N.K. Parikh. All of them are Non-Executive Independent Directors of the Company. During the period under review, no meeting of the Committee was held.

Terms of Reference: The Remuneration Committee has been constituted to recommend / review remuneration of Executive Director(s) based on their performance and defined assessment criteria.

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

Sitting Fees paid to Directors

Sr No	Names of Directors	Category (Executive/Non-Executive)	* Sitting Fees Rs.
1	Mr. A. N. Mafatlal (upto 28.10.2010)	Promoter -Non-Executive	NIL
2	Mr. H. A. Mafatlal**	Promoter -Executive	NIL
2	Mr. Praful R. Amin	Non-Executive Independent	60,000/-
3	Mr. P. J. Desai	Non-Executive-Independent	55,000/-
4	Mr. V. K. Balasubramanian	Non-Executive-Independent	50,000/-
5	Mr. N. K. Parikh	Non-Executive-Independent	55,000/-
6	Mr. A. C. Gandhi	Non-Executive-Independent	65,000/-

* Sitting Fees paid for attending Board Meetings, Audit Committee Meetings, Investors' Grievance Committee Meeting and Remuneration Committee Meeting.

** Shri H. A. Mafatlal, Managing Director of the Company (Designated as Chairman and Sr. President) has not been paid any remuneration since his appointment is without remuneration. Shri H. A. Mafatlal 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.

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 period under report, the Committee duly met on 31.03.2011, 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, non-receipt of Annual Reports etc.

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

No. of Complaints received from Shareholders from 1-06-2010 to 30-06-2011, comprising of :

Non-receipt of Shares after transfer	: 01
Non-receipt of Dividend Warrants(old)	: 00
Non-receipt of Annual Reports	: 10
Non-receipt of demat confirmation	: Nil
Total	: 11
No. of Complaints resolved from 1-06-2010 to 30-06-2011	: 11
No. of Complaints pending as on 30-06-2011	: NIL

6. Disclosure :

- (i) Disclosure on materially significant related party transactions which have taken place during the period ended 30th June, 2011, 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. 22 in Schedule 18 "Notes on Accounts" annexed to the financial statements for the period.

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:

There are no disputed / undisputed fees / charges payable by the Company

- (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 laid down procedures to inform the Board Members about the risk assessment and minimization procedures including risk mitigation mechanisms, which are periodically reviewed and reported to the Board of Directors by senior executives.
- (v) Disclosure of Accounting Treatment different from Accounting Standard in respect of rent of certain ex-tenants which has not been accounted, on legal advice. Note No.18 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. CEO and CFO Certification:

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial result while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

9. General Body Meetings:

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

AGM	Location	Dividend Declared	Date	Time
94 th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	Nil	30-07-2008	10.30 A.M.
95 th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	Nil	24-09-2009	10.30 A.M.
96 th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	Nil	28-10-2010	10.30 A.M.

- ii) In the last three Annual General Meetings, no special resolution was passed.
- iii) During the year the Board of Directors of the Company passed a resolution at the Board Meeting held on 9th May, 2011 resolving the sale of land at Mazgaon and have accordingly transferred the development rights on the dereserved leasehold land of the Company admeasuring 30,910 sq. mtrs situated at Rambhau Bhogale Marg, Mazgaon, Mumbai to Gliders Buildcon LLP ('the developer') for a consideration of Rs.605.80 crores. The consent of the members was obtained by way of Ordinary Resolution in terms of Section 293(1)(a) by Postal Ballot Process in terms of Section 192(A) of the Companies Act, 1956 and the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001. The Ordinary Resolution was passed by Postal Ballot by the majority of votes on 16.06.2011.
- iv) At present there is no proposal to pass any special resolution by Postal Ballot.

10. Means of communication :

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

- Half year report sent to Shareholders : No
- Quarterly Results normally published in which newspaper : In English- Economic Times
- : In Gujarati- 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

11. General Shareholders Information:**A. 97th Annual General Meeting**

- Date : 23rd September, 2011
- Time : 10.30 A.M.
- Venue : Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380006.

Mafatlal Industries Limited

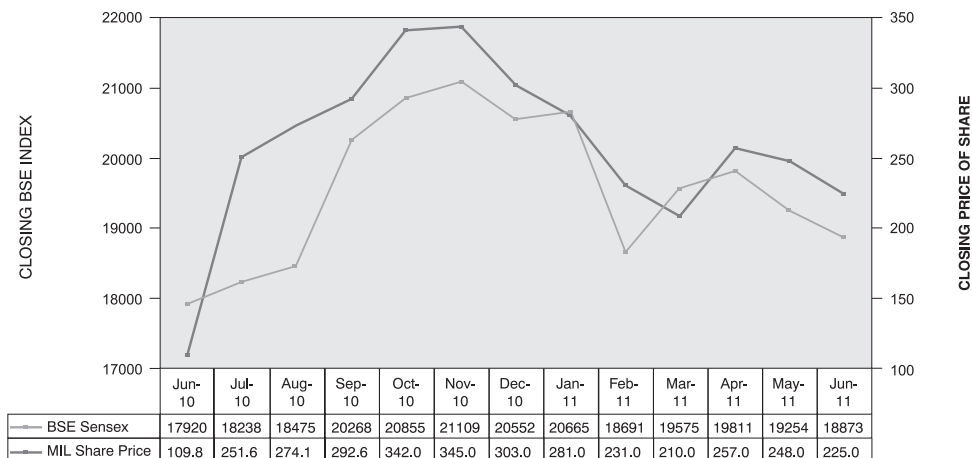
- B. Financial Calendar : 01-07-2011 To 30-06-2012(tentative)
- C. First Quarterly Results : End October, 2011
- Second Quarterly Results (Half yearly) : End January,2012
- Third Quarterly Results : End April, 2012
- Audited yearly Results : End July, 2012
- D. Date of Book Closure : 23 -08-2011 To 30-08-2011(both days inclusive)
- E. Dividend Payment date : N.A.
- F. Listing : Ahmedabad Stock Exchange Ltd.[ASE]
- : Bombay Stock Exchange Ltd. [BSE]
- G. Stock Code : ASE 34100
- : BSE 500264
- H. Monthly high & low of the shares in the last financial period:

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.)	BSE Sensex Highest	BSE Sensex Lowest.	No.of Trades
June 2010	109.80	92.50	17,919.62	16,318.39	857
July 2010	251.60	109.30	18,237.56	17,395.58	2,937
August 2010	274.10	205.00	18,475.27	17,819.99	3,284
September 2010	292.60	215.10	20,267.98	18,027.12	3,319
October 2010	342.00	235.00	20,854.55	19,768.96	3,803
November 2010	345.00	233.55	21,108.64	18,954.82	1,832
December 2010	303.00	214.00	20,552.03	19,074.57	3,511
January 2011	281.00	205.00	20,664.80	18,038.48	1,647
February 2011	231.00	158.25	18,690.97	17,295.62	1,080
March 2011	210.00	153.50	19,575.16	17,792.17	1,238
April 2011	257.00	177.00	19,811.14	18,976.19	2,857
May 2011	248.15	167.20	19,253.87	17,786.13	4,478
June 2011	225.00	181.10	18,873.39	17,314.38	4,739

Performance in comparison to broad based indices:

Company Share Price in BSE Sensex - Monthly High



I. Registrar & Share Transfer Agent:

Sharepro Services (India) Pvt. Ltd.,
 Samhita Warehousing Complex, 2nd Floor,
 Gala No.52 to 56, Bldg. No.13A-B,
 Near Sakinaka Telephone Exchange,
 Sakinaka, Andheri-Kurla Road,
 Mumbai- 400 072.
 Tel: 91-022-67720300, 67720400
 Fax:91-022-28591568/28508927
 Email:sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre,
 Free Press Journal Road,
 Nariman Point,
 Mumbai-400 021.
 Tel: 91-022-66134700
 Fax : 91-022-22825484
 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 30.06.2011

Description (Slab)	No. of Share Holders		Holdings	
	Folios	%	No of shares	%
Upto 50	1,12,578	97.07	5,41,662	5.52
51-500	2,772	2.39	4,61,377	4.70
501-1000	305	0.26	2,30,837	2.35
1001-2000	128	0.11	1,89,562	1.93
2001-3000	45	0.04	1,12,891	1.15
3001-4000	28	0.03	98,431	1.00
4001-5000	28	0.02	1,33,625	1.36
5001-10000	38	0.03	2,80,435	2.86
10001-Above	60	0.05	77,65,039	79.13
TOTAL	1,15,982	100.00	98,13,859	100.00

L. Shareholding pattern as on 30.06.2011

Sr.No.	Category	No. of shares held	%Holding
1	Promoters Holding	64,25,880	65.48
2	Mutual Fund	1,971	0.02
3	Banks, Financial Institutions, Insurance Companies, UTI, Central/State Govt Institutions	4,64,024	4.72
4	FII(Foreign Institutional Investors)	43,988	0.45
5	Private Corporate Bodies	5,50,091	5.61
6	Indian Public/Trust	22,46,998	22.90
7	NRI/OCBs	80,907	0.82
8	Any Other (please Specify)	---	--
	Total	98,13,859	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 **INE270B01027**. As on 30th June, 2011, **17,873** shareholders holding **84,83,453** Equity Shares have dematerialized their shares which constitutes **86.44%** of the total Equity Share Capital of the Company.

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

No such issue have been made during the period from 1st June, 2010 to 30th June, 2011 hence no such report is required to be made except that 60 Lacs Fully Redeemable Non-Cumulative Preference Shares of Rs.10/- each amounting to Rs.6,000 Lacs. held by Navin Fluorine International Ltd., Mumbai, will not be converted.

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 396445 |
| 4) Mazgaon Unit | : Rambhau Bhogale Marg, Mumbai 400 010. |

* Assigned since 14th December, 2010.

P. Registered Office / Address for correspondence :

Mafatlal Industries Limited
Asarwa Road, Ahmedabad 380 016.

Q. Corporate Identity Number: L17110GJ1913PLC000035

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 13 months period ended 30th June, 2011.

Mumbai,
Dated: 8th August, 2011

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 for 13 months period, ended on 30th June, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

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 as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, and based on 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 Clause 49 of abovementioned Listing Agreements

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 Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117364W)

(R. Salivati)
Partner
(Membership No. 34004)

MUMBAI, 8th August, 2011

AUDITORS' REPORT

TO THE MEMBERS OF MAFATLAL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **MAFATLAL INDUSTRIES LIMITED** ("the Company") as at 30th June, 2011, the Profit and Loss account and the Cash Flow Statement of the Company for the period from 1st June 2011 to 30th June 2011 both annexed thereto, in which are incorporated the Returns from 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *We invite attention to note 18 of schedule 18, which was also the subject matter of our report similarly qualified in the previous period, regarding non-accounting of rent/ recovery of expenses of Rs. 4.72 lacs; aggregate to date, Rs. 178.65 lacs (previous period, Rs. 7.63 lacs; aggregate to date as at 31st May, 2010, Rs. 173.93 lacs).*

We further report that had the observation made by us above, been considered, in the current period there would have been a profit of Rs. 38,234.65 lacs, as against the reported profit of Rs. 38,056.00 lacs (previous period, profit would have been Rs. 5,350.23 lacs, as against the reported profit of Rs. 5,176.30 lacs), reserves and surplus would have been Rs. 34,910.60 lacs, as against the reported figure of Rs. 34,731.95 lacs (as at 31st May, 2010, accumulated losses would have been Rs. 25,927.80 lacs, as against the reported figure of Rs. 26,101.73 lacs), sundry debtors (net of provision) would have been Rs. 6,270.35 lacs, as against the reported figure of Rs. 6,091.70 lacs (as at 31st May, 2010, Rs. 5,196.75 lacs, as against the reported figure of Rs. 5,022.82 lacs).
5. Further to our comments in the Annexure referred to in paragraph 3 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 our comment in para (4) above*, 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 Ahmedabad and Nadiad Units / Branches audited by other auditors;
- (iii) the reports on the accounts of the Ahmedabad and Nadiad Units / Branches audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report;
- (iv) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns;
- (v) in our opinion, *subject to our comment in para (4) above*, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (vi) *Subject to our comment in para (4) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 30th June 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the period from 1st June 2010 to 30th June 2011 and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period from 1st June 2010 to 30th June 2011.
6. On the basis of written representations received from the Directors, as on 30th June, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th June, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117364W)

R. SALIVATI
Partner
(Membership No.34004)

MUMBAI, 8th August, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (xiii), (x), (xiv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the period by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) In respect of loans, secured or unsecured, taken by the Company, from companies, firms or other parties listed in the Register maintained

under Section 301 of the Companies Act, 1956, according to the information and explanation given to us:

- (i) The Company has taken loans aggregating Nil from parties during the period. At the period end, the outstanding balance of such loan from a party was Rs. 3,420.97 lacs (including interest accrued and due) and the maximum amount involved during the period was Rs.3,420.97 lacs.
- (ii) The rate of interest and other terms and conditions of such loan are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (iii) The payment of principal amount and interest in respect of such loan is as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lacs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) In our opinion, the internal audit functions carried out during the period by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company 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 in respect of Textiles and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. The prescribed cost statements are in the process of being compiled for the period. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has not been regular in depositing undisputed dues including Provident Fund, Employees' State Insurance dues, Income Tax, Sales Tax, Custom Duty, Excise Duty, Gratuity, Property Tax, Municipal Water Charges and Electricity Duty with the appropriate authorities. In respect of Investor Education & Protection Fund, Wealth Tax, Service Tax, Cess and other material statutory dues, it has generally been regular in depositing undisputed statutory dues with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Cess and other material statutory dues in arrears as at 30th June, 2011, for a period of more than six months from the date they became payable. As at the period end, the arrears of statutory dues outstanding for a period of more than six months aggregate to Rs. 502.32 lacs in respect of Provident Fund (including interest), Rs. 50.49 lacs in respect of Employees State Insurance dues

(including interest), Rs. 9.41 lacs in respect of Sales tax, Rs. 2,572.52 lacs in respect of Gratuity, Rs. 280.25 lacs in respect of excise duty, Rs. 232.27 lacs in respect of Municipal Water Charges and Rs. 1,345.08 lacs in respect of Electricity duty.

- (c) Details of dues of Excise duty, Customs duty and Labour dues which have not been deposited as on 30th June, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs)
Central Excise Act, 1944	Excise Duty	Assistant Commissioner	1989-90 to 2003-04	254.29
Central Excise Act, 1944	Excise Duty	Assistant Commissioner	2006-07 to 2010-11	1.42
Central Excise Act, 1944	Excise Duty	Commissioner	1989-90 to 2003-04	2,224.25
Central Excise Act, 1944	Excise Duty	Commissioner (A)	1989-90 to 2003-04	133.90
Central Excise Act, 1944	Excise Duty	CESTAT	1989-90 to 2003-04	54.95
Central Excise Act, 1944	Excise Duty	High Court	1989-90 to 2003-04	14.99
Central Excise Act, 1944	Excise Duty	Supreme Court	1989-90 to 2003-04	13.42
Customs Act, 1962	Customs Duty	Joint Director General of Foreign Trade	1989-90 to 1999-00	311.56
Bombay Industrial Relations Act, 1946	Labour Dues	Labour Court	From 1993 to 2008	1,101.12

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to bank.
- (xi) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loans taken by other from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company [Refer note 2(i) of Schedule 18].
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the period for long-term investment.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the period

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117364W)

R. SALIVATI
Partner
(Membership No.34004)

MUMBAI, 8th August, 2011

Balance Sheet as at 30th June, 2011.

			As at 31st May, 2010 Rupees in lacs
	Schedule	Rupees in lacs	
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :		41,713.27	29,759.00
(a) Share Capital.....	1	6,981.32	6,981.32
(b) Reserves and Surplus	2	34,731.95	22,777.68
2. Loan Funds :		7,034.70	7,296.15
(a) Secured Loans	3	3,420.97	3,608.96
(b) Unsecured Loans	4	3,613.73	3,687.19
3. Deferred Tax Liability		-	-
(Refer Note 7 of Schedule 18)			
TOTAL.....		48,747.97	37,055.15
II. APPLICATION OF FUNDS :			
1. Fixed Assets :	5	1,613.34	1,975.17
(a) Gross Block		20,009.63	21,731.30
(b) Less : Depreciation.....		18,396.29	19,756.13
(c) Net Block		1,613.34	1,975.17
(d) Capital Work-in-Progress		-	-
2. Investments	6	5,477.25	12,477.61
3. Current Assets, Loans and Advances :		75,894.89	14,382.53
(a) Inventories.....	7	2,679.55	1,567.32
(b) Sundry Debtors	8	6,091.70	5,022.82
(c) Cash and Bank Balances	9	63,607.94	3,545.17
(d) Loans and Advances.....	10	3,515.70	4,247.22
Less : Current Liabilities and Provisions :		34,237.51	17,881.89
(a) Liabilities.....	11	17,526.76	13,905.83
(b) Provisions.....	12	16,710.75	3,976.06
Net Current Assets		41,657.38	(3,499.36)
4. Profit and Loss Account		-	26,101.73
TOTAL.....		48,747.97	37,055.15
Significant Accounting Policies.....	17		
Notes on Accounts	18		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

(R. Salivati)
Partner
Membership No. 34004

Mumbai, Dated: 8th August, 2011

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

Mumbai, Dated: 8th August, 2011

N. K. Parikh
A. C. Gandhi } Directors

Profit and Loss Account for the period from 1st June, 2010 to 30th June, 2011

	Schedule	Rupees in lacs	Previous Period Rupees in lacs
INCOME :		87,200.65	30,696.43
Turnover (including export benefits / incentives) (Refer note 3 of Schedule 18)		65,034.61	13,238.20
Other Income	13	21,135.56	17,575.49
Increase/ (Decrease) in Stocks of Finished goods and Process Stock	14	1,030.48	(117.26)
EXPENDITURE :		36,427.13	24,421.99
Manufacturing and Other Expenses	15	35,526.54	23,631.25
Cost of Land sold		0.52	-
Depreciation		251.80	332.27
Depreciation on Immovable Properties		0.68	0.24
Interest (Net)	16	647.59	458.23
Profit before tax		50,773.52	6,274.44
Provision for Current Tax		(12,450.00)	(1,100.00)
Provision for Wealth Tax		(0.40)	(0.25)
Profit for the period after Tax		38,323.12	5,174.19
(Short)/Excess provision of Taxes of earlier years		(267.12)	2.11
Profit after Tax.....		38,056.00	5,176.30
Balance brought forward from Previous Period / Year		(26,101.73)	(31,278.03)
Balance carried to Balance Sheet		11,954.27	(26,101.73)
Earnings Per Share [On the Face Value of Rs. 10/- each]			
Basic / Diluted (Rs.)		387.78	71.16
(Refer note 20 of Schedule 18)			
Significant Accounting Policies	17		
Notes on Accounts	18		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

(R. Salivati)
Partner
Membership No. 34004

Mumbai, Dated: 8th August, 2011

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

Mumbai, Dated: 8th August, 2011

N. K. Parikh
A. C. Gandhi } Directors

Cash Flow Statement

	Period Ended 30th June 2011 Rupees In lacs	Period Ended 31st May 2010 Rupees In lacs
A. Cash flow from operating activities		
Profit before tax	50,773.52	6,274.44
adjustments for,		
Depreciation	252.48	332.51
(Profit) on sale/ disposal of fixed assets (net)	(12,941.92)	(6,395.58)
(Profit) on sale of investments (net)	(732.91)	(541.58)
Interest expense	1,085.88	557.56
Interest income	(438.29)	(99.33)
Dividend income	(24.90)	(21.83)
Provisions for doubtful debts / advances written back	(2,251.77)	(4,330.82)
Sundry Creditors written back	(112.29)	(2,665.51)
Excess provision of earlier years written back (net)	(582.33)	(3,216.44)
Bad Debts / Advances written off	2,104.59	3,798.19
Provision for doubtful debts/ advances	475.29	256.86
Provision for Diminution in the value of long term Investments	6,400.00	4,001.88
Deferred revenue expenditure written off	-	0.75
Operating profit /(loss) before working capital changes	44,007.35	(2,048.90)
(Increase) / Decrease in trade receivables	(1,544.17)	845.45
(Increase) / Decrease in inventories	(1,112.23)	68.99
Decrease in loans and advances	513.96	507.37
Increase / (Decrease) in trade and other payables	4,660.15	(2,860.62)
	2,517.71	(1,438.81)
Cash generated from / (used in) Operations	46,525.06	(3,487.71)
Direct taxes paid (net)	5.20	48.17
Net cash generated from (used in) operating activities	46,530.26	(3,439.54)
B. Cash flow from investing activities		
Purchase of fixed assets	(52.63)	(38.11)
Purchase of Investments	(18.84)	-
Sale of fixed assets	13,104.58	7,499.80
Sale of Investments	1,351.43	629.30
Dividend received	24.90	21.83
Interest received	293.08	204.04
Net cash generated from investing activities	14,702.52	8,316.86
C. Cash flow from financing activities		
Repayment of other borrowings (net)	(41.35)	545.03
Repayment of long term borrowings	(500.00)	(3,302.03)
Interest paid	(773.87)	(590.32)
Net cash (used in) financing activities	(1,315.22)	(3,347.32)
Net increase in cash and cash equivalents	59,917.56	1,530.00
Cash and cash equivalents at the beginning of the period / year	3,545.10	2,015.10
Cash and cash equivalents at the end of the period	63,462.66	3,545.10
Notes :		
1. Reconciliation of cash and cash equivalents		
As per Balance Sheet - Schedule 9	63,607.94	3,545.17
Less: interest accrued on bank deposits	(145.28)	(0.07)
As per Cash flow statement	63,462.66	3,545.10

The above includes:

- Rs. 60,616.13 lacs (As at 31st May, 2010 Rs. 2,573.28 lacs) in the Escrow account operated under the supervision of Monitoring Committee constituted by the Govt. of Maharashtra under Development Control Regulations, 1991.
- Rs.0.83 lacs (As at 31st May, 2010 Rs 0.76 lacs) in Fixed Deposit Accounts over which the banks have lien.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

(R. Salivati)
Partner
Membership No. 34004

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

N. K. Parikh
A. C. Gandhi } Directors

Mumbai, Dated: 8th August, 2011

Mumbai, Dated: 8th August, 2011

Schedules forming part of the Balance Sheet

Schedule 1

SHARE CAPITAL

Authorised :

10,146,054	Equity Shares of Rs 10/- each
60,000,000	Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each
29,853,946	Unclassified Shares of Rs 10/- each

Rupees in lacs
10,000.00

As at
31st May, 2010
Rupees in lacs
10,000.00

Issued :

10,146,054	Equity Shares of Rs 10/- each
60,000,000	Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each

7,014.61
1,014.61
6,000.00

7,014.61
1,014.61
6,000.00

Subscribed :

9,813,860	Equity Shares of Rs 10/- each
60,000,000	Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each

6,981.38
981.38
6,000.00

6,981.38
981.38
6,000.00

Paid-up :

9,813,860	Equity Shares of Rs 10/- each
	(Refer note 8 of schedule 18)
	Less : Allotment money / Calls in arrears
60,000,000	Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each

981.38
0.06
981.32
6,000.00

981.38
0.06
981.32
6,000.00

Notes :

- 1) In respect of the above equity shares :
 - (a) 218,805 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) 341,227 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) 1,482,500 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) 776,944 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) a) In term of Modified Scheme (MS) approved by BIFR, 600,00,000 Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each are redeemable over a period of eight years as a subordinated liability to the dues of workers, statutory agencies and the secured creditors. Earliest date of redemption is projected at 1st April, 2012. Upon declaration, these shares carry a rate of dividend of 1% from the financial year commencing on or after 1st January, 2014.
- b) During the previous period, in terms of Modified Scheme (MS) approved by BIFR, 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs.10/- each were converted into 48,13,860 Equity Share of Rs.10/- each of the Company at a premium of Rs.52.32 per equity share on the basis of formula approved by BIFR i.e. at a price higher of either (a) the average of weekly high and low of closing price of shares of the Company as quoted on the Bombay Stock Exchange during the 6 months preceding the date of conversion of OCCPS or (b) the average of weekly high and low of closing price of shares of the Company as quoted on the Bombay Stock Exchange during the 2 weeks preceding the date of conversion of OCCPS. Post conversion shareholding of equity shares by the Promoter Group remain in compliance of SEBI guidelines/Listing Agreements.

Total

6,981.32

6,981.32

Schedule 2

RESERVES AND SURPLUS

Capital Reserve No 1. :

As per Last Balance Sheet

Rupees in lacs

As at
31st May, 2010
Rupees in lacs

61.16

61.16

Capital Reserve No 2. :

State Government Subsidy :

As per Last Balance Sheet

35.00

35.00

Securities Premium Account :

As per Last Balance Sheet
Add: Amount credited on conversion of Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares into Equity Shares

21,383.78
-
21,383.78

18,865.16
2,518.62
21,383.78

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

Surplus in Profit and Loss account

11,954.27

-

Total

34,731.95

22,777.68

Schedule 3As at
31st May, 2010**SECURED LOANS****Notes****Rupees
in lacs****Rupees
in lacs****Loans and Advances :**

a) From Subsidiary - (assignee of bank)	1	-	500.00
b) From Others - (assignee of bank)	1	3,420.97	3,108.96
(Includes Interest accrued and due Rs. 312.01 lacs (Previous period Rs Nil))			
Total		3,420.97	3,608.96

Note :

Secured by first charge on all the fixed and current assets at Navsari and Nadiad. (In the Previous period, secured by first pari passu charge on all the fixed and current assets at Navsari, Nadiad and residual textile manufacturing operation at Mazgaon situated on a plot of 6,252 square metres area).

Schedule 4As at
31st May, 2010**UNSECURED LOANS****Rupees
in lacs****Rupees
in lacs**

Loan from Subsidiary	500.00	550.00
Short Term Loans and Advances :		
From Banks (Refer Note 12 of Schedule 18)	8.89	-
From Others	2,827.84	2,828.08
Other Loans and Advances:		
From Others	277.00	309.11
Total	3,613.73	3,687.19

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)	Asset retired from use (Building)	TOTAL	As at 31st May, 2010
Cost as at 1st June, 2010	32.48	1,942.99	18,876.51	796.92	72.93	2.70	21,724.53	6.77	-	21,731.30	26,648.33
Additions / Adjustments	-	-	12.62	11.25	28.76	-	52.63	-	-	52.63	38.11
Deductions / Adjustments	0.13	203.48	1,343.30	207.92	12.70	-	1,767.53	6.77	-	1,774.30	4,955.14
Transfers		(123.45)	-	-	-		(123.45)	-	123.45	-	-
Total as at 30th June, 2011 .	32.35	1,616.06	17,545.83	600.25	88.99	2.70	19,886.18	-	123.45	20,009.63	21,731.30
Depreciation upto 30th June, 2011	-	864.28	16,920.18	485.89	49.89	2.57	18,322.81	-	73.48	18,396.29	19,756.13
Net Value as at 30th June, 2011	32.35	751.78	625.65	114.36	39.10	0.13	1,563.37	-	49.97	1,613.34	1,975.17
Net Value as at 31st May, 2010	32.48	940.46	831.97	145.78	19.58	0.13	1,970.40	4.77	-	1,975.17	
Depreciation for the period ..	-	40.89	166.91	29.13	6.10	-	243.03	-	8.77	251.80	332.27

Note : Buildings include a sum of Rs. 1.41 lacs (Previous Period Rs. 20.06 lacs) being cost of ownership premises in Co-operative Societies including cost of Shares of the face value of Rs. 500/- (Previous Period Rs. 1,000/-) received under the Bye-laws of the Societies.

Capital work-in-progress :**Rupees
in lacs**As at
31st May, 2010**Rupees
in lacs**

Uninstalled Machinery	-	276.54
Less: Impairment Loss	-	276.54
Total	-	-

Mafatlal Industries Limited

Schedule 6

INVESTMENTS

(Long Term)

	Notes	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
In Government Securities	"A"	5.25	5.25
In Shares, Debentures and Bonds of Joint Stock Companies, etc	"B"	5,439.01	12,457.53
In Immovable Properties	"C"	32.99	14.83
Total		5,477.25	12,477.61

As at 31st May, 2010

PARTICULARS	Nos.	Face Value	At Cost	Nos.	Face Value	At Cost
		Rupees	Rupees in lacs		Rupees	Rupees in lacs
A. In Government Securities (Securities of the face value of Rs. 5.24 lacs - as at 31st May, 2010, Rs 5.24 lacs have been lodged with various authorities) ..		523,800	5.25	523,800	5.25	
B. In Shares, Debentures and Bonds of Joint Stock Companies, etc.:						
(a) Trade Investments :						
In fully paid Equity Shares of :						
Matcon Export Enterprises Ltd	13,350	10.00	(1)	13,350	10.00	1.34
Less : Provision for diminution in the value of investments			-			1.34
			(1)			-
Mafatlal Engineering Industries Ltd ###	1,46,364	100.00	(1)	1,46,364	100.00	162.44
Less : Provision for diminution in the value of investments			-			162.44
			(1)			-
Mafatlal V K Intex Ltd.....	5,80,000	10.00	(1)	5,80,000	10.00	58.00
Less : Provision for diminution in the value of investments			-			58.00
			(1)			-
Integra Engineering India Ltd (formerly known as Schlafhorst Engineering (India) Ltd)	20	10.00	(286)	20	10.00	(286)
Sunanda Industries Ltd. *	35,76,002	10.00	(1)	35,76,002	10.00	910.35
Less : Provision for diminution in the value of investments			-			910.35
			(1)			-
(b) Non-Trade Investments :						
i) Subsidiaries:						
In fully paid Equity Shares of :			5,327.60			10,827.60
Mafatlal Services Ltd	2,72,800	100.00	272.80	2,72,800	100.00	272.80
Less : Provision for diminution in the value of investments			245.30			245.30
			27.50			27.50
Mishapar Investments Ltd.	78,00,000	100.00	12,300.10	78,00,000	100.00	12,300.10
Less : Provision for diminution in the value of investments			7,000.00			1,500.00
			5300.10			10,800.10
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	(1)	13,50,000	10.00	177.50
Less : Provision for diminution in the value of investments			-			177.50
			(1)			-
ii) Other Investments :						
In fully paid Equity Shares of :			111.41			1,629.93
Anil Products Limited	2,320	10.00	(1)	2,320	10.00	0.12
Less : Provision for diminution in the value of investments			-			0.12
			(1)			-
Anil Biochem Limited	116	10.00	(1)	116	10.00	0.01
Less : Provision for diminution in the value of investments			-			0.01
			(1)			-
Arlabs Ltd	100	10.00	(1)	100	10.00	0.02
Less : Provision for diminution in the value of investments			-			0.02
			(1)			-
Mafatlal Holdings Ltd.	-	-	-	21,50,000	10.00	260.00
Less : Provision for diminution in the value of investments			-			260.00
			-			-
Sushmita Holdings Ltd.	-	-	-	1,83,50,000	10.00	2,540.00
Less : Provision for diminution in the value of investments			-			1,921.86
			-			618.14
Cama Hotels Ltd.	45,000	10.00	5.95	45,000	10.00	5.95
Carried forward.....			5,333.55			11,451.69

PARTICULARS	Nos.	Face Value		At Cost		Nos.	Face Value		At Cost	
		Rupees	Rupees in lacs	Rupees in lacs	Rupees		Rupees in lacs			
Brought forward.....				5,333.55					11,451.69	
Cellulose Products of India Ltd.	15,000	10.00	(1)		15,000	10.00		1.13		
Less : Provision for diminution in the value of investments			-					1.13		
				(1)				-		
Housing Development Finance Corporation Ltd.	92,100	2.00		3.69	18,420	10.00		3.69		
Mafatlal Ltd, UK.##	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	(1)		1,53,000	10.00		15.38		
Less : Provision for diminution in the value of investments			-					15.38		
				(1)				-		
NOCIL Limited	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		
SLM - Maneklal Industries Ltd.	5,870	100.00	(1)		5,870	100.00		2.20		
Less : Provision for diminution in the value of investments			-					2.20		
				(1)				-		
TAK Machinery and Leasing Ltd.	27,950	10.00		3.01	31,500	10.00		3.39		
Ultramarine and Pigments 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% Cumulative Redeemable Preference Shares of Sushmita Holdings Ltd.	90,00,000	10.00	900.00	-	90,00,000	10.00		900.00		
Less : Provision for diminution in the value of investments			900.00							
Master Shares of Unit Trust of India	4,32,000	10.00		36.29	4,32,000	10.00		36.29		
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 Mafatlal 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				5,439.01				12,457.53		

Figures in () are in Full Rupees

* Subject to non disposal undertakings given to financial institutions.

@ Not available for physical verification / confirmation not available.

1050 nos. - Not available for physical verification.

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

110335 nos- not available for physical verification;currently under liquidation.

Notes :

	Cost (of A and B) Rupees in lacs	Market Value Rupees in lacs
(a) Aggregate of Quoted Investments	48.67	790.76
As at 31st May, 2010	49.05	603.48
Aggregate of Unquoted Investments	5,395.59	
As at 31st May, 2010	12,413.73	
	5,444.26	
	12,462.78	

- (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)

	Rupees in lacs	As At 31st May, 2010 Rupees in lacs
C. In Immovable Properties :		
Balance as per last Balance Sheet	28.16	36.01
Add: Addition during the period	18.84	-
Less: Deduction during the period	-	7.85
	47.00	28.16
Less : Accumulated Depreciation	14.01	13.33
Total	32.99	14.83

Mafatlal Industries Limited

Schedule 7

		As at 31st May, 2010
INVENTORIES	Rupees in lacs	Rupees in lacs
Stores and Spares	210.94	123.13
Stock - in - Trade :	2,468.61	1,444.19
Raw Materials	71.80	77.34
Finished Goods (including waste)	548.07	172.08
Process Stock	1,848.16	1,193.67
Others (Land)	0.58	1.10
Total	2,679.55	1,567.32

Schedule 8

		As at 31st May, 2010
SUNDRY DEBTORS	Rupees in lacs	Rupees in lacs
Unsecured and considered good (unless otherwise stated)		
Debts outstanding for a period exceeding six months (Secured Rs 3155.32 lakhs (Previous Period, Nil))	4,712.36	4,276.95
Other Debts	2,214.71	1,105.95
	6,927.07	5,382.90
Less : Provision	835.37	360.08
Total	6,091.70	5,022.82
Note :		
Considered Good	6,091.70	5,022.82
Considered Doubtful	835.37	360.08
Total	6,927.07	5,382.90

Schedule 9

		As at 31st May, 2010
CASH AND BANK BALANCES	Rupees in lacs	Rupees in lacs
Cash on hand (including cheques on hand Rs. NIL As at 31st May, 2010 - Rs.476.73 lacs)	25.88	487.79
Balances with Scheduled Banks :	63,582.06	3,057.38
In Current Accounts	282.38	2,833.38
In Fixed Deposit Accounts	63,299.68	224.00
[Including Rs 0.83 lacs (As at 31st May, 2010- Rs 0.76 lacs) over which the banks have lien. Interest accrued Rs 145.28 lacs (As at 31st May, 2010- Rs 0.07 lacs)]		
(Balances with Scheduled Banks include Rs. 60616.13 lacs (As at 31st May, 2010 - Rs. 2,573.28 lacs) in the Escrow Account operated under the supervision of Monitoring Committee constituted by the Govt. of Maharashtra under Development Control Regulations, 1991)		
Total	63,607.94	3,545.17

Schedule 10

	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
LOANS AND ADVANCES		
Unsecured and considered good (unless otherwise stated)		
Loans (Secured Rs 475.60 lakhs (Previous period Rs Nil)	475.60	1,106.76
Due from Subsidiary Companies	-	702.23
Advances recoverable in cash or in kind or for value to be received (includes capital advances of Rs 29.21 lacs (Previous Period Rs Nil) (Secured Rs 209.88 lakhs, Previous period Rs Nil))	2,757.44	3,957.19
Advance Tax (Net of Provisions)	671.61	1,035.03
Fringe Benefit Tax (Net of Provisions)	2.25	1.98
Wealth Tax (Net of Provisions)	-	1.59
Balance with Central Excise Department	127.45	212.86
	4034.35	7,017.64
Less : Provision	518.65	2,770.42
Total	3,515.70	4,247.22
Notes:		
(1) Considered good	3,515.70	4,247.22
Considered doubtful	518.65	2,770.42
Total	4,034.35	7,017.64
(2) Due from Officers	11.14	10.79
Maximum amount outstanding at any time during the period	11.14	11.92
(3) Loans and advances (in nature of loans) /Advances recoverable in cash or kind :		
Subsidiary companies		
* Ibiza Industries Limited	-	702.23
Maximum amount outstanding at any time during the period	702.23	702.23
Associate companies		
* Mafatlal VK Intex Limited	-	38.00
Maximum amount outstanding at any time during the period	38.00	38.00
* Repal Apparel Pvt. Limited	-	115.71
Maximum amount outstanding at any time during the period	220.11	115.71
Others (interest-free loans with no repayment schedules)		
Mafatlal SA Intex Limited	-	98.78
Maximum amount outstanding at any time during the period	98.78	98.78
Staff Loans	13.77	14.14
Maximum amount outstanding at any time during the period	14.14	16.11
Sushmita Holdings Limited	685.48	685.48
Maximum amount outstanding at any time during the period	685.48	685.48
Marigold International Private Limited	-	4.35
Maximum amount outstanding at any time during the period	4.35	4.35
Silvia Apparel Limited	-	149.26
Maximum amount outstanding at any time during the period	151.90	149.26
Navlekh Investment Limited	-	265.00
Maximum amount outstanding at any time during the period	265.00	265.00
* Interest free loans with no repayment schedules		
None of the Loanees and Loanees of Subsidiary company have made investments in the shares of the Company.		
(4) Due from Private Companies in which Director is a Director	23.99	14.06

Mafatlal Industries Limited

Schedule 11

	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
LIABILITIES		
Sundry Creditors :	13,752.07	11,899.16
(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	13,752.07	11,899.16
Other Liabilities	3,115.25	690.76
Advance against orders	503.36	491.63
Advance against sale/ development of property	-	510.00
Due to Subsidiary Companies	2.54	160.74
Interest accrued but not due on loans	153.54	153.54
Total	17,526.76	13,905.83

Schedule 12

	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
PROVISIONS		
For Income Tax (Net of Advance Tax)	13,496.88	1,139.39
For Wealth Tax (Net of Advance Tax)	0.50	-
For Gratuity	2,939.13	2,608.80
For Compensated Absences	274.24	227.87
Total	16,710.75	3,976.06

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)	24.90	21.83
Air-conditioning charges and other Receipts	439.57	453.60
Royalty Income	10.85	11.65
Miscellaneous Income	187.21	306.52
Provision for doubtful advances written back	2,251.77	1,680.95
Less: Advances written off	2,104.59	1,064.30
Profit on sale of long term Investments (net)	732.91	541.58
Profit on sale of fixed assets [including Profit on transfer of development rights in Leasehold Land amounting to Rs. 12,202.86 lacs ; (Previous period Nil)]	12,941.92	6,410.49
(Refer note 3 of schedule 18)		
Rent from Property	790.78	1,314.71
Compensation Received on Transfer of Tenancy	3,150.00	-
Processing Charges	2,015.62	2,016.51
Sundry Creditors written back	112.29	2,665.51
Excess provision of earlier years written back (net)	582.33	3,216.44
Total	21,135.56	17,575.49

Schedule 14

INCREASE / (DECREASE) IN STOCKS OF FINISHED

GOODS AND PROCESS STOCK

	Rupees in lacs	Previous Period Rupees in lacs
Stocks as on 30th June, 2011 :	2,396.23	1,365.75
Finished Goods	548.07	172.08
Process Stock	1,848.16	1,193.67
Stocks as on 31st May, 2010 :	1,365.75	1,483.01
Finished Goods	172.08	390.16
Process Stock	1,193.67	1,092.85
Total	1,030.48	(117.26)

Mafatlal Industries Limited

Schedule 15

MANUFACTURING AND OTHER EXPENSES

	Rupees in lacs	Previous Period Rupees in lacs
1. Raw Materials consumed	5,276.83	3,151.25
2. Purchase of Semi-finished and Finished Goods	2,465.53	986.76
3. Payments to and Provisions for Employees (including ex-employees) :	7,017.53	4,846.45
(a) Salaries, Wages and Bonus	5,851.72	3,759.89
(b) Contribution to Gratuity Fund	537.87	468.41
(c) Contribution to Provident Fund and Superannuation Funds, etc.	566.85	552.97
(d) Welfare Expenses	61.09	65.18
4. Operations and Other Expenses :	20,688.37	14,556.59
(a) Stores and Spare Parts consumed	2,116.84	1,827.86
(b) Processing Charges	281.41	168.71
(c) Power and Fuel	5,689.66	5,739.86
(d) Repairs :		
To Buildings	58.38	66.52
To Machinery	179.25	150.47
(e) Insurance	29.59	32.18
(f) Lease Rent	187.02	46.10
(g) Rates and Taxes	1,050.68	300.88
(h) Advertisement, Stationery, Printing, Postage and Faxes	122.76	120.61
(i) Commission, Brokerage and Discount	606.00	535.87
(j) Transport and Freight Charges (Net)	104.40	182.79
(k) Provision for Advances / Doubtful Debts	475.29	256.86
(l) Provision for Diminution in the value of long term Investments	6,400.00	4,001.88
(m) Donations and Charities	0.17	0.28
(n) Loss on sale / disposal / write off of Fixed Assets	-	14.91
(o) Legal and Professional fees	1,948.14	276.18
(p) Deferred Revenue Expenditure written off	-	0.75
(q) Bad debts written off	-	2,733.89
Less: Provision written back	-	2,649.87
(r) Miscellaneous Expenses	1,438.78	749.86
5. Air-Conditioning Expenses	75.43	86.95
6. Directors' Fees	2.85	3.25
Total	35,526.54	23,631.25

Schedule 16

INTEREST (NET)

	Rupees in lacs	Previous Period Rupees in lacs
Interest Expense :	1,085.88	557.56
On Deposits	-	21.36
On Others	1,085.88	536.20
Less: Interest Income :	438.29	99.33
Interest on Bank Deposits, etc.	438.29	99.33
(TDS Rs 14.05 lacs - Previous Period, Rs.1.38 lacs)		
Total	647.59	458.23

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule 17

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared on historical cost basis of accounting.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), as of the date of the Financial Statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates.

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.

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 and 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 on conversion to stock-in trade

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 period / 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 including Other 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. Deferred Tax Assets and Liabilities are measured using the tax rates and tax laws that have been enacted or are substantively enacted by the balance sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

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 in the financial statement.

Mafatlal Industries Limited

Operating Lease

Operating Lease receipts and payments are recognized as income or expense, as the case may be, in the profit and loss account on a straight-line basis over the lease term.

Schedule 18

NOTES ON ACCOUNTS

	Rupees in lacs	As at 31 st May, 2010 Rupees in lacs
1. Estimated contracts remaining to be executed on capital account and not provided for	9.73	--
2. Contingent liabilities, in respect of:		
a. Bills of exchange discounted	217.03	219.40
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))	669.35	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)].	2697.21	2603.36
d. Claims against the Company not acknowledged as debts (relating to dispute on fixed water charges and interest claimed at Navsari and Nadiad unit)	2673.22	677.51
e. Concessional customs duty on import of machinery under EPCG Scheme payable subject to fulfillment of mandatory import/ export obligation (including interest upto Balance Sheet date)	1027.39	970.76
f. Claims made by workers against the Company (mainly relating to matters like termination, compensation etc.)	1101.12	1116.95
g. Demands from Director General of Foreign Trade against Advance License	311.56	384.97
h. Stamp duty on Amalgamation of Company	-	1229.47
In the above matters (2b). to (2g), (Previous period (2b) to (2h)) the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.		
i. Guarantees given on behalf of Subsidiary Company – Ibiza Industries Limited	850.28	850.28
3. a) The Company has concluded an Agreement with Gliders Buildcon LLP ('the developer'), an entity of Ajay Piramal Group, on 17 th June, 2011 for transfer of development rights in leasehold land at its Mazgaon unit, admeasuring about 30,910 square meters for a lump sum consideration of Rs. 60,580.00 lacs. The proceeds from the development agreement (to the extent pertaining to leasehold land held as stock in trade) amounting to Rs. 48,326.87 lacs has been included in 'Turnover.' The remaining proceeds (pertaining to leasehold land held as fixed assets) amounting to Rs. 12,202.86 lacs (net of book value of leasehold land amounting to Rs 0.01 lac and portion of building amounting to Rs 50.26 lacs on date of sale) is included in 'Profit on sale of fixed assets' under Schedule 13 'Other Income'. As required by the Development Control Rules, Government of Maharashtra, the utilization of sales proceeds from sale of textile mill lands is being monitored by a Monitoring Committee appointed by the Government of Maharashtra under Development Control Regulations, 1991.		
b) The Company is required to surrender the remaining leasehold land (reserved portion admeasuring about 27,287.82 square meters) to Municipal Corporation of Greater Mumbai for the purpose of extension of V.J.B. Udyan. The Company is also required to recommence the spinning unit which can accommodate 10,000 spindles. By virtue of the abovementioned agreement, the developer will construct a structure and hand it over to the Company.		
4. Payment to auditors (excluding Service Tax)	Rupees in lacs	Previous Period Rupees in lacs
Statutory Auditors		
Audit fees.....	8.75	7.00
Tax audit fees.....	3.50	3.50
As advisors or in any other capacity, in respect of:		
- taxation matters.....	37.41	-
- company law matters	-	-
In any other manner (certification work, limited reviews, etc.) [Includes of Rs 0.40 lakh (Previous period Rs. NIL) made to a firm in which some of the partners of the statutory audit firm are partners].....	7.14	4.07
Expenses	0.03	0.03
Total.....	56.83	14.60
Branch Auditors		
Audit fees	2.65	1.40
Tax audit fees	0.70	0.70
In any other manner (certification work, limited review, etc.)	1.45	1.52
Expenses.....	0.39	0.37
Total.....	5.19	3.99
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 19 th September, 2000. It sanctioned a scheme for rehabilitation ('the sanctioned scheme' (SS)) of the Company on 30 th October, 2002. 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 th / 25 th June 2009 approved the Modified Scheme (MS) in terms of provisions of section 18(4) read with section 19(3) of SICA. The Company has initiated the process of sale of surplus assets identified in the MS. Based on the Audited Accounts on 31 st May, 2010, wherein network of the Company had turned positive, the company made an application to the BIFR for deregistration of its reference. BIFR vide its order dated 19 th August, 2010 discharged the Company from the perview of SICA/BIFR.		
(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 Navin Fluorine International Limited (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.		

6. Tax provision for the current period 1st June, 2010 to 30th June, 2011 has been made after considering various deductions including brought forward business loss available under the Income Tax Act, 1961.
7. The components of Deferred tax balances are as follows :

Sr. No.	Particulars	As at 30.06.2011 Amount (Rs. in lacs)	As at 31.05.2010 Amount (Rs. in lacs)
1	Deferred Tax Liability		
	- Depreciation	(507.74)	(628.37)
2	Deferred Tax Asset		
	- Provision for doubtful debts / advances	271.04	119.62
	- Carried forward business loss (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	-	508.75
	- Disallowances under Income Tax Act (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	236.70	-
		507.74	628.37
	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' was entered with APPL, effective 1st June, 2003, under which APPL operated the Unit on the Company's behalf. The conducting agreement was extended from time to time. The said sale has been completed on 14th December, 2010 and the profit of Rs. 611.76 lacs has been recognized during the period.
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. Payments to and Provisions for Employees includes Rs.4.18 lacs, which is subject to approval by way of special resolution at the forthcoming Annual General Meeting under section 314 of Companies Act, 1956.
12. Short Term loan from Bank is obtained by placing Fixed Deposit of Mafatlal Industries Employee's Co-operative Credit Society at Nadiad as collateral.
13. a. The net amount of exchange difference included in the Profit and Loss account for the period is Rs.4.40 lacs gain (Previous period, Rs. 3.97 lacs (Loss)).
- b. The 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	1.58	70.57
		0.73	33.98
		(-)	(-)
	EURO	0.03	2.03
Payables	GBP	(330.53)	0.24
		(330.53)	0.22
		1.45	64.86
	USD	0.52	24.20
	EURO	1.05	68.20
		1.05	59.85

Note: Figures in Italics represent previous period.
Figures in brackets are full figures.

14. Research and development expenditure debited to the Profit and Loss account by charge to relevant heads of account amount to Rs.28.12 lacs (Previous period, Rs. 31.42 lacs).
15. In the Modified Scheme, 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) The Company has taken certain premises and vehicles on operating lease. The tenure of such agreements ranges from twelve to thirty-six months. Some of these leases include lock in period up to 12 months. There are no purchase options in these agreements:

Due	Total minimum lease payments outstanding as at the 30 th June, 2011 – Rupees in lacs	Total minimum lease payments outstanding as at the 31 st May, 2010 – Rupees in lacs
Not later than one year	28.80	27.02
Later than one year and not later than five years	19.92	46.75
Total	48.72	73.77
Operating lease rentals debited to the Profit and Loss account	35.11	8.14

- (b) 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 period ended 30 th June, 2011 Rupees in lacs	As at and for the period ended 31 st May, 2010 Rupees in lacs
Gross block as at the period	77.13	212.79
Accumulated depreciation as at the period	23.49	41.95
Depreciation charged during the period	1.26	4.00
Receivable	Total future minimum lease receivables as at 30th June, 2011 Rupees in lacs	Total future minimum lease receivables as at 31st May, 2010 Rupees in lacs
Not later than one year	179.30	56.43
Later than one year and not later than five years	441.43	131.09
Total	620.73	187.52

17. The Company has not received intimation from most of the suppliers regarding the 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 is not being 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.2.11 lacs, aggregate to date as at 30th June, 2011, Rs.39.95 lacs (previous period, Rs. 2.27 lacs, aggregate to date as at 31st May, 2010, Rs. 37.84 lacs) and recovery of expenses, of Rs.2.61 lacs, aggregate to date as at 30th June, 2011, Rs.138.70 lacs (previous period, Rs. 5.36 lacs, aggregate to date as at 31st May, 2010, Rs.136.09 lacs) have not been accounted, on legal advice.
19. Figures for the current period are for thirteen months and figures for the previous period are for fourteen months. Hence the same are not strictly comparable.
20. Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period /year, as under:

	Current Period	Previous Period
Profit after tax attributable to equity share holders (Rs. in lacs)	38,056.00	5,176.30
Weighted average number of equity shares outstanding during the previous period (in numbers)	9,813,860	7,271,328
Basic/ diluted Earnings per share (Rs.)	387.78	71.16
Nominal value per share (Rs.)	10.00	10.00

21. **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.566.85 lacs (Previous period Rs.552.97 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 Period	Previous Period
	Gratuity (Funded)	
Reconciliation of liability recognized in the Balance Sheet		
Present value of commitments	(2,954.97)	(2,636.30)
Fair value of plan assets	15.84	27.51
Net Liability in the Balance Sheet	(2,939.13)	(2,608.80)
Movement in net liability recognized in the Balance Sheet		
Net Liability as at beginning of the period	(2,608.80)	(2,351.08)
Net expense recognized in the Profit and Loss account	(537.87)	(468.41)
Contribution during the period	207.54	210.70
Net Liability as at end of the period	(2,939.13)	(2,608.80)
Expense recognized in the Profit and Loss account		
Current Service cost	107.57	157.09
Interest cost	210.90	181.34
Expected return on plan assets	(2.20)	(9.63)
Actuarial (gains)/ losses	221.60	139.61
Expense charged to the Profit and Loss account	537.87	468.41
Return on plan assets		
Expected return on plan assets	2.20	9.63
Actuarial gains/(losses)	0.42	(5.61)
Actual return on plan assets	2.62	4.03
Reconciliation of defined-benefit commitments		
Commitments as at beginning of the period	(2,636.30)	(2,357.72)
Current Service cost	(107.57)	(157.09)
Interest cost	(210.90)	(181.34)
Paid benefits	221.82	193.86
Actuarial gains/(losses)	(222.02)	(134.01)
Commitments as at end of the period	(2,954.97)	(2,636.30)
Reconciliation on Plan assets		
Plan assets as at beginning of the period	27.50	6.64
Expected return on plan assets	2.20	9.63
Contribution during the period	207.54	210.70
Paid benefits	(221.82)	(193.86)
Actuarial gains/(losses)	0.42	(5.61)
Plan assets as at end of the period	15.84	27.50

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	8.50%	8%
Expected return on plan assets	8.00%	8.00%
Expected rate of salary increase	5.00%	4.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Experience adjustment:		
On Plan Liability (Gain)/Loss	131.94	283.07
On Plan Asset Gain/ (Loss)	0.42	(5.61)

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:

- 53 % (Previous Period 64 %) in deposits with a nationalised bank
- 47% (Previous Period 36%) in 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 300 days. The provision for these absences, made on the basis of Actuarial Valuation on 'Projected Unit Credit' method is Rs. 274.24 lacs. (Previous period Rs.227.87 lacs)

22. 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 other related parties and description of relationship where transactions have taken place during the period

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

Associates

Hybrid Financial Services Limited (formerly known as Mafatlal Finance Company Limited) (till 18th February, 2010)
Mafatlal VK Intex Limited
Sunanda Industries Limited
Sushmita Holdings Limited
Mafatlal Engineering Industries Limited
Mafatlal Limited - UK
Repal Apparel Private Limited
Sushmita Engineering and Trading Limited
Mafatlal Holdings Limited (till 30.11.2010)
Mafatlal Global Apparel Limited (w.e.f 22.03.2011)
Sumish Associates

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 Investment 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
Mafatlal Denim Limited
Mafatlal Holdings Limited (w.e.f. 30.11.2010)

Key managerial personnel

Hrishikesh A. Mafatlal

Relatives of Key Management Personnels

Priyavrata H. Mafatlal (w.e.f. 01.01.2011)

Schedule 18 (Contd.)**NOTES ON ACCOUNTS**

Details of transactions with related parties during the period / year

(Rupees in Lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Subsidiaries	Payment to Relative of Key Managerial personnel	Total
Rendering of services					239.90
Mafatlal Denim Limited	35.85	-	-	-	139.69
	36.13	-	-	-	36.13
Sulakshana Securities Ltd.	17.41	-	-	-	17.41
	22.12	-	-	-	22.12
NOCIL Limited	63.09	-	-	-	63.09
	72.92	-	-	-	72.92
Krishnadeep Housing Development Pvt. Ltd.	7.91	-	-	-	7.91
	8.52	-	-	-	8.52
Navin Fluorine International Ltd.	115.64	-	-	-	115.64
	-	-	-	-	-
Rent from Property					49.07
					356.25
NOCIL Limited	-	-	-	-	-
	313.13	-	-	-	313.13
Krishnadeep Housing Development Pvt. Ltd.	0.70	-	-	-	0.70
	0.75	-	-	-	0.75
Mafatlal Denim Limited	48.37	-	-	-	48.37
	42.37	-	-	-	42.37
Other Income					65.64
					74.45
Mafatlal Denim Limited	65.64	-	-	-	65.64
	74.45	-	-	-	74.45
Sale of Fixed Assets					-
					4,506.00
Navin Fluorine International Ltd.	-	-	-	-	-
	4,506.00	-	-	-	4,506.00
Receiving of Services from:					44.90
					52.97
Mafatlal Denim Limited	9.75	-	-	-	9.75
	10.50	-	-	-	10.50
Mafatlal Services Limited	-	-	9.51	-	9.51
	-	-	11.71	-	11.71
Sulakshana Securities Ltd.	25.64	-	-	-	25.64
	30.76	-	-	-	30.76
Reimbursement of Expenses to:					42.80
					42.07
NOCIL Limited	2.09	-	-	-	2.09
	2.42	-	-	-	2.42
Mafatlal Denim Limited	14.85	-	-	-	14.85
	16.06	-	-	-	16.06
Navin Fluorine International Ltd.	25.86	-	-	-	25.86
	23.59	-	-	-	23.59
Yarn Sales					20.22
					7.98
Mafatlal Denim Ltd.	20.22	-	-	-	20.22
	7.98	-	-	-	7.98
Spinning Jobworks					13.46
					5.61
Mafatlal Denim Ltd.	13.46	-	-	-	13.46
	5.61	-	-	-	5.61
Purchase of Stores/Sparers					0.76
					0.50
Mafatlal Denim Ltd.	0.76	-	-	-	0.76
	0.47	-	-	-	0.47
Navin Fluorine International Ltd.	-	-	-	-	-
	0.03	-	-	-	0.03
Loan repaid (including interest)					908.00
					3,927.37
NOCIL Limited	-	-	-	-	-
	2,289.00	-	-	-	2,289.00
Sunanda Industrial Machinery Ltd.	-	-	750.00	-	750.00
	-	-	1,577.44	-	1,577.44
Mishapar Investments Ltd.	-	-	158.00	-	158.00
	-	-	20.93	-	20.93

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	Subsidiaries	Payment to Relative of Key Managerial personnel	Total
Navin Fluorine International Ltd.	-	-	-	-	-
	40.00	-	-	-	40.00
<u>Loan taken</u>					200.00
					825.00
Sunanda Industrial Machinery Ltd.	-	-	200.00	-	200.00
	-	-	825.00	-	825.00
<u>Lease rent paid</u>					-
					2.14
Sumish Associates	-	-	-	-	-
	-	2.14	-	-	2.14
<u>Advances given to</u>					3.60
					10.28
Ibiza Industries Limited	-	-	-	-	-
	-	-	6.22	-	6.22
Sulakshana Securities Ltd.	2.97	-	-	-	2.97
	3.11	-	-	-	3.11
Navlekh Investment Ltd.	0.63	-	-	-	0.63
	0.95	-	-	-	0.95
<u>Advances Refunded</u>					3.60
					497.39
Sunanda Industries Ltd.	-	-	-	-	-
	-	0.50	-	-	0.50
Sulakshana Securities Ltd.	2.97	-	-	-	2.97
	3.01	-	-	-	3.01
Sudas Manufacturing and Trading Ltd.	-	-	-	-	-
	-	-	192.93	-	192.93
Navlekh Investment Ltd.	0.63	-	-	-	0.63
	0.95	-	-	-	0.95
Sunanda Industrial Machinery Ltd.	-	-	-	-	-
	-	-	300.00	-	300.00
<u>Rent deposit refund</u>					-
					249.90
NOCIL Limited	-	-	-	-	-
	249.90	-	-	-	249.90
<u>Amount written Off</u>					-
					433.86
Vibhadeep Investment & Trading Ltd.	-	-	-	-	-
	3.03	-	-	-	3.03
Navin Fluorine International Limited	-	-	-	-	-
	14.73	-	-	-	14.73
Mafatlal V.K.Intex Ltd.	-	-	-	-	-
	-	94.56	-	-	94.56
Sunanda Industries Ltd.	-	-	-	-	-
	-	34.26	-	-	34.26
Mafatlal Ltd.UK	-	-	-	-	-
	-	276.21	-	-	276.21
Romago AG, Zurich	-	-	-	-	-
	5.66	-	-	-	5.66
Mafatlal Impex Pvt. Ltd.	-	-	-	-	-
	5.41	-	-	-	5.41
<u>Amount written Back</u>					32.11
					14.40
Sunanda Industries Ltd.	-	-	-	-	-
	-	0.59	-	-	0.59
Mafatlal Engg. Ind. Ltd.	-	-	-	-	-
	-	10.20	-	-	10.20
Romago AG, Zurich	-	-	-	-	-
	3.61	-	-	-	3.61
Mafatlal Ltd.UK	-	32.11	-	-	32.11
	-	-	-	-	-
<u>Provision made for Diminution in Value of Investments during the period</u>					6,400.00
					4,000.54
Mafatlal V.K.Intex Ltd.	-	-	-	-	-
	-	58.00	-	-	58.00
Mafatlal Services Ltd.	-	-	-	-	-
	-	-	245.30	-	245.30

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Subsidiaries	Payment to Relative of Key Managerial personnel	Total
Mafatlal Holdings Ltd.	-	-	-	-	-
	260.00	-	-	-	260.00
Sushmita Holdings Ltd.	-	900.00	-	-	900.00
	-	1,921.86	-	-	1,921.86
Mishapar Investments Ltd.	-	-	5,500.00	-	5,500.00
	-	-	1,500.00	-	1,500.00
Sushmita Engineering & Trading Limited	-	-	-	-	-
	-	15.38	-	-	15.38
<u>Provision for Diminution in Value of Investments adjusted against Investments</u>					1,323.67
Mafatlal V.K.Intex Ltd.	-	58.00	-	-	58.00
	-	-	-	-	-
Ibiza Industries Limited	-	-	177.50	-	177.50
	-	-	-	-	-
Sushmita Engineering & Trading Limited	-	15.38	-	-	15.38
	-	-	-	-	-
Mafatlal Engineering Industries Limited	-	162.44	-	-	162.44
	-	-	-	-	-
Sunanda Industries Limited	-	910.35	-	-	910.35
	-	-	-	-	-
<u>Interest Paid</u>					346.67
					-
Navin Fluorine International Ltd.	346.67	-	-	-	346.67
	-	-	-	-	-
<u>Remuneration</u>					4.18
					-
Priyavrata H. Mafatlal	-	-	-	4.18	4.18
	-	-	-	-	-
<u>Provision for doubtful debts and advances - as at June 30, 2011</u>					475.30
					1,354.23
Sunanda Industries Ltd.	-	-	-	-	-
	-	124.46	-	-	124.46
Ibiza Industries Limited	-	-	-	-	-
	-	-	702.23	-	702.23
Navlekh Investment Ltd.	-	-	-	-	-
	265.00	-	-	-	265.00
Marigold International Pvt. Ltd.	-	-	-	-	-
	4.36	-	-	-	4.36
Mafatlal V.K.Intex Ltd.	-	-	-	-	-
	-	38.00	-	-	38.00
Repal Apparel Pvt Ltd.	-	-	-	-	-
	-	220.18	-	-	220.18
	-	-	-	-	-
Mafatlal Holdings Limited	104.87	-	-	-	104.87
	-	-	-	-	-
Sushmita Holdings Limited	-	155.70	-	-	155.70
	-	-	-	-	-
Sudas Mfg & Trdg Limited	-	-	214.73	-	214.73
	-	-	-	-	-
<u>Advance Write off/ adjusted against provision for Doubtful Advance</u>					1,353.73
					-
Navlekh Investment Ltd.	265.00	-	-	-	265.00
	-	-	-	-	-
Marigold International Pvt. Ltd.	4.36	-	-	-	4.36
	-	-	-	-	-
Mafatlal V.K.Intex Ltd.	-	38.00	-	-	38.00
	-	-	-	-	-
Repal Apparel Pvt Ltd.	-	220.18	-	-	220.18
	-	-	-	-	-
Ibiza Industries Ltd.	-	-	702.23	-	702.23
	-	-	-	-	-
Sunanda Industries Ltd.	-	123.96	-	-	123.96
	-	-	-	-	-
<u>Sale of Investments to</u>					1,341.13
					-
Vibhadeep Investments & Trading Ltd.	640.63	-	-	-	640.63
	-	-	-	-	-

Mafatlal Industries Limited

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Subsidiaries	Payment to Relative of Key Managerial personnel	Total
Mafatlal Holdings Ltd.	700.50	-	-	-	700.50
Guarantees Outstanding	-	-	-	-	850.28
Ibiza Industries Limited	-	-	850.28	-	850.28
Amount due to- as at June 30, 2011	-	-	850.28	-	850.28
NOCIL Limited	2,116.28	-	-	-	2,116.28
Vibhadeep Investments & Trading Ltd.	300.00	-	-	-	300.00
Sunanda Industrial Machinery Ltd.	-	-	500.00	-	500.00
Navin Fluorine International Limited	3,425.28	-	1,050.00	-	1,050.00
Others	318.59	-	2.54	-	321.13
Amount due from- as at June 30, 2011	310.36	32.11	160.74	-	521.94
Mafatlal Holdings Limited	991.97	-	-	-	991.97
Mafatlal Denim Limited	25.41	-	-	-	25.41
Sushmita Holdings Ltd.	-	973.48	-	-	973.48
Sudas Manufacturing & Trading Limited	-	-	2,350.64	-	2,350.64
Ibiza Industries Limited	-	-	2350.64	-	2,350.64
NOCIL Limited	575.55	-	702.23	-	702.23
Others	301.99	-	-	-	301.99
	271.81	382.08	-	-	653.89

Notes :

1) Figures in italics are those as at and for the period ended 31st May, 2010

2) There are no amounts written off or written back during the 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
23 Quantitative information :					
a) Regarding Raw Materials consumed :					
i Cotton and Fibre.....	Tonnes	3,298	4,411.09	3172	2725.71
ii Yarn.....	Tonnes	341	865.74	243	425.54
Total.....			5,276.83		3151.25

b) Regarding class of goods manufactured:

	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)		No.of looms 504	Mtr's in '000's 19,288		No.of looms 654	Mtr's in '000's 18,074
ii Spindles Yarn (Sales)		No.of Spindles 120,428	Kgs in '000's 112		No.of Spindles 144,008	Kgs in '000's 261

* Installed capacity is as per CST Return.

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

24 Quantitative and Value Analysis of		UNIT	STOCK 30/06/11		STOCK 31/05/10		STOCK 31/03/09	
Opening and Closing Stock of finished goods:			QTY	Rs in lacs	QTY	Rs in lacs	QTY	Rs in lacs
i	Cloth (Packed).....	Mtrs. in '000's	616	542.64	310	167.89	689	388.69
ii	Waste.....	Tonnes	51	5.43	50	4.19	21	1.47
				548.07		172.08		390.16

25 Quantitative and Value Analysis of		UNIT	Opening Stock 01/06/10		Purchases		Closing Stock 30/06/11	
Goods Traded in :			QTY	Rs in lacs	QTY	Rs in lacs	QTY	Rs in lacs
	Cloth	Mtrs. in '000's	-	-	2,834	2,303.79	-	-
			-	-	1,336	829.19	-	-

Figures in italics are of Previous Period

26 Quantitative and Value Analysis of			Current Period		Previous Period	
Sales Turnover :		UNIT	QTY	Rs in lacs	QTY	Rs in lacs
i	Cloth.....	Mtrs. in '000's	21,816	16,252.53	19,789	12,830.99
ii	Yarn.....	Tonnes	112	152.60	261	220.90
iii	Waste.....	Tonnes	226	126.95	230	93.61
iv	Export Benefits.....			175.66		92.70
v	Others (Land) (Refer note 3 of schedule 18)			48,326.87		-
	Total.....			65,034.61		13,238.20

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

Rupees in lacs

	CONSUMED					
	Purchases at C.I.F. Value	Total	Imported	Percentage	Indigenous	Percentage
Raw Materials.....	-	5,276.83	-	-	5,276.83	100.00%
	-	3,151.25	-	-	3,151.25	100.00%
Stores and Spare Parts.....	30.54	2,116.85	37.69	1.78%	2,079.16	98.22%
	18.72	1,827.87	25.73	1.41%	1,802.14	98.59%

Figures in italics are of Previous Period

28 Expenditure in Foreign Currency :

Previous Period

	Rs in lacs	Rs in lacs
i Travelling.....	2.24	5.36
ii Commission.....	22.28	19.69
iii Others.....	54.57	38.35

29 Earnings in Foreign Exchange :

F.O.B. Value of Direct Exports.....	3,062.68	2,986.71
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30 Figures of the previous period have been regrouped, rearranged and/or reclassified wherever necessary to correspond with those of the current period.

Signatures to Schedules 1 to 18

H. A. Mafatlal
Chairman

N. K. Parikh
A. C. Gandhi } Directors

R. R. Patel
Company Secretary

Mumbai, Dated: 8th August, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

3	5				
---	---	--	--	--	--

 State Code

0	4
---	---

Balance - sheet

3	0
---	---

0	6
---	---

2	0	1	1
---	---	---	---

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

	8	2	9	8	5	4	8
--	---	---	---	---	---	---	---

 Total Assets

	8	2	9	8	5	4	8
--	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		6	9	8	1	3	2
--	--	---	---	---	---	---	---

 Reserves and Surplus

	3	4	7	3	1	9	5
--	---	---	---	---	---	---	---

Secured Loans

		3	4	2	0	9	7
--	--	---	---	---	---	---	---

 Unsecured Loans

		3	6	1	3	7	3
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		1	6	1	3	3	4
--	--	---	---	---	---	---	---

 Investments

		5	4	7	7	2	5
--	--	---	---	---	---	---	---

Net Current Assets

	4	1	6	5	7	3	8
--	---	---	---	---	---	---	---

 Misc. Expenditure

							0
--	--	--	--	--	--	--	---

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

Turnover

	6	5	0	3	4	6	1
--	---	---	---	---	---	---	---

 Total Expenditure

	3	6	4	2	7	1	3
--	---	---	---	---	---	---	---

Profit Before Tax

	5	0	7	7	3	5	2
--	---	---	---	---	---	---	---

 Profit After Tax

	3	8	0	5	6	0	0
--	---	---	---	---	---	---	---

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
Chairman

H. R. Patel
Company Secretary

N. K. Parikh
A. C. Gandhi } Directors

Mumbai, Dated: 8th August, 2011

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, 2011.

(Rupees)

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	3,569,049	--	--
Debit Balance of Profit & Loss A/c.	794,192,048	--	23,380,865	27,875,081
3 Total Assets (Fixed Assets + Current Assets)	151,775,561	239,405,162	145,462,677	7,218,811
4 Total Liabilities (Debts + Current Liabilities)	2,051,069	235,336,113	268,343,522	4,093,892
5 Details of Investments (Except in case of investment in subsidiaries)	297,727,780	--	100,000,000	--
6 Turnover	6,874,074	360,184	12,788,238	1,681,129 (Expenses Recovery & interest income)
7 Profit (Loss) before Tax	(559,057,380)	108,021	(14,078,406)	57,891
8 Provision for Tax	--	35,000	--	--
9 Profit (Loss) after Tax	(559,057,380)	73,021	(14,078,406)	57,891
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.

Mishpar 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
Chairman

R. R. Patel
Company Secretary

N. K. Parikh
A. C. Gandhi } Directors

Mumbai, Dated: 8th August, 2011

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** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 30th June 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the period from 1st June, 2010 to 30th June 2011, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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. We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of Rs. 6,633.28 lacs as at 30th June, 2011 (as at the previous period end, Rs. 12,122.21 lacs), total revenues of Rs. 217.04 lacs (previous period, Rs. 207.36 lacs) and net cash inflows amounting to Rs. 426.18 lacs for the period ended on that date (previous period net outflows, Rs. 390.17 lacs) as considered in the Consolidated Financial Statements. We have also not audited the financial statements of nine associates in which the Company's share of loss amounts to Rs.1,016.59 lacs (previous period profit of Rs. 7.6 lacs). These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006 except the *latest financial statements of three associates are 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 2010 was not available for consolidation and that the latest financial statements of five associates were not available for the period ended 31st March 2010.*
5. In respect of the following issues, our report was qualified in the previous period, but which are no longer relevant for the current period as this subsidiary is de-recognised from consolidation in the current period:
 - a) *Non availability of accounts of a subsidiary [note 3 (a) (ii) of Schedule 18]*
 - b) *Non-provision for doubtful debts, aggregating to Rs.301.59 lacs [Note 16(a) of Schedule 18];*
 - c) *Non-provision for differential custom duty and interest thereon [Note 20 of Schedule 18];*
 - d) *Non-ascertainment, and consequent non-provision, of impairment loss, if any, in respect of fixed assets [Note 22 of Schedule 18];*
 - e) *Non-provision for claims of Rs. 86.00 lacs [Note 23 of Schedule 18];*
 - f) *Non-provision for interest aggregating to Rs. 1,769.28 lacs [Note 24 of Schedule 18];*
 - g) *regarding show cause notices received from the Commissioner of Customs in respect of looms imported under EPCG Scheme [Note 25 of Schedule 18].*
6. The financial statements of four subsidiaries have been drawn upto 31st March 2011; the accounts of the subsidiaries for quarter ended 30th June, 2011 have not been prepared and consequently adjustment for significant transactions in the period; if any, have not been made.
7. We invite attention to the following in Schedule 18, all of which para (i) (ii) and (iii a) were also the subject matter of our report similarly modified in the previous period:
 - (i) *Note 3(b) of Schedule 18, regarding the latest accounts of three associates not available for consolidation, (in the previous period five associates);*
 - (ii) *Note 21 of Schedule 18, regarding non-accounting of rent/ recovery of expenses of Rs. 4.72 lacs; aggregate to date, Rs.178.65 lacs (previous period, Rs.7.63 lacs, aggregate to date as at the previous period end, Rs.173.93 lacs);*
 - (iii) (a) *Note 26 of Schedule 18, regarding non verification/ non confirmation of certain investments of one of the subsidiaries;*
(b) *Note 16(b) of Schedule 18, regarding opinion framed by the management in case of the above subsidiary for non-provision for diminution in value of quoted & unquoted investments and with respect to recovery aspect of outstanding loans and advances.*
8. We further report that without considering item (i) and (iii a) and (iii b) of para 7 [in the case of previous period, items (i) and (iii a) of para 7 and items (a), (c), (d) and (g) of para 5] the effect of which on the financial statements for the period ended 30th June, 2011 and on the corresponding figures for the previous period ended 31st May 2010, could not be determined, had the observation made by us in items (ii) of para 7 [in the case of previous period, items (b), (e), and (f) of para 5 also] been considered, the profit for the period would have been Rs.37,613.95 lacs, as against the reported figure of Rs.37,435.30 lacs (previous period, profit would have been Rs. 3,307.84 lacs, as against the reported figure of Rs.5,290.78 lacs), the reserves & surplus would have been Rs. 36,912.83 lacs, as against the reported figure of Rs.36,734.18 lacs (as at 31st May 2010, accumulated losses would have been Rs.31,977.05 lacs, as against the reported figure of Rs.29,994.11 lacs), sundry debtors (net of provision) would have been Rs.6,587.31 lacs, as against the reported figure of Rs.6,408.66 lacs (as at 31st May 2010, Rs.10,190.69 lacs, as against the reported figure of Rs.10,318.35 lacs), (as at 31st May, 2010, current liability would have been Rs.16,218.35 lacs, as against the reported figure of Rs.14,363.07 lacs).
9. Subject to our comment in para 7 above (para 5 and item (i), (ii) and (iii a) of para 7 in case of previous period), based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, the subsidiaries and associates and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th June, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the period from 1st June, 2010 to 30th June, 2011; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period from 1st June, 2010 to 30th June, 2011.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117364W)
R. SALIVATI
Partner
(Membership No. 34004)

Consolidated Balance sheet as at 30th June, 2011

	Schedule	Rupees in lacs	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
I. SOURCES OF FUNDS :				
1. Shareholders' Funds :				
(a) Capital	1	6,981.32		6,981.32
(b) Reserves and Surplus	2	36,734.18		28,429.54
			43,715.50	35,410.86
2. Loan Funds :				
(a) Secured Loans	3		3,420.97	4,054.71
(b) Unsecured Loans	4		5,140.03	5,365.21
			8,561.00	9,419.92
3. Deferred Tax Liability			-	-
(Refer Note 8 of Schedule 18)				
4. Minority Interest			4.16	4.09
Total			52,280.66	44,834.87
II. APPLICATION OF FUNDS :				
1. Fixed Assets :	5			
(a) Gross Block		20,009.63		23,698.14
(b) Less : Depreciation		18,396.29		21,447.65
(c) Net Block			1,613.34	2,250.49
(d) Capital Work-in-Progress			-	-
			1,613.34	2,250.49
2. Goodwill on consolidation			2,994.30	2,994.30
3. Investments	6		3,949.18	4,970.70
4. Current Assets, Loans and Advances :				
(a) Inventories	7	2,679.55		1,573.17
(b) Sundry Debtors	8	6,408.66		10,318.35
(c) Cash and Bank Balances	9	64,695.65		5,139.51
(d) Loans and Advances	10	4,895.69		5,927.78
		78,679.55		22,958.81
Less : Current Liabilities and Provisions :				
(a) Liabilities	11	18,242.25		14,363.07
(b) Provisions	12	16,713.46		3,978.81
		34,955.71		18,341.88
Net Current Assets			43,723.84	4,616.93
5. Miscellaneous Expenditure:				
(To the extent not written off or adjusted)				
Deferred Revenue Expenditure			-	9.09
6. Profit and Loss Account:				
Profit and Loss Account		-		29,994.11
Less: General Reserve deducted as per contra		-		0.75
			-	29,993.36
Total			52,280.66	44,834.87
Significant Accounting Policies	17			
Notes on Accounts	18			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

(R. Salivati)
Partner
Membership No. 34004

Mumbai, Dated: 8th August, 2011

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

Mumbai, Dated: 8th August, 2011

N. K. Parikh
A. C. Gandhi } Directors

Consolidated Profit and Loss Account for the period from 1st June, 2010 to 30th June, 2011

	Schedule	Rupees in lacs	Previous Period Rupees in lacs
INCOME :			
Turnover (Including Export Benefits/ Incentives) (Refer note 4 of Schedule 18)		65,102.34	13,305.17
Other Income	13	21,624.59	17,640.17
Increase / (Decrease) in Stocks of Finished goods and Process Stock.....	14	1,030.48	(117.26)
Total		87,757.41	30,828.08
EXPENDITURE :			
Manufacturing and Other Expenses.....	15	35,561.92	23,512.44
Cost of Land sold		0.52	-
Depreciation		251.80	332.27
Depreciation on Immovable Properties		0.68	0.24
Interest (Net)	16	773.21	598.98
Total		36,588.13	24,443.93
Profit before tax		51,169.28	6,384.15
Provision for Current Tax		(12,450.35)	(1,102.66)
Provision for Wealth Tax		(0.40)	(0.25)
Profit after tax		38,718.53	5,281.24
(Short) / Excess provision for tax in respect of earlier years.....		(266.57)	2.11
		38,451.96	5,283.35
Share of (losses) / profit in Associates (net)		(1,016.59)	7.60
Minority Interest.....		(0.07)	(0.17)
		37,435.30	5,290.78
Reserve adjustment on sale of associate		787.78	1,535.19
Balance brought forward from previous period/ year		(29,994.11)	(36,820.08)
Less: Adjustment on derecognition of a Subsidiary		863.45	-
Available for Appropriation		9,092.42	(29,994.11)
Balance carried to Balance Sheet		9,092.42	(29,994.11)
Earnings per share [on the Face Value of Rs. 10/- each]			
Basic/ Diluted (Rs.)		381.49	72.76
(Refer note 28 of Schedule 18)			
Significant Accounting Policies	17		
Notes on Accounts	18		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

(R. Salivati)
Partner
Membership No. 34004

Mumbai, Dated: 8th August, 2011

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

Mumbai, Dated: 8th August, 2011

N. K. Parikh
A. C. Gandhi } Directors

Consolidated Cash flow statement

	Period Ended 30th June 2011 Rupees in lacs	Period Ended 31st May 2010 Rupees in lacs
A. Cash flow from operating activities		
Profit before tax	51,169.28	6,384.15
adjustments for,		
Depreciation	252.48	332.51
(Profit) / Loss on sale/disposal of fixed assets (net)	(12,941.92)	(6,395.58)
(Profit) / Loss on sale of investments (net)	(1,168.00)	(541.58)
Interest expense	1,288.49	762.31
Interest income	(515.28)	(163.33)
Dividend income	(73.42)	(70.35)
Sundry Creditors written back	(582.33)	(2,665.51)
Excess provision of earlier years written back (net)	(112.29)	(3,216.44)
Bad debts and irrecoverable advances written off	1,479.59	2,733.89
Provision for Diminution in the value of Long Term Investments	900.00	1,921.86
Provision for doubtful debts/ advances written back	(1,626.77)	(3,266.52)
Provision for doubtful debts/ advances	5,736.57	262.50
Impairment of Goodwill	-	1,878.35
Share of profit in partnership firm in which a subsidiary is a partner	-	(8.94)
Deferred revenue expenditure written off	-	0.75
Operating (loss) before working capital changes	43,806.40	(2,051.93)
(Increase) / Decrease in trade receivables	(1,543.52)	915.45
(Increase) / Decrease in inventories	(1,112.23)	68.99
Decrease in loans and advances	170.21	120.38
Increase / (Decrease) in trade and other payables	4,548.85	(3,162.48)
	2,063.31	(2,057.66)
Cash generated from / (used in) operations	45,869.71	(4,109.59)
Direct taxes (paid) / refund (net)	(1.57)	14.87
Net cash (used in) / generated from operating activities	45,868.14	(4,094.72)
B. Cash flow from investing activities :		
Purchase of fixed assets	(54.41)	(38.11)
Purchase of investments	(1,078.84)	(50.00)
Sale of fixed assets	13,106.35	7,499.80
Redemption / Sale of investments	1,354.13	543.13
Share of profit in partnership firm in which a subsidiary is a partner	-	8.94
Dividend received	73.42	70.35
Interest received	423.67	213.86
Net cash generated from investing activities	13,824.32	8,247.97
C. Cash flow from financing activities :		
Receipt / (Repayments) of other borrowings (net)	8.65	(4.97)
Receipt / (Repayments) of long term borrowings	399.95	(2,006.05)
Interest paid	(608.26)	(203.43)
Net cash flow (used in) financing activities	(199.66)	(2,214.45)
Net increase / (decrease) in cash and cash equivalents	59,492.80	1,938.80
Cash and Cash equivalents at the beginning of the period	5139.44	
Less: Adjustment on derecognition of a Subsidiary	(84.70)	3200.64
Cash and cash equivalents at the end of the period	64,547.54	5,139.44
Notes :		
1. Reconciliation of cash and cash equivalents		
As per Balance sheet - Schedule 9	64,695.65	5,139.51
Less: Interest accrued on bank deposits	(148.11)	(0.07)
As per Cash flow statement	64,547.54	5,139.44
2. The above includes:		
a) Rs. 60,616.13 lacs (As at 31st May, 2010 Rs. 2,573.28 lacs) in the Escrow account operated under the supervision of Monitoring Committee constituted by the Govt. of Maharashtra under Development Control Regulations, 1991.		
b) Rs.0.83 lacs (As at 31st May, 2010 Rs 0.76 lacs) in Fixed Deposit Accounts over which the banks have lien.		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Registration No. 117364W

H. A. Mafatlal
Chairman

(R. Salivati)
Partner
Membership No. 34004
Mumbai, Dated: 8th August, 2011

R. R. Patel
Company Secretary

Mumbai, Dated: 8th August, 2011

N. K. Parikh
A. C. Gandhi } Directors

Schedules forming part of the Consolidated Balance Sheet

		Rupees in lacs	As at 31st May, 2010 Rupees in lacs
Schedule - 1			
SHARE CAPITAL			
Authorised :		10,000.00	10,000.00
10,146,054 Equity Shares of Rs 10/- each	1,014.61		1,014.61
60,000,000 Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each	6,000.00		6,000.00
29,853,946 Unclassified Shares of Rs 10/- each	2,985.39		2,985.39
Issued :	7,014.61		7,014.61
10,146,054 Equity Shares of Rs 10/- each	1,014.61		1,014.61
60,000,000 Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each)	6,000.00		6,000.00
Subscribed :	6,981.38		6,981.38
9,813,860 Equity Shares of Rs 10/- each	981.38		981.38
60,000,000 Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each	6,000.00		6,000.00
Paid-up :	6,981.32		6,981.32
9,813,860 Equity Shares of Rs 10/- each (refer note 8 of schedule 18)	981.38		981.38
Less : Allotment money / Calls in arrears	0.06		0.06
	981.32		981.32
60,000,000 Fully Redeemable Non-Cumulative Preference Shares of Rs 10/- each)	6,000.00		6,000.00
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 a) In term of Modified Scheme (MS) approved by BIFR, 600,00,000 Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each are redeemable over a period of eight years as a subordinated liability to the dues of workers, statutory agencies and the secured creditors. Earliest date of redemption is projected at 1st April, 2012. Upon declaration, these shares carry a rate of dividend of 1% from the financial year commencing on or after 1st January, 2014.			
b) During the previous year, in terms of Modified Scheme (MS) approved by BIFR, 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs.10/- each were converted into 48,13,860 Equity Share of Rs.10/- each of the Company at a premium of Rs.52.32 per equity share on the basis of formula approved by BIFR i.e. at a price higher of either (a) the average of weekly high and low of closing price of shares of the Company as quoted on the Bombay Stock Exchange during the 6 months preceding the date of conversion of OCCPS or (b) the average of weekly high and low of closing price of shares of the Company as quoted on the Bombay Stock Exchange during the 2 weeks preceding the date of conversion of OCCPS. Post conversion shareholding of equity shares by the Promoter Group remain in compliance of SEBI guidelines/Listing Agreements.			
Total	6,981.32		6,981.32

	Rupees in lacs	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
Schedule - 2			
RESERVES AND SURPLUS			
Capital Reserve No 1. :		61.16	61.16
As per Last Balance Sheet			
Capital Reserve No 2. :		41.62	41.62
State Government Subsidy :			
As per Last Balance Sheet			
Capital Reserve No 4. :			
Reissue of forfeited shares			
As per Last Balance Sheet	-		8.97
Adjustment on sale of associate	-		8.97
	-		8.97
Statutory Reserve :			
As per Last Balance Sheet	212.21		235.72
Adjustment on sale of associate	46.65		23.51
	165.56		212.21
Securities Premium Account :			
As per Last Balance Sheet	26,816.81		25,574.98
Amount credited on conversion of Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares into Equity Share	-		2,518.62
Adjustment on sale of associate	741.13		1276.79
	26,075.68		26,816.81
Debenture Redemption Reserve:			
As per Last Balance Sheet	-		225.92
Adjustment on sale of associate	-		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
Deducted from debit balance in Profit & Loss Account per contra	-		(0.75)
	-		-
Surplus in Profit and Loss Account	9,092.42		-
Total	36,734.18		28,429.54

Schedule - 3**SECURED LOANS****Term Loan**

	Notes	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
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Loans and Advances :

IFCI Limited.....	1	-	945.75
From Others - (assignee of bank)	2	3,420.97	3,108.96
(Includes Interest accrued and due Rs. 312.01 lakhs (Previous period Rs Nil))			

Total		3,420.97	4,054.71
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Notes:

- For the previous period figure (Refer Note 3 (a) (iii) of Schedule 18) this term loan was 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 charge on all the fixed and current assets at Navsari and Nadiad. (In the Previous period, secured by first pari passu charge on all the fixed and current assets at Navsari, Nadiad and residual textile manufacturing operation at Mazgaon situated on a plot of 6,252 square metres area).

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

From Banks (Refer Note 30 of Schedule 18)	8.89	-
From Others	2827.84	2,828.08

Other Loans and Advances:

From Others	2,303.30	2,537.13
Total	5,140.03	5,365.21

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

Rupees in Lacs

	Land	Buildings	Plant and Machinery	Furniture	Vehicles	Railway sidings	Sub-total	Acquired on finance lease (Vehicles)	Asset retired from use	Total	As at 31st May 2010
Cost as at 1st June, 2010	43.42	2,099.94	20,665.77	803.44	76.10	2.70	23,691.37	6.77	-	23,698.14	28,615.17
Additions / Adjustments	-	-	12.62	13.02	28.77	-	54.41	-	-	54.41	38.11
Deductions / Adjustments	11.07	360.43	3,132.56	216.21	15.88	-	3,736.15	6.77	-	3,742.92	4,955.14
Transfers		(123.45)					(123.45)		123.45	-	-
Total as at 30th June, 2011	32.35	1,616.06	17,545.83	600.25	88.99	2.70	19,886.18	-	123.45	20,009.63	23,698.14
Depreciation upto 30th June, 2011	-	864.28	16,920.18	485.89	49.89	2.57	18,322.81	-	73.48	18,396.29	21,447.65
Net Value as at 30th June, 2011	32.35	751.78	625.65	114.36	39.10	0.13	1,563.37	-	49.97	1,613.34	2,250.49
Net Value as at 31st May, 2010	43.42	1,045.19	988.11	149.30	19.57	0.13	2,245.72	4.77		2,250.49	
Depreciation for the period	-	40.89	166.91	29.13	6.10	-	243.03	-	8.77	251.80	332.27

Note :

Buildings include a sum of **Rs. 1.41 lacs** (Previous Year Rs. 20.06 lacs) being cost of ownership premises in co-operative societies including cost of shares of the face value of Rs. 500/- (Previous Period 1,000/-) received under the bye-laws of the Societies.

Capital work in Progress: :

	Rupees in lacs	As at 31st May, 2010 Rupees in lacs
Un-installed Machinery	-	276.54
Less: Impairment Loss	-	276.54
Total	-	-

Mafatlal Industries Limited

Schedule - 6

INVESTMENTS (Long Term)

		As at 31st May, 2010	
	Rupees in lacs	Rupees in lacs	Rupees in lacs
A. In Government Securities		5.25	5.36
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 (unquoted)	1,954.96	3,877.73	
Partnership firm	0.05	0.05	
..... (ii)	1,955.01	3,877.78	
Total cost of investments [(i) + (ii)]	3,125.80	5,048.57	
Less: Share of losses (Refer Note 3 b (iv) of Schedule 18)	1,367.78	1,238.50	
	1,758.02	3,810.07	
Less : Provision for diminution in the value of Investments.....	84.52	2,006.38	
		1,673.50	1,803.69
Preference share (Non- trade/ unquoted).....	900.00		900.00
Less : Provision for diminution in the value of Investments.....	900.00		-
Trade Investments		-	900.00
Equity Shares (unquoted).....		1.34	1.34
Non - Trade			
Equity Shares (quoted).....	2,096.48	2,096.86	
Less : Provision for diminution in the value of Investments.....	3.48	2,093.00	2,093.38
Equity Shares (unquoted).....		86.32	86.32
Mastershare of Unit Trust of India (unquoted)		36.28	45.28
Bonds and Debentures (unquoted)		20.50	20.50
C. In Immovable Properties (Net block)		32.99	14.83
		3,949.18	4,970.70

Notes

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

A	Name	Current Period	Previous Period
		No. of shares / Bonds	No. of shares / Bonds
1	Ibiza Industries Limited (Subsidiary)	1,350,000	1,350,000
2	Mafatlal Limited, UK (Associate)	14,700	14,700
3.	Housing Development Finance Corporation Limited Corporate Bonds - 11% Series IV	1,050	1,050
B	10% Secured Redeemable Convertible Debentures of Mafatlal Engineering Industries Limited, Nos 110,335 (Previous Period Nos 110,335) are not available for physical verification/confirmation not available as company is currently under liquidation.		
2.	Following shares are subject to non-disposal undertaking given to financial institutions as at 30th June 2011 and 31st May, 2010		
	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 Company/ other companies as at 30th June 2011 and 31st May, 2010		
	1,350,000 Equity Shares of Ibiza Industries Limited of the face value of Rs. 10/- each. (cost Rs.177.50 lacs)		
4.		Cost	Market Value
	Aggregate value of quoted investments	2,093.00	1,949.85
		2,093.38	2,414.81
	Aggregate value of unquoted investments	1,823.19	
		2,862.49	
	Total	3,916.19	
		4,955.87	

Figures in italics are as at 31st May, 2010

5. Investment in a partnership firm M/s Sumish Associates where Mishapar Investments Limited, a subsidiary company is a partner

As at 31st May, 2010

Name of the partner	Share of profit		Share of profit	
	Capital - Rs.	/ loss - %	Capital - Rs.	/ loss - %
Sushmita Holdings Limited.....	5,000	33.34	5,000	33.34
Mafatlal 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 May, 2010	
		Rupees in lacs	Rupees in lacs
Stores and Spares		210.94	128.98
Stock - in - Trade :			
Raw Materials.....		71.80	77.34
Finished Goods (including waste)		548.07	172.08
Process Stock.....		1,848.16	1,193.67
Others (Land)		0.58	1.10
		2,468.61	1,444.19
Total		2,679.55	1,573.17

Schedule - 8		As at 31st May, 2010
SUNDRY DEBTORS		Rupees in lacs
Unsecured and considered good (unless otherwise stated)		
Debts outstanding for a period exceeding six months (Secured Rs 1,019.41 lakhs (Previous Period, Nil)	9,634.09	9,520.87
Other Debts	2,286.28	1,157.62
	11,920.37	10,678.49
Less : Provisions	5,511.71	360.14
Total	6,408.66	10,318.35
Note :		
Considered Good	6,408.66	10,016.77
Considered Doubtful	5,511.71	661.72
Total	11,920.37	10,678.49
Schedule - 9		
CASH AND BANK BALANCES		
Cash on hand (including Cheques on hand Rs NIL; as at 31st May, 2010, Rs 476.73 lacs & Share transfer stamps Rs. 1.49 lacs; as at 31st May, 2010, Rs 1.49 lacs)	27.65	489.54
Balances with Scheduled Banks :		
In Current Accounts	589.32	3,114.00
In Fixed Deposit Accounts	64,078.68	1,535.97
[Including Rs 0.83 lacs (As at 31st May, 2010- Rs. 0.76 lacs) over which the banks have lien. Interest accrued Rs 148.11 lacs (As at 31st May, 2010- Rs 0.07 lacs)] Balances with Scheduled Banks include Rs. 60,616.13 lacs (As at 31st May, 2010 Rs 2,573.28 lacs) in the Escrow account operated under the supervision of Monitoring Committee constituted by the Govt. of Maharashtra under Development Control Regulations, 1991.		
	64,668.00	4,649.97
Total	64,695.65	5,139.51
Schedule - 10		
LOANS AND ADVANCES		
Unsecured and considered good (unless otherwise stated)		
Due from a partnership firm (an associate), in which a subsidiary is a partner	830.35	821.49
Loans (Secured Rs 475.60 lacs (Previous period Rs Nil)	1,449.86	1,928.66
Advances recoverable in cash or in kind or for value to be received (includes capital advances of Rs 29.21 lacs (Previous Period Rs Nil) (Secured Rs 209.88 lacs, Previous period Rs Nil)	2,827.78	3,980.11
Advance Tax (Net of provisions)	793.17	1,158.17
Fringe Benefit tax (Net of Provisions)	2.25	1.98
Wealth tax (Net of Provisions)	-	1.59
Balance with Central Excise Department	127.45	212.86
	6,030.86	8,104.86
Less : Provisions	1,135.17	2,177.08
Total	4,895.69	5,927.78
Notes:		
(1) Considered good	4,895.69	5,927.78
Considered doubtful	1,135.17	2,177.08
Total	6,030.86	8,104.86
(2) Due from officers	11.14	10.79
Maximum amount outstanding at any time during the period	11.14	11.92
Schedule - 11		
LIABILITIES		
Sundry Creditors :		
(i) Total outstanding dues to Micro enterprises and Small enterprises (refer note 29 of Schedule 18)	-	-
(ii) Total outstanding dues of creditors other than Micro and Small enterprises	13,899.83	12,129.18
	13,899.83	12,129.18
Other Liabilities	3,116.75	692.29
Advance against Orders	503.36	491.63
Advance against sale / development of property	-	510.00
Interest accrued but not due on loans	722.31	539.97
Total	18,242.25	14,363.07
Schedule - 12		
PROVISIONS		
For Income Tax (Net of Advance Tax)	13,499.59	1,142.14
For Wealth Tax (Net of Advance Tax)	0.50	-
For Fringe Benefit Tax (Net of Advance Tax)	-	-
For Gratuity	2,939.13	2,608.80
For Compensated Absences	274.24	227.87
Total	16,713.46	3,978.81

Mafatlal Industries Limited

Schedules forming part of the Consolidated Profit and Loss account

Schedule - 13

OTHER INCOME

	Rupees in lacs	Previous Period Rupees in lacs
Dividend on Long Term Investments (Non-Trade)	73.42	70.35
Air-conditioning charges and other Receipts	439.57	453.60
Royalty Income	10.85	11.65
Miscellaneous Income	192.63	313.74
Rent from Property	790.78	1,314.71
Processing Charges	2,015.62	2,016.51
Provision for doubtful debts / advances written back	1,626.77	1,680.95
Less: Debts/ Advances written off	1,479.59	1064.30
Compensation received on Transfer of Tenancy	3,150.00	-
Profit on sale of Fixed Assets	12,941.92	6410.49
[including Profit on transfer of development rights in Leasehold Land amounting to Rs. 12,202.86 lacs ; (Previous period Nil)] (Refer Note 4 of Schedule 18)		
Profit on sale of long term investments (Net)	1,168.00	541.58
Sundry Creditors written back	582.33	2,665.51
Excess provision of earlier years written back (Net)	112.29	3,216.44
Share of profit from partnership firm (an associate), in which a Subsidiary is a partner	-	8.94
Total	21,624.59	17,640.17

Schedule - 14

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

Stocks as on 30th June, 2011

Finished Goods	548.07	172.08
Process Stock	1,848.16	1,193.67
	2,396.23	1,365.75

Stocks as on 31st May, 2010

Finished Goods	172.08	390.16
Process Stock	1,193.67	1,092.85
	1,365.75	1,483.01
Total	1,030.48	(117.26)

Schedule - 15

MANUFACTURING AND OTHER EXPENSES

	Rupees in lacs	Rupees in lacs	Previous Period Rupees in lacs
1. Raw Materials consumed		5,276.83	3,151.25
2. Purchase of Semi-finished and Finished Goods		2,532.18	1,052.85
3. Payments to and Provision for Employees :			
(a) Salaries, Wages and Bonus	5,861.27		3,769.82
(b) Contribution to Gratuity Fund	538.37		468.91
(c) Contribution to Provident Fund and Superannuation Funds etc.	568.59		555.07
(d) Welfare Expenses	61.64		67.31
		7,029.87	4,861.11
4. Operation and Other Expenses :			
(a) Stores and Spare Parts consumed	2,116.84		1,827.86
(b) Processing Charges	281.41		168.71
(c) Power and Fuel	5,689.66		5,739.86
(d) Repairs :			
To Buildings	58.38		66.52
To Machinery	179.25		150.47
(e) Insurance	29.59		32.18
(f) Lease Rent	187.02		46.10
(g) Rates and Taxes	1,050.71		300.91
(h) Advertisement, Stationery, Printing, Postage and Faxes	123.03		120.85
(i) Commission, Brokerage and Discount	606.00		535.87
(j) Transport and Freight Charges (Net)	104.40		182.79
(k) Provision for Diminution in the value of Long Term Investments	900.00		1,921.86
(l) Provision for Doubtful Debts / Advances	5,736.57		262.50
(m) Bad debts written off	-	2,733.89	
Less: Provision written back	-	2,649.87	84.02
(n) Donations and Charities	0.17		0.28
(o) Loss on sale / disposal of fixed Assets	-		14.91
(p) Legal & Professional Fees	1,948.14		276.18
(q) Impairment of goodwill	-		1,878.35
(r) Deferred Revenue Expenditure written off	-		0.75
(s) Miscellaneous Expenses	1,633.59		746.06
		20,644.76	14,357.03
5. Air-Conditioning Expenses		75.43	86.95
6. Directors' fees		2.85	3.25
Total		35,561.92	23,512.44

Schedule - 16

INTEREST (NET)

Interest Expense :			
On Deposits		-	21.36
On Others/Cash Credit Accounts etc		1,288.49	740.95
		1,288.49	762.31
Less: Interest Income:			
Interest on Bank Deposits etc (TDS, Rs. 20.30 lacs [Previous Period Rs. 2.65 lacs])		515.28	163.33
Total		773.21	598.98

Schedule 17

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared on historical cost basis of accounting.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), as of the date of the Financial Statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates.

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.

Depreciation

Depreciation on fixed assets is provided on the straight-line/ written down basis in accordance with the Companies Act, 1956 (Refer note 11 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 and fair value. Long-term investments (other than in associates considered for consolidation) are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of long-term investments. Investments in associates considered for consolidation are accounted for using the equity method.

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 on conversion to stock-in trade

Employee benefits

- a. Contributions are made 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.
- b. 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 period 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 period 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 period, 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 including Other 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. Deferred Tax Assets and Liabilities are measured using the tax rates and tax laws that have been enacted or are substantively enacted by the balance sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

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 in the financial statement.

Operating Lease

Operating Lease receipts and payments are recognized as income or expense, as the case may be, in the profit and loss account on a straight-line basis over the lease term.

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Schedule 18

NOTES ON ACCOUNTS

		Rupees in lacs	As at 31 st May, 2010 Rupees in lacs
1.	Estimated contracts remaining to be executed on capital account and not provided for	9.73	--
2.	Contingent liabilities, in respect of:		
a.	Bills of exchange discounted	217.03	219.40
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))	773.51	1,093.62
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))	2,697.21	2,603.36
d.	Claims against the Group not acknowledged as debts (relating to dispute on fixed water charges and interest claimed at Navsari Unit of Mafatlal Industries Limited – MIL)	2,673.21	677.51
e.	Concessional customs duty on import of machinery by MIL under EPCG Scheme payable subject to fulfillment of mandatory import/ export obligation (including interest upto Balance Sheet date).	1,027.39	970.76
f.	Claims made by workers against MIL (mainly relating to matters like termination, compensation, etc.)	1,101.12	1,116.95
g.	Demands from Director General of Foreign Trade against Advance License	311.56	384.97
h.	Stamp duty on Amalgamation of company	-	1,229.47
	In the above matters (2b. to 2h.), the Group is hopeful of succeeding and as such does not expect any significant liability to crystallize.		
i.	Guarantees given on behalf of Subsidiary Company – Ibiza Industries Limited	850.28	850.28

3. The consolidated financial statements of Mafatlal Industries Limited ("the Company")/ ("MIL") and its subsidiaries and 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' as notified under the Companies (Accounting Standards) Rules, 2006. The details of such enterprises are as under:

a.

Sr. No.	Subsidiaries – all incorporated in India	% holding of the Company	Date of Financial Statements	
			Current Period	Previous Period
1)	Mishapar Investments Limited (Mishapar)	100.00	31 st March, 2011	31 st March, 2010
2)	Sudas Manufacturing & Trading Limited (Sudas) (together with Mishapar)	100.00	31 st March, 2011	31 st March, 2010
3)	Sunanda Industrial Machinery Limited (Sunanda) (together with Mishapar)	100.00	31 st March, 2011	31 st March, 2010
4)	Mafatlal Services Limited (MSL)	88.00	31 st March, 2011	31 st March, 2010
5)	Ibiza Industries Limited (IIL) (together with Mishapar)	54.89 (Refer note iii. Below)	--	31 st March, 2006 (Refer note ii. Below)

Notes:-

- There has been no change in the percentage holding of the Company in its subsidiaries.
- In relation to the consolidated financial statement of the previous period, with respect to IIL, which is currently under liquidation, financial statement after the year ended 31st March, 2006 are not available.
- Consequent to IIL continuing to be under liquidation, the Company effectively has no control over IIL. Hence, in accordance with the requirements of AS-21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies (Accounting Standards) Rules, 2006 the same has not been consolidated for the current period. The related adjustments, on de-recognition of this subsidiary, has been reflected in the consolidated financial statement of the current period.

b.

Sr. No.	Associates – all incorporated in India, unless otherwise stated	% holding of the Company with its subsidiaries	Date of Financial Statements	
			Current Period	Previous Period
1)	Mafatlal Holdings Limited	- (50.00)	-	31 st March, 2009
2)	Sushmita Holdings Limited (Through Mishapar Investments Limited and Sunanda Industrial Machinery Limited)	26.11 (50.00)	31 st March, 2011	31 st March, 2009
3)	Mafatlal V K Intex Limited	29.00 (29.00)	31 st March, 2009	31 st March, 2009
4)	Mafatlal Limited (incorporated in United Kingdom)	29.83 (29.83)	Refer note (iii)	Refer note (iii)
5)	Sushmita Engineering and Trading Limited	49.35 (49.35)	31 st March, 2010	31 st March, 2008
6)	Sunanda Industries Limited	29.25 (29.25)	31 st March, 2011	31 st March, 2009
7)	Mafatlal Engineering Industries Limited	22.18 (22.18)	Refer note (iii)	Refer note (iii)
8)	Repal Apparel Private Limited	50.00 (50.00)	Refer note (iii)	Refer note (iii)
9)	Sumish Associates [Partnership firm]	33.33 (33.33)	31 st March, 2011	31 st March, 2010
10)	Mafatlal Global Apparel Limited (Through Mishapar Investments Limited)	48.92 (-)	31 st March, 2010	-

Figures in brackets pertain to previous period.

Notes:-

- i. There has been no change in the percentage holding of the Company (with its subsidiaries) in its associates, except in case of Mafatlal Holdings Limited, in which case the entire holding has been disposed off during the period and in case of Sushmita Holdings Limited, in which case part of the holding has been disposed off during the period.
- ii. The accounts of Mafatlal Limited UK, Repal Apparel Private Limited and Mafatlal 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.
- iii. 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:
- Mafatlal V.K. Intex Limited
 - Sushmita Engineering and Trading Limited
 - Sunanda Industries Limited
 - Mafatlal Engineering Industries Limited
 - Repal Apparel Private Limited
- iv. 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 period/year end (C) are as under (figures in *italics* are as at previous period end):

(Rupees in lacs)

Associates - all incorporated in India, unless otherwise stated	A	B	C
Mafatlal Holdings Limited	- <i>451.78</i>	- <i>(451.78)</i>	- -
Sushmita Holdings Limited (including Goodwill of Rs. 521.47 lacs (Previous period Nil))	1,783.55 <i>3,323.55</i>	(254.62) <i>334.74</i>	1,528.93 <i>3,658.29</i>
Mafatlal V K Intex Limited	58.00 <i>58.00</i>	(58.00) <i>(58.00)</i>	- -
Mafatlal Limited, UK	84.52 <i>84.52</i>	- <i>(-)</i>	84.52# <i>84.52#</i>
Sushmita Engineering and Trading Limited	15.38 <i>15.38</i>	(15.38) <i>(15.38)</i>	- -
Sunanda Industries Limited	950.35 <i>950.35</i>	(950.35) <i>(950.35)</i>	- -
Mafatlal Engineering Industries Limited	162.44 <i>162.44</i>	(162.44) <i>(162.44)</i>	- -
Repal Apparel Private Limited	2.50 <i>2.50</i>	(2.50) <i>(2.50)</i>	- -
Sumish Associates [Partnership firm]	0.05 <i>0.05</i>	75.51 <i>67.21</i>	75.56 <i>67.26</i>
Mafatlal Global Apparel Limited (Represents Goodwill of Rs. 69.01 lacs)	69.01 -	- -	69.01 -
Total	3,125.80 <i>5,048.57</i>	(1,367.78) <i>(1,238.50)</i>	1,758.02 <i>3,810.07</i>

Figures in brackets represents loss.

Provision for diminution of an equivalent amount has been made.

4. (a) The Company has, concluded an Agreement with Gliders Buildcon LLP ('the developer'), an entity of Ajay Piramal Group on 17th June, 2011 for transfer of development rights in leasehold land at its Mazagaon unit, admeasuring about 30,910 square meters for a lump sum consideration of Rs. 60,580.00 lacs. The proceeds from the development agreement (to the extent pertaining to leasehold land held as stock in trade) amounting to Rs. 48,326.87 lacs has been included in 'Turnover.' The remaining proceeds (pertaining to leasehold land held as fixed assets) amounting to Rs. 12,202.86 lacs (net of book value of leasehold land amounting to Rs 0.01 lacs and portion of building amounting to Rs 50.26 lacs on date of sale) is included in 'Profit on sale of fixed asset' under Schedule 13 'Other Income'. As required by the Development Control Rules, Government of Maharashtra, the utilization of sales proceeds from sale of textile mill lands is being monitored by a Monitoring Committee appointed by the Government under Development Control Regulation, 1991.
- (b) The Company is required to surrender the remaining leasehold land (reserved portion admeasuring about 27,287.82 square meters) to Municipal Corporation of Greater Mumbai for the purpose of extension of V.J.B. Udyan. The Company is also required to recommence the spinning unit which can accommodate 10,000 spindles. By virtue of the abovementioned agreement, the developer will construct a structure and hand it over to the Company.

5. **Payment to auditors (excluding Service Tax)**

(Rupees in lacs)

Audit fees	10.21	8.46
Expenses incidental	0.03	0.03
Payment for other services	48.10	7.62
[Includes of Rs 0.40 lacs (Previous period Rs. NIL) made to a firm in which some of the partners of the statutory audit firm are partners]		
Total	58.34	16.11

Branch Auditors

Audit fees	2.65	1.40
Tax audit fees	0.70	0.70
In any other manner (certification work, limited review, etc.)	1.45	1.52
Expenses	0.39	0.37
Total	5.19	3.99

6. (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. 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 24th / 25th June 2009 approved the Modified Scheme (MS) in terms of provisions of section 18(4) read with section 19(3) of SICA. The Company has initiated the process

Mafatlal Industries Limited

of sale of surplus assets identified in the MS. Based on the Audited Accounts on 31st May, 2010, wherein networth of the Company had turned positive, the company made an application to the BIFR for deregistration of its reference. BIFR vide its order dated 19th August, 2010 discharged the Company from the purview of SICA/BIFR.

- (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 Navin Fluorine International Limited (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.
7. (a) In relation to the consolidated financial statements for the previous period (Refer note 3.a (iii) of Schedule 18), IIL had 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.
- (b) 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 did not have any significant impact on consolidated financial statements for the previous period and consequently, the consolidated financial statements of previous period were prepared on going concern basis. (Refer note 3.a (iii) of Schedule 18).
8. The components of Deferred tax balances are as follows :

Sr.No.	Particulars	As at 30.06.2011 Amount (Rs. in lacs)	As at 31.05.2010 Amount (Rs. in lacs)
1	Deferred Tax Liability		
	- Depreciation	(507.74)	(628.37)
2	Deferred Tax Asset		
	- Provision for doubtful debts / advances	271.04	119.62
	- Carried forward business loss (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	-	508.75
	- Disallowances under Income Tax Act (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	236.70	-
		507.74	628.37
	Net Deferred Tax Liability	-	-

9. During 1987-88, 535,000 shares (of Rs. 100/- each) in the Company 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.
10. 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 Annapurba 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 operated the Unit on the Company's behalf. The conducting agreement was extended from time to time. The said sale has been completed on 14th December, 2010 and the profit of Rs.611.76 lacs has been recognized during the period.
11. 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 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.
12. Payments to and Provisions for Employees includes Rs.4.18 lacs, which is subject to approval by way of special resolution at the forthcoming Annual General Meeting of the Company under Section 314 of Companies Act, 1956.
13. During the year, Mishapar Investments Limited evaluated the recoverability aspects in respect of the amounts due from Vibhadeep Investments and Trading Limited represented by Rs 554.00 lacs (Previous Period Rs 554.00 lacs) towards loans granted and Rs 1,036.98 lacs (Previous Period Rs 1036.98 lacs) towards sundry debtors. Based on such evaluation more particularly keeping in view the erosion of Net Worth of the said company, the management of Mishapar Investments Limited decided to make provision for the doubtful recovery of loan/debts. Accordingly in these accounts, provision has been made for the doubtful loans/debts of Rs 554.00 lacs and 1036.98 lacs respectively.
14. In case of Mafatlal Services Limited (MSL) some of the employees had been transferred to the other Group companies. The Gratuity Liability in respect of such employees was contributed by the MSL to the Gratuity Fund. Any shortfall arising on the payment thereof would be accounted on Cash Basis in the year of payment.
15. In case of the MIL, the tax provision for the current period 1st June 2010 to 30th June, 2011 has been made after considering various deductions including carry forward business loss available under the Income Tax Act, 1961.
16. (a) In relation to the consolidated financial statements of the previous period (Refer note 3.a.(iii) of Schedule 18), in the case of IIL, no provision was 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.
- (b) In case of Mishapar Investments Limited :
- (i) As at 31st March, 2011, there is a diminution of Rs 710.08 lacs (Previous period Rs.232.99 lacs) in the values of some of it'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.
- (ii) As at the period end, loans given/ advances recoverable, aggregating to Rs 1028.90 lacs (as at 31st May, 2010, Rs. 224.93 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 the Company's involvement in these companies is of a strategic and long-term nature and irrecoverable amounts, if any, are presently not ascertainable.
- (iii) Mishapar holds certain unquoted investments at a cost of Rs 857.90 lacs (as at 31st March, 2010, Rs 980.68 lacs) in companies, the net worth of whose, as per their latest available audited accounts have been partially/ substantially eroded. Also, in view of non availability of the audited balance sheet in case of certain investments the group is not in a position to ascertain whether or not there is a diminution in its value. However, the management of Mishapar is in the process of analyzing its fair value and shall provide for the necessary diminution, if any, on ascertainment of the amount.

17. a. The net amount of exchange difference included in the Profit and Loss account for the period is Rs. 4.40 lacs gain (Previous period, Rs. 3.97 lacs (loss)).
- b. The 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	1.58	70.57
		<i>0.73</i>	<i>33.98</i>
	EURO	(-)	(-)
		<i>0.03</i>	<i>2.03</i>
Payables	GBP	(330.53)	0.24
		<i>(330.53)</i>	<i>0.22</i>
	USD	1.45	64.86
		<i>0.52</i>	<i>24.20</i>
	EURO	1.05	68.20
		<i>1.05</i>	<i>59.85</i>

Note: Figures in italics represent previous period.

Figures in brackets are full figures.

18. Research and development expenditure debited to the Profit and Loss account by charge to relevant heads of account amount to Rs.28.12 lacs (Previous period, Rs. 31.42 lacs).
19. In the Modified Scheme, 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.
20. In relation to the consolidated financial statements of the Previous period (Refer note 3.a.(iii) of Schedule 18), 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 had 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. Upon non fulfillment, IIL was 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 earlier 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 had not been received by IIL, no provision was made in the books of account and the same was to be provided for on the receipt of the aforesaid notice of demand. IIL has furnished a bank guarantee of Rs. 210.25 lacs renewed upto 31st March, 2003 against the above.
21. 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.2.11 lacs, aggregate to date as at 30th June, 2011, Rs.39.95 lacs (previous period, Rs. 2.27 lacs, aggregate to date as at 31st May, 2010, Rs. 37.84 lacs) and recovery of expenses, of Rs.2.61 lacs, aggregate to date as at 30th June, 2011, Rs.138.70 lacs (previous period, Rs. 5.36 lacs, aggregate to date as at 31st May, 2010, Rs.136.09 lacs) have not been accounted, on legal advice.
22. In relation to the consolidated financial statements of the previous period (Refer note 3.a. (iii) of Schedule 18), as IIL being currently under liquidation, no formal exercise was 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 had 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 was made for impairment there-against by IIL.
23. In relation to consolidated financial statements of the previous period (Refer note 3.a. (iii) of Schedule 18), Hybrid Financial Services Ltd. (an erstwhile associate) had claimed amounts aggregating to Rs. 86.00 lacs from IIL for interest and various other services/ facilities rendered by it. IIL had disputed the said amount and as such no provision was made in the accounts for the same.
24. In relation to the consolidated financial statements of previous period (Refer note 3.a. (iii) of Schedule 18), IIL (being under liquidation), interest aggregating to Rs. 1,769.28 lacs in respect of the term lenders/ unsecured creditors was not provided in the accounts by IIL.
25. In relation to the consolidated financial statements of the previous period (Refer note 3.a. (iii) of Schedule 18), IIL had 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 license 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 Commissionerate, 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 had 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.

Mafatlal Industries Limited

26. 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 May, 2010, 9,000) equity shares of Mafatlal Limited, U.K of £ 10/- each, fully paid up;
- 87,500 (as at 31st May, 2010, 87,500) equity shares of Malibu Kapital Limited of Rs.10/- each fully paid up; and
- 6,250 (as at 31st May, 2010, 6250) equity shares of Navdeep Investment Private Limited of Rs. 100/- each fully paid up.
- 25,000 (as at 31st May, 2010, 25,000) equity shares of Repal Apparel Private Limited of Rs. 10/- each fully paid up.

27. (a) The Group has taken certain premises and vehicles on operating lease. The tenure of such agreements ranges from twelve to thirty-six months. Some of these leases include lock in period up to 12 months. There are no purchase options in these agreements:

Due	Total future minimum lease payments outstanding as at 30 th June, 2011 – Rupees in lacs	Total future minimum lease payments outstanding as at 31 st May, 2010 – Rupees in lacs
Not later than one year	28.80	27.02
Later than one year and not later than five years	19.92	46.75
Total	48.72	73.77
Operating lease rentals debited to the Profit and Loss account	35.11	8.14

- (b) 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 period ended 30 th June, 2011 Rupees in lacs	As at and for the year period 31 st May, 2010 Rupees in lacs
Gross block as at the period/year end	77.13	212.79
Accumulated depreciation as at the period/ year end	23.49	41.95
Depreciation charged during the period/ year	1.26	4.00
Receivable	Total future minimum lease receivables as at the 30 th June, 2011 Rupees in lacs	Total future minimum lease receivables as at the 31 st May, 2010 Rupees in lacs
Not later than one year	179.30	56.43
Later than one year and not later than five years	441.43	131.09
	620.73	187.52

28. Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period, as under:

	Current Period	Previous Period
Profit after tax attributable to equity share holders (Rs. in lacs)	37,435.30	5,290.78
Weighted average number of equity shares outstanding during the period/year (in numbers)	98,13,860	72,71,328
Basic/ diluted Earnings per share (Rs.)	381.49	72.76
Nominal value per share (Rs.)	10.00	10.00

29. The Group has not received any intimation from most of the '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.

30. Short Term Loan from Bank is obtained by placing Fixed Deposit of Mafatlal Industries Employee's Cooperative Credit Society at Nadiad as collateral.

31. **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 566.85 lacs (Previous period Rs.555.07 lacs).

As per the guidance provided by the Accounting Standards Board of the Institute of Chartered Accountants of India on implementing AS 15, Employee Benefit (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 Period	Previous Period
	Gratuity (funded)	
Reconciliation of liability recognized in the Balance Sheet		
Present value of commitments	(2,954.97)	(2,636.30)
Fair value of plan assets	15.84	27.51
Net liability in the Balance Sheet	(2,939.13)	(2,608.80)
Movement in net liability recognized in the Balance Sheet		

Net Liability as at beginning of the period	(2,608.80)	(2,351.08)
Net expense recognized in the Profit and Loss account	(537.87)	(468.41)
Contribution during the period	207.54	210.70
Net liability as at end of the period	(2,939.13)	(2,608.80)
Expense recognized in the Profit and Loss account		
Current Service cost	107.57	157.09
Interest cost	210.90	181.34
Expected return on plan assets	(2.20)	(9.63)
Actuarial (gains)/ losses	221.60	139.61
Expense charged to the Profit and Loss account	537.87	468.41

Return on plan assets		
Expected return on plan assets	2.20	9.63
Actuarial gains/(losses)	0.42	(5.61)
Actual return on plan assets	2.62	4.03
Reconciliation of defined-benefit commitments		
Commitments as at beginning of the period	(2,636.30)	(2,357.72)
Current Service cost	(107.57)	(157.09)
Interest cost	(210.90)	(181.34)
Paid benefits	221.82	193.86
Actuarial gains/(losses)	(222.02)	(134.01)
Commitments as at end of the period	(2,954.97)	(2,636.30)
Reconciliation on Plan assets		
Plan assets as at beginning of the period	27.50	6.64
Expected return on plan assets	2.20	9.63
Contribution during the period	207.54	210.70
Paid benefits	(221.82)	(193.86)
Actuarial gains/(losses)	0.42	5.61
Plan assets as at end of the period	15.84	27.50

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	8.50%	8.00%
Expected return on plan assets	8.00%	8.00%
Expected rate of salary increase	5.00%	4.00%
Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Experience adjustment:		
On Plan Liability (Gain)/Loss	131.94	283.07
On Plan Asset Gain/(Loss)	0.42	(5.61)

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:

- 53 % (Previous period 64%) in deposits with a nationalised bank
- 47 % (Previous period 36%) 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 300 days. The provision for these absences, made on the basis of Actuarial Valuation on 'Projected Unit Credit' method is Rs. 274.24 lacs. (Previous Period Rs. 227.87 lacs)

32. **Related party transactions**

Names of related parties and description of relationship

Associates

Hybrid Financial Services Limited (formerly known as Mafatlal Finance Company Limited) (till 18th February, 2010)

Mafatlal VK Intex Limited

Sunanda Industries Limited

Mafatlal Holdings Limited (till 30.11.2010)

Sushmita Holdings Limited

Mafatlal Engineering Industries Limited

Mafatlal Limited – UK

Sumish Associates

Repal Apparel Private Limited

Sushmita Engineering and Trading Limited

Mafatlal Global Apparel Limited (w.e.f 22.03.2011)

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 Investment 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

Mafatlal Holdings Limited (w.e.f 30.11.2010)

Key managerial personnel

Hrishikesh A. Mafatlal

Relatives of Key Management Personnels

Priyavrata H. Mafatlal (w.e.f 01.01.2011)

Details of transactions with related parties during the period/ year

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Payment to relative of Key Managerial personnel	Total
<u>Rendering of services</u>				239.90
				139.69
Mafatlal Denim Limited	35.85	-	-	35.85
	36.13	-	-	36.13
Sulakshana Securities Ltd.	17.41	-	-	17.41
	22.12	-	-	22.12
NOCIL Limited	63.09	-	-	63.09
	72.92	-	-	72.92
Krishnadeep Housing Development Private Ltd.	7.91	-	-	7.91
	8.52	-	-	8.52
Navin Fluorine Interantional Ltd.	115.64	-	-	115.64
	-	-	-	-
<u>Rent from Property</u>				49.07
				356.25
NOCIL Limited	-	-	-	-
	313.13	-	-	313.13
Krishnadeep Housing Development Pvt. Ltd.	0.70	-	-	0.70
	0.75	-	-	0.75
Mafatlal Denim Limited	48.37	-	-	48.37
	42.37	-	-	42.37
<u>Share of profit from partnership firm</u>				8.86
				8.94
Sumish Associates	-	8.86	-	8.86
	-	8.94	-	8.94
<u>Interest Income</u>				5.20
				-
Mafatlal Global Apparel Limited	-	5.20	-	5.20
	-	-	-	-
<u>Other Income</u>				65.64
				74.45
Mafatlal Denim Limited	65.64	-	-	65.64
	74.45	-	-	74.45
<u>Sale of Fixed Assets</u>				-
				4,506.00
Navin Fluorine International Ltd.	-	-	-	-
	4,506.00	-	-	4,506.00
<u>Yarn Sales</u>				20.22
				7.98
Mafatlal Denim Ltd.	20.22	-	-	20.22
	7.98	-	-	7.98
<u>Spinning Jobwork</u>				13.46
				5.61
Mafatlal Denim Ltd.	13.46	-	-	13.46
	5.61	-	-	5.61
<u>Purchase of Stores/Spares</u>				0.76
				0.50
Mafatlal Denim Ltd.	0.76	-	-	0.76
	0.47	-	-	0.47
Navin Fluorine International Ltd.	-	-	-	-
	0.03	-	-	0.03
<u>Amount written off</u>				-
				433.86
Vibhadeep Investment & Trading Ltd,	-	-	-	-
	3.03	-	-	3.03
Navin Fluorine International Ltd.	-	-	-	-
	14.73	-	-	14.73
Mafatlal V K Intex Ltd.	-	-	-	-
	-	94.56	-	94.56
Mafatlal Ltd UK	-	-	-	-
	-	276.21	-	276.21
Romago AG, Zurich	-	-	-	-
	5.66	-	-	5.66
Mafatlal Impex Pvt. Ltd	-	-	-	-
	5.41	-	-	5.41
Sunanda Industries Ltd.	-	-	-	-
	-	34.26	-	34.26
<u>Receiving of Services from</u>				35.39
				41.26
Mafatlal Denim Limited	9.75	-	-	9.75
	10.50	-	-	10.50
Sulakshana Securities Ltd.	25.64	-	-	25.64
	30.76	-	-	30.76

Mafatlal Industries Limited

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Payment to relative of Key Managerial personnel	Total
Reimbursement of Expenses to:				42.80
				42.07
NOCIL Limited	2.09	-	-	2.09
	2.42	-	-	2.42
Navin Fluorine International Ltd.	25.86	-	-	25.86
	23.59	-	-	23.59
Mafatlal Denim Limited	14.85	-	-	14.85
	16.06	-	-	16.06
Loan repaid to (including interest)				-
				2,334.00
NOCIL Limited	-	-	-	-
	2,289.00	-	-	2,289.00
Krishnadeep Housing Development Private Ltd.	-	-	-	-
	5.00	-	-	5.00
Navin Fluorine International Ltd.	-	-	-	-
	40.00	-	-	40.00
Recovery of Advances				200.80
				83.91
Vibhadeep Investments & Trading Ltd.	68.80	-	-	68.80
	-	-	-	-
Mafalal Holdings Limited	32.00	-	-	32.00
	83.91	-	-	83.91
Mafalal Global Apparel Limited	-	100.00	-	100.00
	-	-	-	-
Interest Paid to				549.27
				-
Navin Fluorine International Ltd.	549.27	-	-	549.27
	-	-	-	-
Loan given to				233.00
				5.00
Krishnadeep Housing Development Private Ltd.	-	-	-	-
	5.00	-	-	5.00
Mafatlal Global Apparel Limited	-	123.00	-	123.00
	-	-	-	-
Vibhadeep Investments & Trading Ltd.	50.00	-	-	50.00
	-	-	-	-
Mafalal Holdings Limited	60.00	-	-	60.00
	-	-	-	-
Lease rent paid				-
				2.14
Sumish Associates	-	-	-	-
	-	2.14	-	2.14
Advances given to				10.54
				46.70
Sulakshana Securities Ltd	2.97	-	-	2.97
	3.11	-	-	3.11
Sunanda Industries Ltd.	-	6.94	-	6.94
	-	42.64	-	42.64
Navlekh Investment Limited	0.63	-	-	0.63
	0.95	-	-	0.95
Rent deposit refund				-
				249.00
NOCIL Limited	-	-	-	-
	249.00	-	-	249.00
Advances refunded				3.60
				125.37
Sunanda Industries Limited	-	-	-	-
	-	37.50	-	37.50
Navlekh Investment Limited	0.63	-	-	0.63
	0.95	-	-	0.95
Sulakshana Securities Limited	2.97	-	-	2.97
	3.01	-	-	3.01
Mafatlal Holdings Ltd.	-	-	-	-
	83.91	-	-	83.91
Amount written back				32.11
				14.40
Sunanda Industries Limited	-	-	-	-
	-	0.59	-	0.59
Romago AG, Zurich	-	-	-	-
	3.61	-	-	3.61
Mafatlal Ltd U.K.	-	32.11	-	32.11
	-	-	-	-

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Payment to relative of Key Managerial personnel	Total
Mafatlal Engineering Industries Limited	-	-	-	-
Provision for Diminution in Value Of Investments Adjusted against Investments	-	10.20	-	10.20
				1,146.17
Mafatlal V K Intex Ltd	-	58.00	-	58.00
Sunanda Industries Ltd.	-	910.35	-	910.35
Mafatlal Engineering Industries Ltd.	-	162.44	-	162.44
Sushmita Engineering & Trading Limited	-	15.38	-	15.38
Provision made for Diminution in Value of Investments during the period	-	-	-	900.00
				2,255.24
Mafatlal V K Intex Ltd	-	-	-	-
Mafatlal Holdings Limited	-	58.00	-	58.00
Sushmita Holdings Ltd.	260.00	-	-	260.00
Sushmita Engineering & Trading Limited	-	1,921.86	-	1,921.86
Sushmita Holdings Ltd.	-	15.38	-	15.38
Provision made for Doubtful Advances /debtors during the period	-	900.00	-	900.00
				5,712.58
Mafatlal Holdings Limited	3,958.96	-	-	3,958.96
Sunanda Industries Limited	-	6.94	-	6.94
Sushmita Holdings Ltd.	-	155.70	-	155.70
Vibhadeep Investments & Tradings Limited	1,590.98	-	-	1,590.98
Remuneration	-	-	-	4.18
Priyavrata H. Mafatlal	-	-	4.18	4.18
Sale of Investments to	-	-	-	1,343.82
Vibhadeep Investments & Trading Ltd.	643.32	-	-	643.32
Mafatlal Holdings Ltd.	700.50	-	-	700.50
Provision for doubtful debts and advances- as at June 30, 2011	-	-	-	5,705.64
				688.70
Sunanda Industries Ltd.	-	-	-	-
Mafatlal V. K Intex Ltd.	-	124.46	-	124.46
Mafatlal Limited - UK	-	38.00	-	38.00
Repal Apparel Private Limited	-	36.70	-	36.70
Navlekh Investment Ltd.	-	220.18	-	220.18
Mafatlal Holdings Limited	265.00	-	-	265.00
Vibhadeep Investments & Trading Ltd.	3,958.96	-	-	3,958.96
Sushmita Holdings Limited	-	155.70	-	155.70
Others	-	-	-	-
Advance Write off/adjusted against provision for doubtful advance	4.36	-	-	4.36
				651.50
Navlekh Investment Ltd.	265.00	-	-	265.00
Marigold International Pvt. Ltd.	4.36	-	-	4.36
	-	-	-	-

Mafatlal Industries Limited

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Payment to relative of Key Managerial personnel	Total
Mafatlal V.K.Intex Ltd.	-	38.00	-	38.00
Repal Apparel Pvt Ltd.	-	220.18	-	220.18
Sunanda Industries Ltd.	-	123.96	-	123.96
Amount due to- as at June 30, 2011 (including interest payable)				8,754.97
NOCIL Limited	2,116.28	-	-	2,116.28
Vibhadeep Investments & Trading Ltd.	300.00	-	-	300.00
Navin Fluorine International Ltd.	6,020.10	-	-	6,020.10
Others	318.59	-	-	318.59
Amount due from- as at June 30, 2011				9,285.10
Mafatlal Holdings Limited	4,906.06	-	-	4,906.06
Mafatlal Denim Limited	25.41	-	-	25.41
Sushmita Holdings Ltd.	-	973.48	-	973.48
Sunanda Industries Limited	-	30.97	-	30.97
Sumish Associates	-	830.35	-	830.35
NOCIL Limited	575.55	-	-	575.55
Mafatlal Global Apparel Limited	-	42.76	-	42.76
Repal Apparel Private Limited	-	7.55	-	7.55
Vibhadeep Investments & Trading Ltd.	1,890.98	-	-	1,890.98
Others	1.99	-	-	1.99

Notes :

- Figures in italics are those as at and for the period ended 31st May, 2010
- There are no amounts written off or written back during the period in respect of debts due from or to related parties except as disclosed above.

- (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	13 months ended 30th June 2011			14 months ended 31st May 2010		
	Textile	Financial services	Total	Textile	Financial services	Total
Revenue						
From external customers	85,958.89	-	85,958.89	24,984.10	8.94	24,993.04
Unallocated revenue			-			-
Total enterprise revenue			85,958.89			24,993.04
Result - Profit / (Loss) (Refer note 1 & 2 below)	57,738.07	(5,614.93)	52,123.14	8,337.95	50.32	8,388.27
Unallocated income:						
Dividend on long-term investments			(24.90)			(70.35)
Interest income			(515.28)			(163.33)
Other income			(694.62)			(5,764.69)
Unallocated expenses:						
Interest expense			1,288.49			762.31
Other expenses			0.17			0.28
Impairment of Goodwill & Provision for investment			900.00			3,800.21
Profit before tax			51,169.28			6,384.15
Provision for current tax (including wealth tax)			12,717.32			1,100.80
Profit after tax			38,451.96			5,283.35
Current year's share of (profit) / losses in associates (net)			1,016.59			(7.60)
Minority Interest			0.07			0.17
Segment assets	16,550.55	1,245.56	17,796.11	15,353.02	6,558.42	21,911.44
Unallocated corporate assets			69,440.25			11,271.95
Total assets			87,236.36			33,183.39
Segment liabilities	29,996.24	20.38	30,016.62	26,606.65	13.01	26,619.66

Unallocated corporate liabilities			13,504.24			1,142.14
Total liabilities			43,520.86			27,761.80
Capital expenditure incurred during the period / year						
- additions to fixed assets	52.63	-		38.11	-	
Depreciation (including on immovable properties)	252.48	-		332.51	-	
Impairment Loss	-	-		1,878.35	-	
Significant non-cash expenditure other than depreciation						
Bad debts/ advances written off	-	-		84.02	-	
Deferred revenue expenditure written off	-	-		0.75	-	
Provision for doubtful debts/ advances	260.56	5,476.01	5,736.57	256.86	5.64	262.50
Provision for diminution in the value of Investments (Unallocated)	-	-	900.00	-	-	1,921.86

Note,

1. Textile Profit includes profit on sale of Mill Property
2. Financial services Profit includes dividend
3. There were no inter-segment transactions during the period / year

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

Particulars	Current Period			Previous Period		
	Domestic	Exports	Total	Domestic	Exports	Total
Revenues from external customers	82,633.08	3,325.81	85,958.89	10,274.20	3,030.97	13,305.17
Segment assets	17,725.28	70.83	17,796.11	21,861.63	49.81	21,911.44
Additions to fixed assets during the period / year	52.63	-	52.63	38.11	-	38.11

34. The Company has not attached accounts of its subsidiaries vide Ministry of Corporate Affairs circular reference no 2/2011 dated 8th February, 2011.

The details of subsidiary are as under:

(Rupees)

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	3,569,049	--	--
Debit Balance of Profit & Loss A/c.	794,192,048	--	23,380,865	27,875,081
3 Total Assets (Fixed Assets + Current Assets)	151,775,561	239,405,162	145,462,677	7,218,811
4 Total Liabilities (Debts + Current Liabilities)	2,051,069	235,336,113	268,343,522	4,093,892
5 Details of Investments (Except in case of investment in subsidiaries)	297,727,780	--	100,000,000	--
6 Turnover	6,874,074	360,184	12,788,238	1,681,129 (Expenses Recovery & interest income)
7 Profit (Loss) before Tax	-559,057,380	108,021	-14,078,406	57,891
8 Provision for Tax	--	35,000	--	--
9 Profit (Loss) after Tax	-559,057,380	73,021	-14,078,406	57,891
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.

Mishpar 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 (Refer note 3.a. (iii) of Schedule 18).

35. Figures for the current period are for thirteen months and figures for the previous period are for fourteen months, hence not comparable.

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

Signatures to Schedule 1 to 18

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

Mumbai, Dated: 8th August, 2011

N. K. Parikh
A. C. Gandhi } Directors

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-Seventh Annual General Meeting of the Company to be held on Friday,
the 23rd day of September, 2011, 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 _____ 2011.

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-Seventh Annual General Meeting of the Company to be held on Friday, the 23rd day of September,
2011, 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.

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