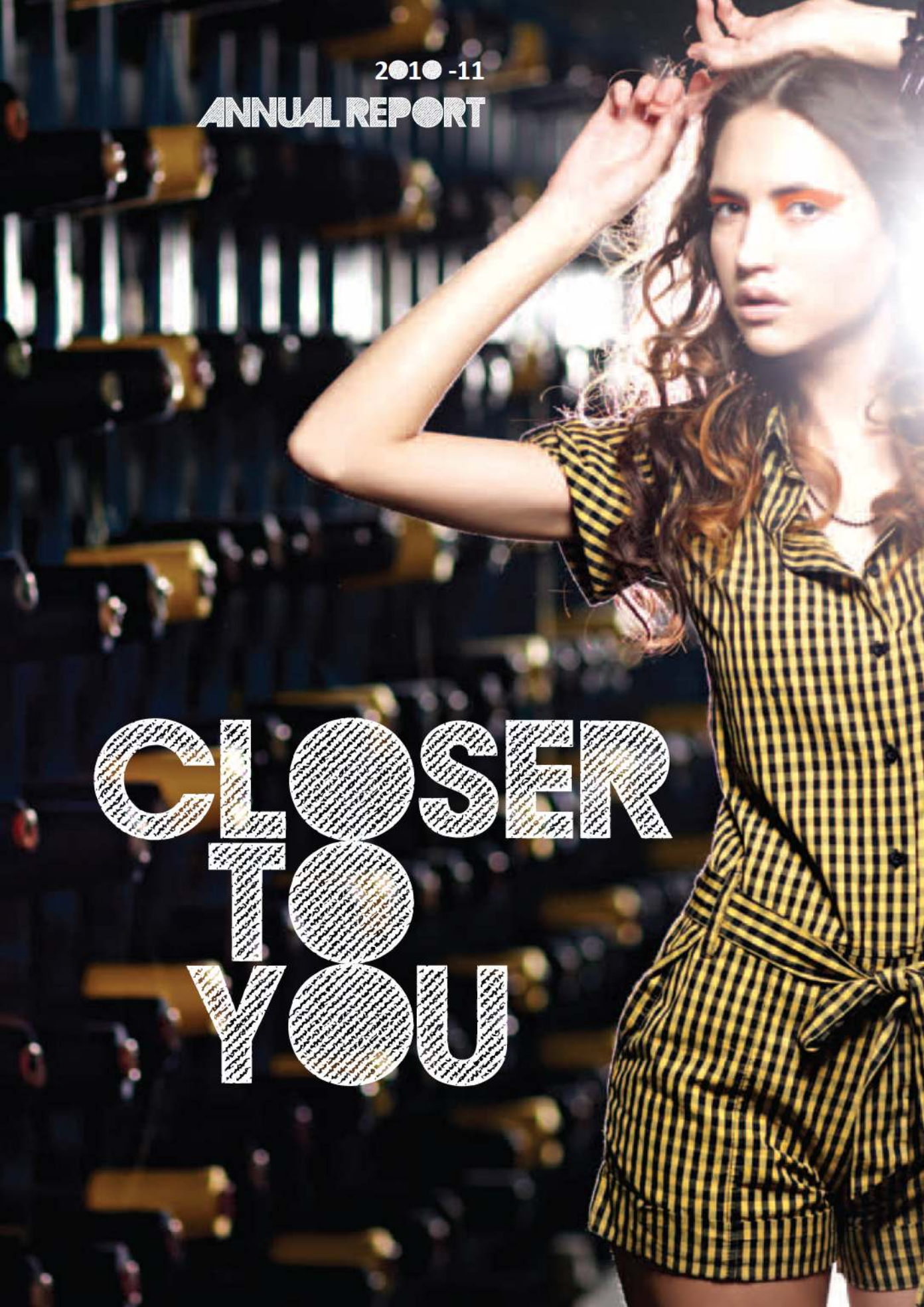
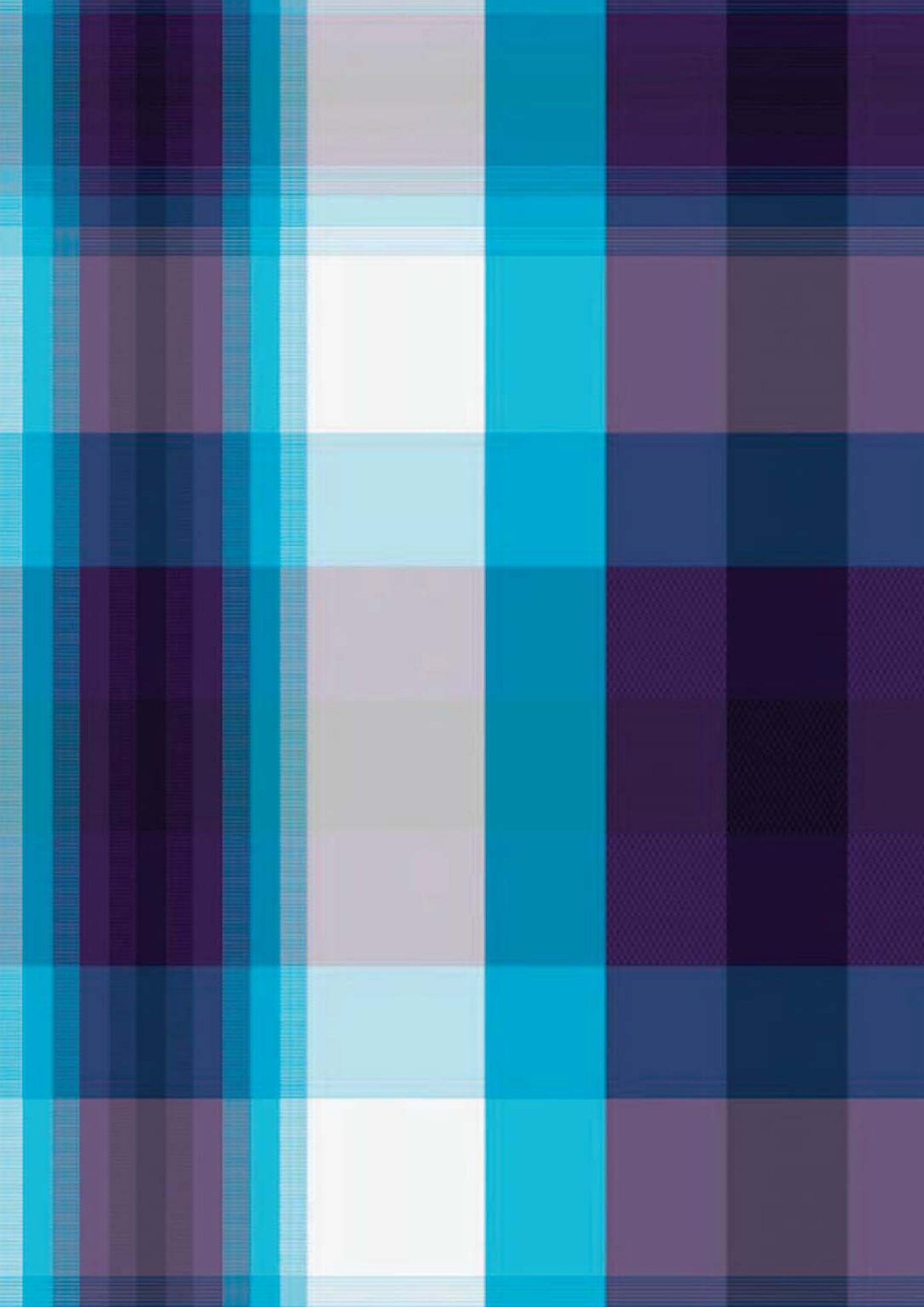


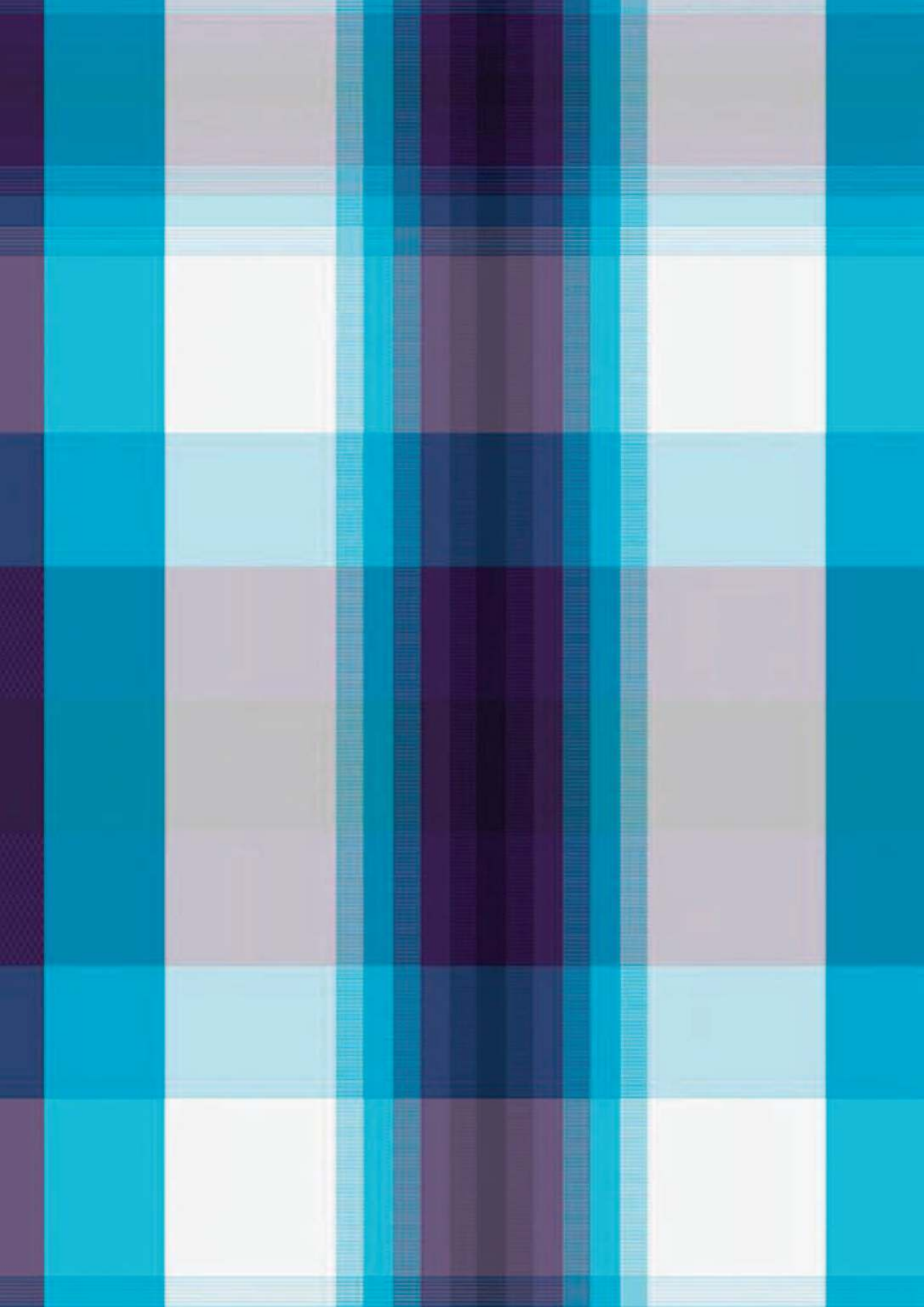
2010 -11  
ANNUAL REPORT

CLOSER  
TO  
YOU









# CONTENTS

## COMPANY OVERVIEW

Corporate Identity	02
Presence	04
The Value Chain	06
Divisions	08
Strength in Financials	10
Consistently Evolving	12
Clientele	13

## STRATEGIC OVERVIEW

Chairman and Managing Director's Message	14
Widening the Human Angle	16
Focusing on Scale	18
Clearly Defined Operations and Objectives	20
Achievements Galore	22
Quality Excellence	23
Board of Directors	24

## BOARD AND MANAGEMENT REPORTS

Management Discussion and Analysis	26
Directors' Report	34
Corporate Governance Report	40
Corporate Information	62

## FINANCIAL STATEMENTS

Auditors' Report	65
Balance Sheet	68
Profit and Loss Account	69
Cash Flow Statement	70
Schedules	71
Notes	82
Balance Sheet Abstract	95

### Forward Looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



## WE ARE A MULTI-DIVISIONAL TEXTILE COMPANY

spread over multi-geographic locations, creating an astounding variety of value-added garments and fabrics for multiple brands nationally and internationally. Vertical integration has enabled us to emerge as a niche player in the Indian textile industry. Mandhana is committed to globally benchmarked quality assurance at all stages of production from fabric to finishing, supported by Statistical Quality Control (SQC) techniques.

## WE HAVE GROWN PHENOMENALLY

since inception on the strength of our ability to delight customers through consistent innovation. At this stage of our corporate evolution, we are focusing on enhanced branding, retailing and social outreach programmes through exclusive tie-ups for greater visibility and traction.



# CREATING STRONG FOUNDATIONS FOR GROWTH

Mandhana Industries Limited is one of India's leading textile and garment manufacturing company. We are present across the textile value chain from yarn dyeing to garment manufacturing.

Our vertically integrated activities include:



YARN DYEING



WEAVING



FABRIC PROCESSING  
& PRINTING



GARMENT  
MANUFACTURING

The organization's high-end integrated operations and facilities enable us to manufacture a wide variety of value-added fabrics and garments.

- Four textile manufacturing facilities at MIDC, Tarapur for yarn dyeing, weaving and fabric processing; five garment manufacturing facilities at Bengaluru
- Domestic sales offices across Delhi, Bengaluru, Mumbai and Chennai
- Liaison office in Paris under the name 'Mandhana Europe'
- Exports to Italy, Belgium, Czech Republic, France, Switzerland, The Netherlands, United Kingdom, Greece, Spain, Finland, Hungary, Turkey, Russia, Poland, Germany, Malaysia, Mexico, USA, Australia, South Africa, Saudi Arabia, Israel, Singapore, Indonesia and Romania







80%

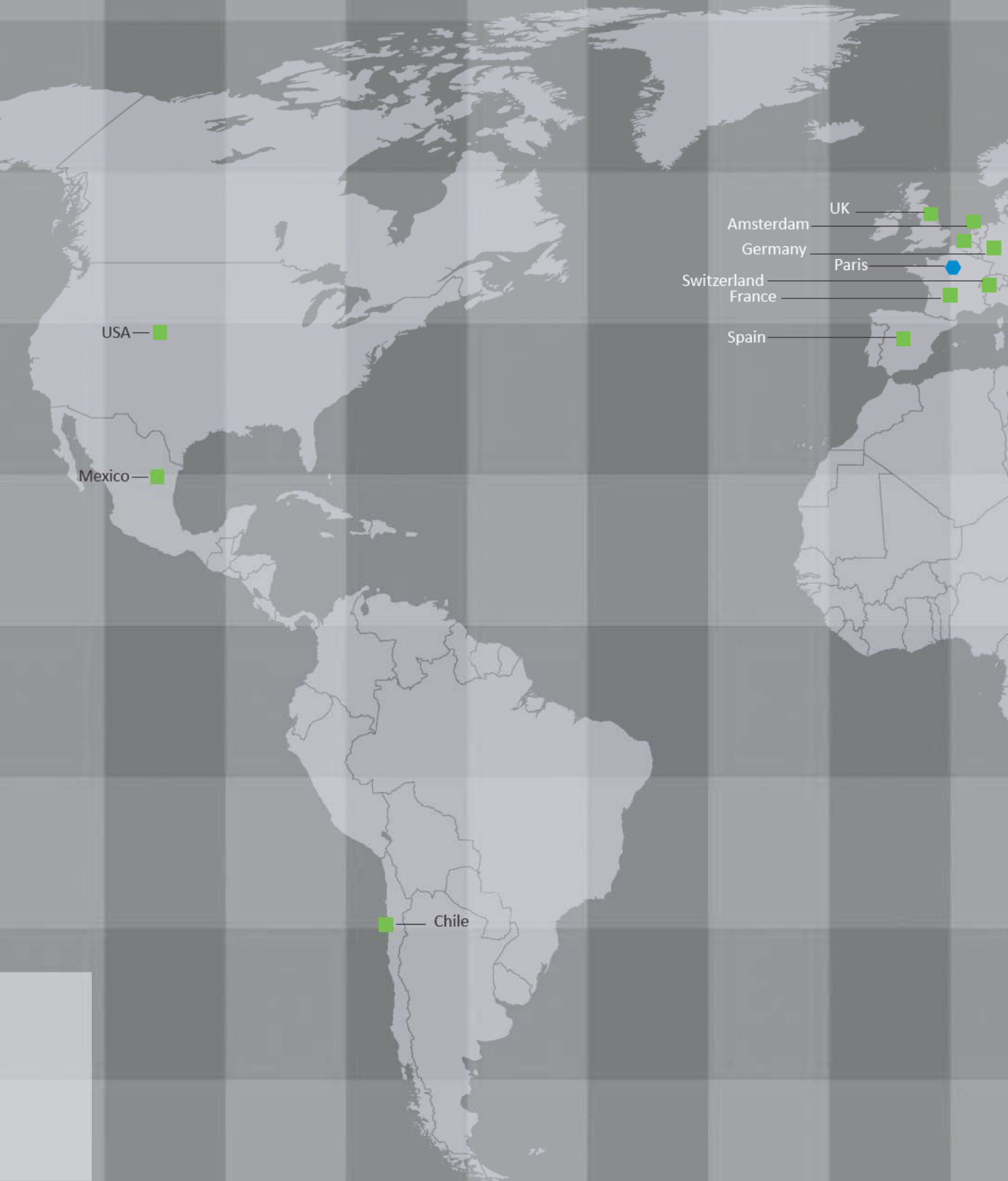
Domestic business  
comprising mainly of  
finished fabrics

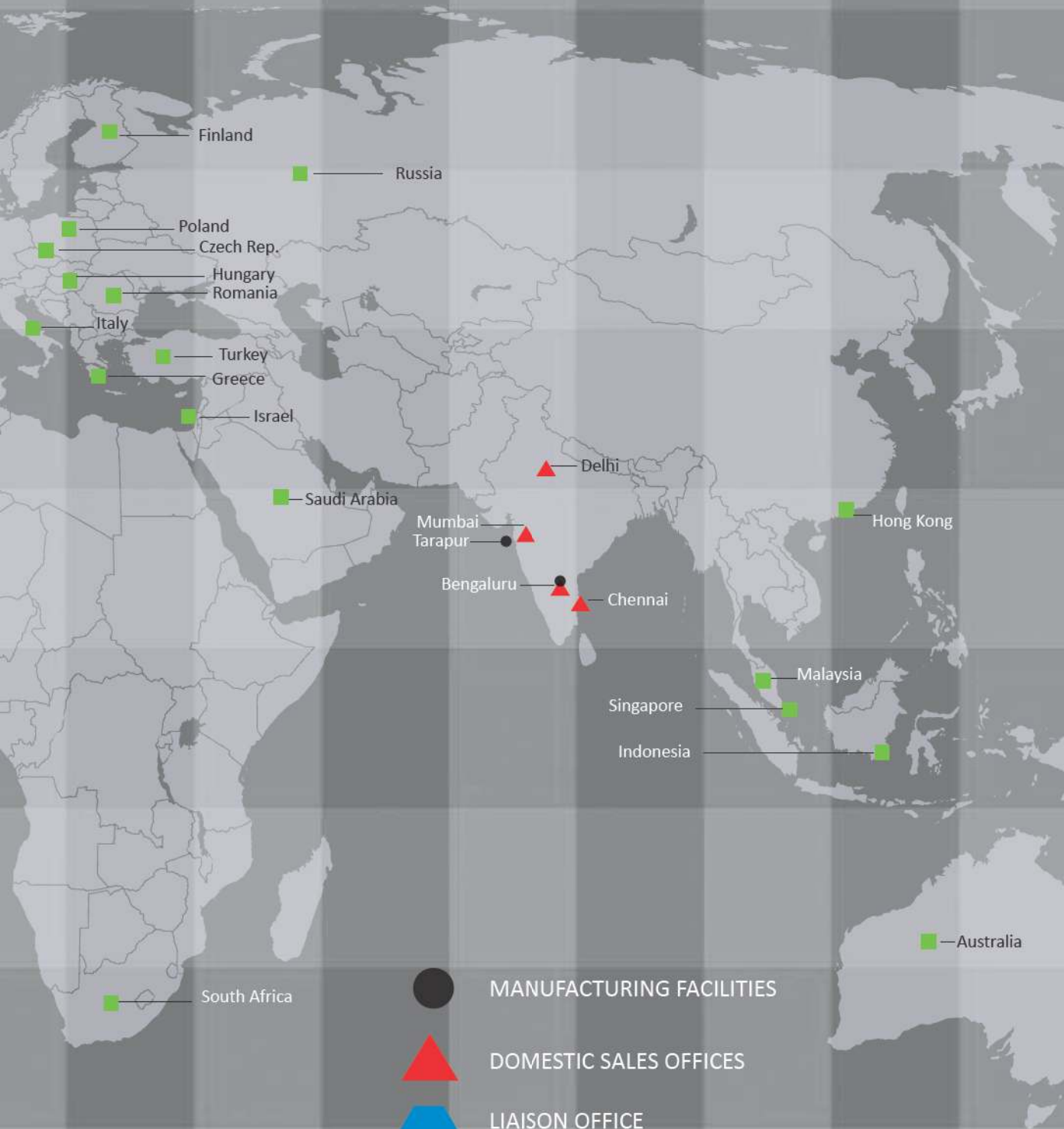
20%

International  
business comprising  
mainly of garments



# PRESENCE





-  MANUFACTURING FACILITIES
-  DOMESTIC SALES OFFICES
-  LIAISON OFFICE
-  EXPORTS

Map not to scale

# THE VALUE CHAIN

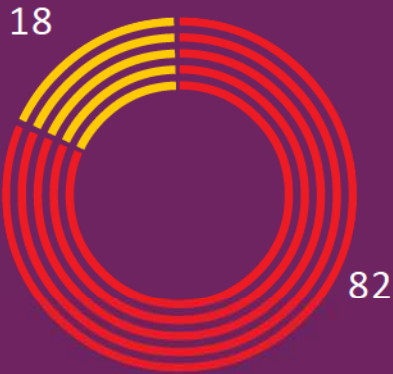








# DIMENSIONS



Revenue Contribution (%)

○ Textiles

○ Garments

## TEXTILES

40%

Growth in FY2010-11

## PROCESSES

Yarn dyeing,  
weaving and  
fabric processing

## PRODUCTS

Greige and finished fabrics like cotton textiles, yarn dyed fabrics, embroidered, embellished and blended cotton fabrics including cotton blends with nylon, lycra, viscose and m $\acute{e}$ lange among others.

## KEY FEATURE

The textiles are not only sold to domestic customers, but are also used internally for garment manufacture.



# GARMENTS

# 12%

Growth in FY 2010-11

## PRODUCTS

Readymade woven garments including shirts, ladies tops, dresses, skirts, kids wear and sportswear

## KEY FEATURE

We have in-house facilities for value-added services such as embroidery, printing and washing for embellishment and surface ornamentation. This reinforces our design strengths in casual wear

## EXPORTS

95% garments are exported to more than 25 countries





# STRENGTH IN FINANCIALS

**33.96%**

Turnover increased from ₹ 62,579.10 Lacs to ₹ 83,829.28 Lacs

**16.01%**

EBIDTA increased from ₹ 12,703.97 Lacs to ₹ 14,738.30 Lacs

**53.81%**

PAT increased from ₹ 4,340.08 Lacs to ₹ 6,675.41 Lacs

**102 BPS**

PAT margin increased from 6.94% to 7.96 %

**13.89%**

Earnings per share (Basic) increased from ₹ 18.21 to ₹ 20.74

**82.09%**

Net Worth increased from ₹ 19,334.05 Lacs to ₹ 35,206.18 Lacs

**24.48%**

Return on Networth (RONW)

**21.30%**

Return on Capital Employed (ROCE)

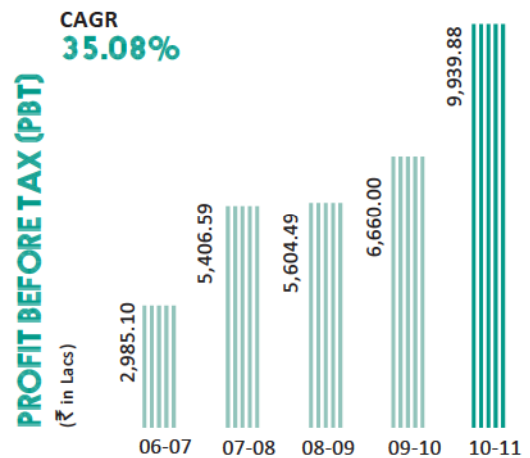
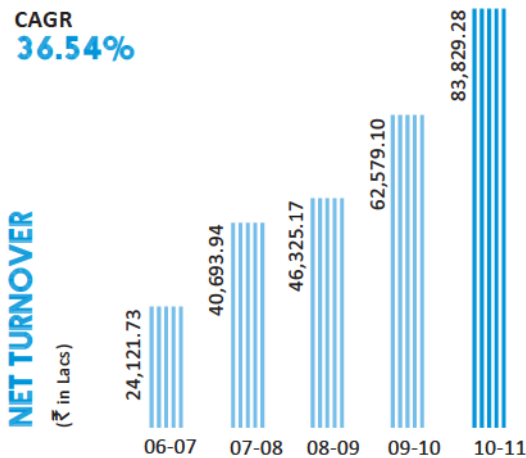
**36 MILLION meters per annum**

Capacity addition of the weaving facility from 18 Mn meters per annum in FY 2009-10 to 36 Mn meters per annum in FY 2010-11.

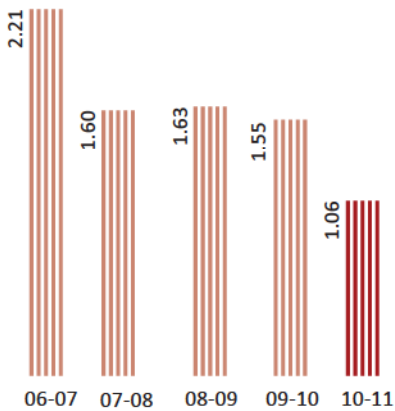
# FIVE YEAR GROWTH

10

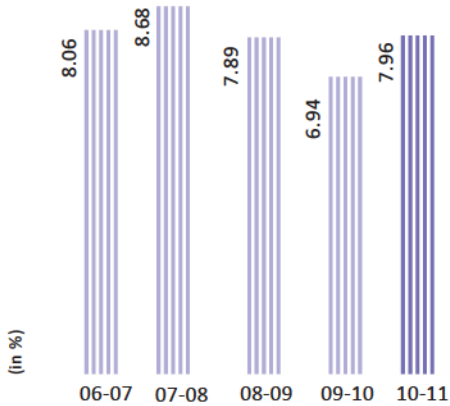
MANDHANA INDUSTRIES LIMITED



### DEBT EQUITY RATIO

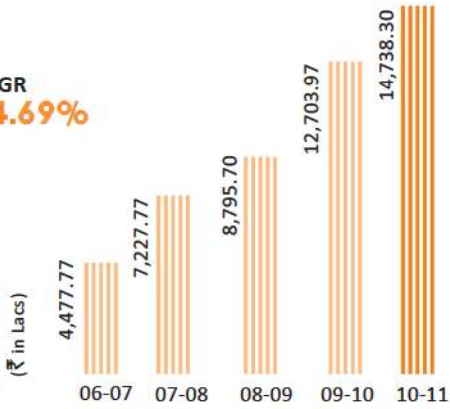


### NET PROFIT MARGIN (in %)



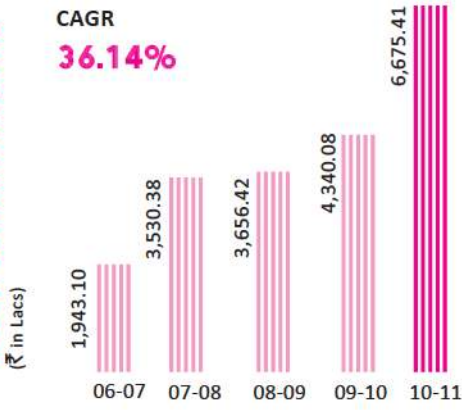
### EBITDA (₹ in Lacs)

CAGR  
**34.69%**

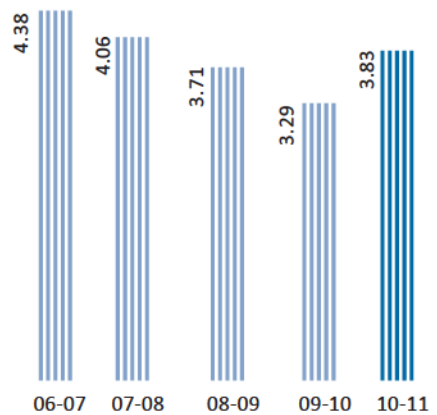


### PROFIT AFTER TAX (PAT) (₹ in Lacs)

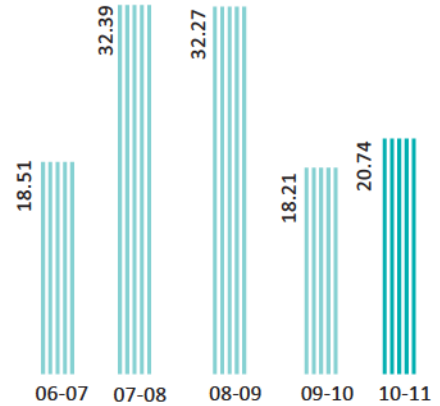
CAGR  
**36.14%**



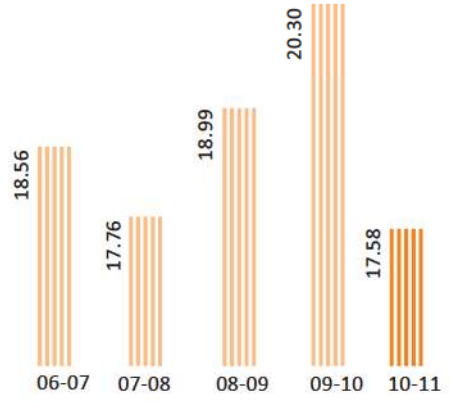
### INTEREST COVER



### EPS (₹)

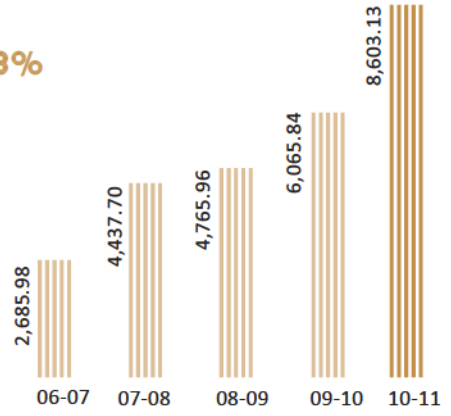


### EBITDA MARGIN (in %)



### CASH PROFIT (₹ in Lacs)

CAGR  
**33.78%**



Graphs not to scale

# CONSISTENTLY EVOLVING

**1984** Incorporation of Mandhana Industries Limited

**1994** Began the processing unit with a capacity of 10,00,000 meters per month

**1998** Commenced garment exports

**2002** Set up weaving unit at Tarapur with a capacity of 5,00,000 meters per month

**2003** Established a garment unit at Bangalore to produce 1,20,000 garments per month

**2004** Augmented weaving and processing capacities at Tarapur with 2,00,000 meters per month and 7,00,000 meters per month respectively

**2005** Established Mandhana Europe in Paris

Enhanced backward integration by setting up a new yarn dyeing and weaving plant at Tarapur with capacities of 1,50,000 kgs per month and 8,00,000 meters per month, respectively

**2006** Established new garment units at Bangalore and Mumbai to manufacture additional 1,30,000 garments per month

**2008** Set up one more garment unit at Bangalore to roll out additional 50,000 pieces per month

**2009** Commenced CDR/CBR processing with printing, with 26,00,000 meters per month

Installed an additional capacity of 1,00,000 kgs per month in the Yarn Dyeing unit

**2010** Floated an IPO to mobilise ₹ 107.90 Cr.

**2011** Strategic tie-up with the Salman Khan owned brand **Being Human** for the global marketing and distribution of the clothing line

Doubled the weaving capacity from 15,00,000 meters per month to 30,00,000 meters per month



# DOMESTIC BRANDS

**ALLEN SOLLY** **LOUIS PHILLIPE** **VAN HEUSEN**  
**PANTALOONS** **INDIAN TERRAIN**  
**PEPE JEANS** **WILLS** **LILLIPUT**  
**SHOPPERS STOP** **MUFTI**



# INTERNATIONAL CLIENTS

## JEANS AND HIGH-STREET WEAR

**J.C. RAGS** **COLIN'S** **BENSHERMAN**  
**KILLAH** **PEPE JEANS** **ENERGIE**  
**SCOTCH & SODA** **FCUK** **MISS SIXTY**  
**RIVER ISLAND** **TOMMY HILFIGER DENIM**  
**RIFLE** **BONOBO** **CACHE CACHE** **BENETTON**

## SPORTS AND SURF WEAR

**QUICKSILVER** **AIGLE**  
**RIP CURL** **ROXY** **OXBOW**

## DEPARTMENT AND CHAIN STORES

**NEW YORKER** **SYSTEM U**  
**PROMOD** **SPRINGFIELD** **BERSHKA**  
**TIFFANY** **CELIO** **WE** **MANGO**  
**AUCHAN** **CHARLES VOGELE**

## CATALOGUE

**BONPRIX** **LA-REDOUTE** **OTTO**

## PREMIUM LUXURY BRANDS

**MAX MARA** **D&G** **ICEBERG**  
**EMPORIC ARMANI**

## CORPORATE BRANDS

**SWITCHER**



# CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



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



Dear Friends,

In a world of constantly changing fashion trends, I believe the best skills to grow and sustain market leadership are our observation and listening skills. We closely observe evolving customer aspirations, listen to the market and respond proactively. This has been our mantra since we started operations.

Today, we have positioned ourselves as a multi-product, multi-fibre and multi-market player, ensuring that our products include a diverse mix of fabrics and garments for domestic and global clients. Despite our achievements in all these years, we felt something was missing. Closer bonds with our customers. This is now our overriding corporate objective.

The biggest initiative of the year was the tie-up with **Being Human**. The exclusive tie-up has benefited us significantly through branding, retailing and promotion. MIL's association with Salman Khan has strengthened our brand recall and respect across the consumer spectrum. We also benefit from the various promotional events, which are regularly undertaken by the Being

The biggest initiative of the year was the tie-up with **Being Human**. The exclusive tie-up has benefitted us in ways more than one. Branding. Retailing. Promotion.

Human Foundation. Its a new chapter in brand building and visibility. We are also expanding capacities to cater to a growing economy, driven by rising young earners and growing urbanization. The Tier II and Tier III cities have also joined the bandwagon, enhancing opportunities significantly.

We have chalked out extensive capacity expansion plans. We are augmenting the garments capacity from 3.6 Mn pcs to 10 Mn pcs by FY2012. MIL's strategy is not only to expand capacities, but also to undertake branding initiatives to popularize our brand image, undertake retailing through various retail formats and extend footprints across geographies. MIL has also embraced automation and skills up-gradation of employees in a big way. The objective is to enrich our product portfolio, access unexplored markets and continue to delight clients in more ways than one.

We are constantly making efforts to build firm bridges of faith with all stakeholders, so that we can create more value for them and set new benchmarks for the industry. Thanks for being supportive in our ventures. We treasure your trust.

Committed to live upto your expectations,

**Purushottam C. Mandhana**

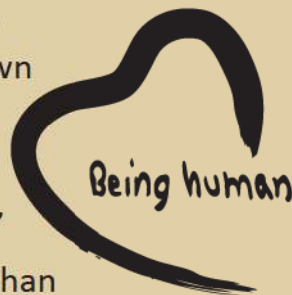


# WIDENING THE HUMAN ANGLE

**Being Human** is the retail brand owned by renowned Bollywood actor Salman Khan. An initiative of The Salman Khan Foundation, which is a charitable trust set up by Salman Khan for helping the cause of the underprivileged with two major focus areas: Education and Healthcare. Mandhana's alliance with **Being Human** marked our foray into the retail chain with the set up of exclusive stores. We are planning to launch our retail stores by December 2011. This is an important step to get closer to the customers and to forge enduring relationships of trust.

**Being Human** for me is...  
being human. We all are human beings and I think we don't do anything human to be human so you have to do something. I mean God gives you so much and you know eventually you need to start giving it back. Everyone does that, I'm sure, in some way or the other. But, I wanted to start this on my own for a long time now. But I just couldn't find the time and I'm more inclined to this now."

- Salman Khan



 **MANDHANA INDUSTRIES LTD.**  
HOLDS EXCLUSIVE WORLDWIDE LICENSE  
FOR ALL CLOTHING PRODUCTS,  
FOR THE **SALMAN KHAN**  
 'BEING HUMAN' FOUNDATION



## THE DEAL

MIL has been awarded an exclusive global license for designing, marketing and distributing the **Being Human** clothing line-up till 2020. MIL shall pay an agreed license fee to the foundation for the license, and Salman Khan shall be the brand ambassador. The Foundation will use the funds for various social initiatives, while MIL would benefit from Salman Khan's endorsements.

## DEAL HIGHLIGHTS

- A tentative Capital investment of around ₹ 60 Cr
- The deal is for **9 years and 3 months**
- The proposed deal will focus on the **Branding, Retailing, and various Promotional activities**
- MIL plans to roll-out total **500 selling points** over next two years through a mix of flagship stores, SIS (Store-in-stores) and franchise format

## BRANDING

With a number of Bollywood actors and actresses walking up the ramp to showcase the Being Human collection, a wide cross-section of fashion-savvy individuals are demanding such apparel. People are embracing the ensemble for another compelling reason: The brand is committed to charity and social welfare.

## RETAILING

MIL already enjoys a presence in designing, yarn dyeing, fabric processing & printing to garment manufacturing. We have, over the years, built our core competence in designing and have forged strong associations with the world's leading brands like Armani, FCUK, Tommy Hilfiger, D&G, Versace and Mango. The exposure to various global brands has provided us with a direct insight into global retail

formats and the best practises followed worldwide. Our presence across almost the entire value chain, barring the ultimate front end (retail) and our association with leading well known brands provided us with an impetus to foray into retail.

The next natural step was, henceforth, retail.

## PROMOTIONAL ACTIVITIES

- Offline PR activities involving Salman Khan are held for fund raising (Fashion, Films & Sports) to generate awareness and knowledge about **Being Human**. Salman Khan and other celebrities are already involved in spreading the **Being Human** message across the social spectrum
- Social Media Marketing is an important initiative to help build the Being Human Community and sustain the tempo
- In-store Communication, Promotions and offers generate market traction
- Outdoor hoardings and print campaigns inform local consumers about the outlet locations, brand offerings and Mobile Marketing & Radio ads build up the buzz around the brand
- Viral Marketing and other below-the-line activities along with Being Human Foundation and Product Placement in Movies are being done
- We are spreading youth awareness at college festivals through 'Back To Campus with Being Human' promotions with offers and gift vouchers
- Co-promotion activities with other like-minded organisations like CRY and Smile Foundation help gain a fan following



# FOCUSING ON SCALE

Ever since its genesis, MIL has created a state-of-the-art infrastructure to extend its presence across the textile value chain: from designing, yarn dyeing, weaving, processing, dyeing and garment manufacture. During 2010-11, MIL planned to expand its garmenting capacities and also provide it with a suitable back-end support in terms of additional fabric requirements. To part finance this expansion and also to broaden the shareholding base, we decided to enter into the capital market through the Initial Public Offer route (IPO).

MIL raised ₹ 10,790 lacs through the IPO, which met overwhelming success and got oversubscribed by 6.3 times. The IPO proceeds were directed towards funding the following expansion plans:



## EXPANSION OF THE WEAVING FACILITY

**Location:** Plot No. C-2, MIDC, Tarapur, Maharashtra

**Capacity:** Expanded the capacities from 18 Mn meters per annum to 36 Mn meters per annum during the year

**Stage:** Commenced commercial operations on 22<sup>nd</sup> March, 2011

## SETTING UP GARMENT MANUFACTURING PLANT

**Location:** Plot No. E-132, MIDC, Tarapur, Maharashtra

**Capacity:** To expand to 70 Lac pieces per annum from 36 Lac pieces per annum

**Stage:** Final stage of machinery selection, order placement & installation and is expected to begin commercial operations from October, 2011



With the Company's accelerated project execution skills, the above project is being implemented as per schedule and MIL has deployed the entire IPO funds in these projects as on 30<sup>th</sup> June, 2011.

In order to meet the ever increasing demands for our garments in overseas markets and to meet the additional capacity requirements for **Being Human**, we decided to invest additional funds to set up one more garment unit at Baramati.



**Location:** Baramati Hi-tech Textile Park

**Proposed Capacity:** 3 Mn pieces per annum

**Stage:** The land has already been acquired in 'Baramati Hi-tech Textile Park'. The project is being set up under the SITP (Scheme for Integrated Textile Park) by the Ministry of Textiles. The factory building construction has already begun. The total CAPEX for the project is estimated at ₹ 95 Crores and the commercial operation is expected to begin from March, 2012.





# MIL IS RACING AHEAD WITH CLEARLY DEFINED OPERATIONS AND OBJECTIVES

## GARMENTS

Yarn is our principal raw material, which is processed into finished fabrics and garments at the plants. MIL has planned to lay further emphasis on garments, and is in the process of augmenting garment capacities by almost 2.5 times. We have created large weaving and processing capacities over the past two years, which can provide a valuable backend support to our growing garmenting capacities.

## BRANDING INITIATIVES

MIL has entered into exclusive tie-ups with leading Indian and international brands to offer value-added products to its customers. In particular, we cater to niche clients in Europe, having entered into tie-ups with large European chains.

## RETAILING

We have forayed into apparel retail during the year. The organization has planned to retail its garments by adopting a multi-retail format strategy. As a result of this, we will have a presence across the entire value chain enhancing visibility in India and globally.

## AUTOMATION

MIL has adopted automation in all its processes. Modern, high-end technologies are used to create designs, and carry out the process of weaving, dyeing, fabric processing, printing and garment manufacturing.

## GROWTH

MIL believes in driving growth in revenues through value and volumes. Hence, we strive to achieve economies of scale in production and in achieving cost optimization.

## DESIGNING

Our designs are our USP. The exquisite designing skills are the prime reason for the organization's niche clientele and the higher realisations in garments. We have a design archive of over 1,00,000 designs across fabrics and garments.

## PEOPLE

We hire budding designers from institutions like NIFT (National Institute of Fashion Technology). We are always in quest of fresh perspectives and enthusiasm. To get a first-hand experience of the processes, the designers regularly visit the mills.

## RESEARCH

We need to carry out extensive research on the upcoming fashion trends before we undertake manufacturing. Our research starts three seasons ahead of the actual manufacturing operations. Hence, we have to develop our forecasting skills and predict the changing fashion trends. Our R&D expertise has enabled us to sustain market leadership.

## GEOGRAPHICAL REACH

MIL is expanding its reach to unexplored global markets. Europe accounts for the highest international business revenue of the organization. It contributes almost 85% of the export revenue. The organization has established an office (Mandhana Europe) in the world's fashion capital, Paris. We are currently planning to expand our base in Europe, and also contemplating exports in larger volumes to other countries of the world.

## STATE-OF-THE-ART FACILITIES

MIL has implemented state-of-the-art infrastructural facilities, which are at par with global standards. We have developed competence in the processing of fabrics. MIL also has in-built fully equipped laboratories and modern textile & garment design studio.

## WIDE PRODUCT PORTFOLIO

We manufacture a wide range of textile fabrics which includes cotton, lycra, viscose, flax, bamboo, modal and polyester. These fabrics are ETI, water repellent, oil repellent, mosquito repellent, stain free, UV protected, anti-bacterial, and quick dry.

The garments we manufacture comprise readymade woven garments including shirts, ladies tops, dresses, skirts, kids wear and sportswear.





# ACHIEVEMENTS GALORE

The Tarapur and Baramati projects have been bestowed with the MEGA PROJECT status in June 2011 by the Government of Maharashtra

Honoured with the Outstanding Exporter of the year award for 2008-09 at the International Trade Awards by CNBC TV18, powered by ICRA

Awarded the 'NIRYAT SHREE' Gold Trophy by the Federation of Indian Exporters Organisation (FIEO) for remarkable growth in exports during FY 2003-04

Awarded the 'NIRYAT SHREE' certificate of excellence for remarkable growth in exports during FY 2004-05 and FY 2008-09

Conferred the 'UDYOG RATNA' award for excellence in productivity, quality, innovation and management by the Institute of Economic Studies, Delhi (IES) in 2007

Obtained the SA 8000 Certification for Social Accountability in Business Practice in 2006

Runner Up in the 'International Textile Awards – 2006'. The Award was sponsored by DHL and presented by moneycontrol.com

Nominated as one of the top 3 contenders (among 8,000 entries) in the textile and apparel category of the 'Emerging India Awards – 2007' presented by CNBC-TV 18, ICICI Bank, ET and CRISIL

# QUALITY EXCELLENCE

Mandhana maintains superior quality by adhering to global certifications and accreditations.

**We have been accredited with:**

- ISO 9001 (Management ET System)
- Oeko - Tex (Using Environmental Friendly Chemicals)
- Flo - Cert (Fair Trade)
- Gots (Organic Cotton Production)
- Control Union (Eco Friendly Products)





# BOARD OF DIRECTORS



## **Mr. Purshottam C. Mandhana**

*Chairman & Managing Director*

- Founder of MIL
- A Visionary and an entrepreneur with proficiency in every sphere of textiles
- An administrator par excellence with more than three decades of industry experience



## **Mr. Biharlal Mandhana**

*Executive Director*

- Co-Founder of MIL
- Insight into human resources and logistics
- Exhaustive sourcing capabilities and an ability to perceive opportunities and threats
- More than three decades of industry experience



## **Mr. Manish B. Mandhana**

*Jt. Managing Director*

- Driving constant modernisation and progress
- Close to two decades of industry experience
- Perfectionist and an aggressive marketer



### Mr. Ghyanendra Nath Bajpai

*Non-Executive and Independent Director*

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



### Mr. Khurshid M. Thanawala

*Non-Executive and Independent Director*

- Responsible for the establishment and management of textile mills in Kenya and Indonesia in the capacity of Managing Director, 1965-1984
- Director of Textile Consultancy, Management and agency companies in East Africa, Switzerland, Singapore and India 1965-1984
- Managing Director, Barmag India Pvt. Ltd., Sales and Service of Textile Machinery for the chemical and natural fibre, 1985-1996
- Managing Director, Oerlikon Textile India Pvt. Ltd.



### Mr. Robin Cornelieus

*Non-Executive and Independent Director*

- CEO, Switcher SA (Founder) enjoying 80% of market recognition in Switzerland
- Winner of 'International Corporate Conscience Award 2003' by SAI (Society Accountability International), New York



### Mr. Sanjay Asher

*Non-Executive Director*

- Solicitor & Partner in Crawford Bayley & Co.
- Invitee by the Government of India in the committee formed by the Department of Disinvestment
- Committee Member in respect to Indo US Financial Institutions Reforms & Expansion Projects



# MANAGEMENT DISCUSSION AND ANALYSIS

## THE INDIAN ECONOMY

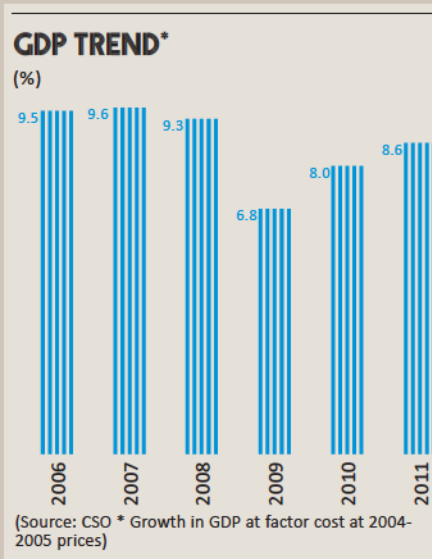
India's economic performance in the preceding three to four years has been sterling and exemplary, especially when considered in an overall global scenario of sluggish growth. The result is that it has emerged as one of the fastest growing economies of the world. India's GDP at factor cost at constant prices grew by 8.6% in FY 2010-11, and stood at USD 1.43 Tn in FY 2010-11. The growth was catalysed by enabling government policies, time-critical stimulus measures and enormous investments in the infrastructure sector.

The country's GDP is expected to reach USD 2.9 Tn in 2015 and USD 3.1 Tn in 2020. It has the potential to become the world's fastest growing economy by 2013-15, according to a report by Morgan Stanley. India is poised to grow at 9-9.5% during 2013-15, primarily due to a growing proportion of productive population, strong domestic demand and consumption, capital inflows, investment in infrastructure and continuous structural reforms undertaken by the government.

## QUICK FACTS ABOUT INDIA'S TEXTILE INDUSTRY

- The textile industry accounts for 14% of the industrial production
- 4% of the country's GDP
- 12% of total exports
- 17% of export earnings
- 35 Mn people are directly employed in the industry
- 2nd largest employer after the primary agriculture industry

One of the leading sectors of the Indian economy in terms of production, exports, employment and contribution to GDP, the textile industry consists of organised and unorganised players across the value chain.



33.96%

TOTAL TURNOVER OF  
₹ 838.29 CR

53.81%

NET PROFIT OF  
₹ 66.75 CR

#### The textile value chain



#### TEXTILE INDUSTRY SEGMENTS

##### Man-Made Fibre / Yarn and Power loom

This segment of the textile industry includes the manufacture of fibre and filament yarn. The power looms sector produces a variety of cloths to cater to the evolving needs of the market. It is a much decentralised sector and plays an important role in the Indian Textiles Industry. This sector is the largest manufacturer of fabrics contributing to around 62% of the total cloth production in the country and employing close to 4.86 Mn people (Source: India Law Offices Research Report).

##### Cotton

India is the second largest producer of cotton in the world, providing employment to around 50 Mn people and contributing significantly to exports. It also includes related activities such as Cultivation, Trade and Processing (Source: India Law Offices Research Report).

##### Handloom

It accounts for about 13% of the total cloth produced within the country (excluding Wool, Silk and Khadi).

##### Woollen

India is the seventh largest producer of wool in the world with 1.8% share of the world's production. The share of apparel grade lies at 5%, carpet grade at 85% and coarse grade at 10% of the total raw wool production. The industry's dependence on the import of raw wool is high because of the inadequate production levels. This sector is also highly organised and decentralised. A major part of the industry is based in rural areas. (Source: India Law Offices Research Report)



### Jute

Jute, popularly known as the Golden fibre, is the cheapest fibre available after cotton. India produces the largest proportion of raw jute and jute products globally, and is the second largest exporter of jute products in world.

### Sericulture and Silk

As the second largest producer of silk in the world, India contributes to 18% of the world's raw silk production. Varieties of Silk are available in India, such as Mulberry, Eri, Tasar and Muga. Sericulture (harmonising Agriculture and Industry) is the most labour-intensive sector in India. It also plays a vital role in the country's cottage industry (Source: India Law Offices Research Report).

### The Handicraft

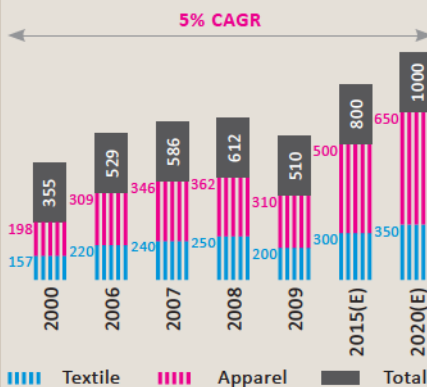
The Indian handicrafts sector is highly labour intensive, cottage based and a decentralised industry. This sector provides employment to a significant section of the population, especially craftsmen, in rural and semi-urban areas. It generates a substantial amount of foreign exchange for the country and is an integral part of our cultural heritage.

### THE GLOBAL AND INDIAN TEXTILE AND APPAREL INDUSTRY

The Global Textile and Apparel trade has surged from USD 355 Bn in 2000 to USD 612 Bn in 2008 owing to strong demands. However, 2009 witnessed a downfall and recorded de-growth touching USD 510 Bn. With a slower pace of recovery in major countries, it is estimated that the industry shall achieve a CAGR of 5% to reach USD 1,000 Bn by 2020.

### GLOBAL TEXTILE AND APPAREL TRADE

(USD Bn)

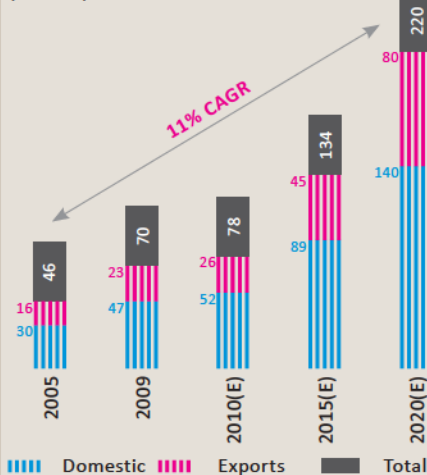


Source: Technopak Research Report, Sep 2010

India's Textile and Apparels industry is slated to reach USD 134 Bn in 2015. It is further estimated to rise to USD 220 Bn by 2020 at a CAGR of 11% from the levels of USD 70 Bn in 2009.

### INDIA'S TEXTILE AND APPAREL INDUSTRY

(USD Bn)



Source: Technopak Analysis

Besides, estimates suggest that a CAGR of 11.90% is expected for the domestic Textile

36.38%

GROWTH IN DOMESTIC SALES

23.99%

GROWTH IN EXPORT SALES

and Apparels business between 2010 and 2020. As far as exports are concerned, a CAGR of 10.41% is expected in the same phase.

India's exports have seen a similar trend, in sync with the global trend and recovered in FY 2009-10 following enhanced global demand. The country can ride on its potential to increase its export share from 4.5% to 8% in world trade by 2020. The growth in exports would be possible only due to increased shift for sourcing from the developed nations to this part of the world. This coupled with India strengthening its position as a suitable alternative to China for global buyers would lead to an overall Textile and Apparel exports' growth and reach USD 80 Bn by 2020 at 12% CAGR.

As per the Apparel Export Promotion Council (AEPCC), the estimates for the current year suggest that India's exports are poised to touch USD 11 Bn. It is further expected to grow at about 10% for the next fiscal.

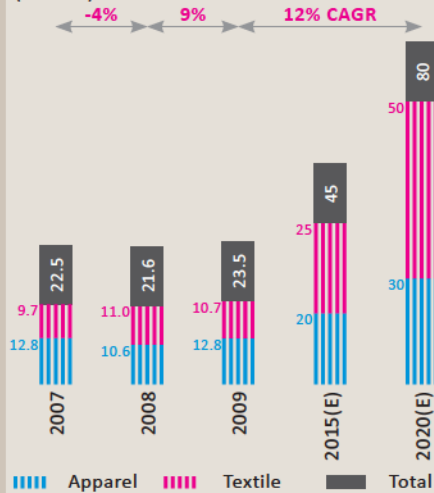
CRISIL expects the readymade garments (RMG) market to reach ₹ 2,741 Bn by 2015.

The domestic RMG market has grown at 6.2 % CAGR between 2005 and 2010. Over the next five years, it is expected to grow at 10.7% due to increasing preference for RMG in rural areas, increasing expenditure on apparel by end consumers and a strong growth in organised retailing.

The domestic garment's (jeans, trousers, tees, shirts) market for men in India in 2011 (Top 30 cities-2-Metros, 6-Mini-metros, 14 Tier I, 8 Tier II cities) is estimated at ₹ 6,480 Cr and market for women is estimated at ₹ 2,610 Cr (Source: Technopak Research and Analysis).

### INDIAN TEXTILE AND APPAREL EXPORTS

(USD Bn)



Source: Ministry of Textiles, UN Comtrade, Technopak Analysis

### TEXTILES AND APPARELS - SCOT ANALYSIS

#### Strengths

- Abundance of natural and man-made fibres and India being one of its largest producers of fibres in the world
- Availability of low-cost labour

#### Challenges

- The market is very sensitive to fashion cults, signifying the high responsiveness of the garment industry
- High costs of indirect taxes, power and interest



### Opportunities

- New Product Developments
- Increased Brand Consciousness and a gradual shift to ready-to-wear garments
- Government impetus for the industry will create an enabling environment for business; such a scenario will also warrant significant private investments

### Threats

- Fairly competitive market
- Presence of many unorganised players

### TEXTILE AND APPAREL RETAIL – KEY GROWTH DRIVERS

Organised retail has been growing in India, with the emergence of malls in metro cities, Tier I, and Tier II cities. This has led to an increase in the retail of textiles and apparels. Organised retail is expected to grow from USD 21 Bn in 2010 to USD 200 Bn in 2020. The primary growth drivers behind the increase of organised retail and textile and apparel retail in India are:

- Rising disposable income levels which have increased from USD 300 to USD 1700 in the last two decades, and is further expected to grow by 8-13% annually by 2015
- Growing urbanization, with the annual growth rate of urbanization expected at 2.4%, would eventually lead to about 590 Mn people residing in India's urban areas in 2030, up from 22 Mn today
- India's middle class is expected to reach 41% of the population by 2025
- Consumers' increasing brand consciousness, fashion consciousness and image consciousness
- Growing urban women population and

the corporate workforce

- Increasing share of obese population in India and lack of existing ready-to-wear brands in this space
- Rising modernization and increasing need for better retail experience amongst the people
- Increasing compliance among corporate houses

*(Sources: Mckinsey Global Institute, India's urban awakening: Building inclusive cities, sustaining economic growth and Technopak Research and Analysis).*

### TEXTILE AND TEXTILE RETAIL - GOVERNMENT IMPETUS

#### 1. Technology Upgradation Fund Scheme (TUFS) –

- The flagship scheme of the Ministry of Textiles
- Aimed at leveraging investments in technological up-gradation for the textile and jute sectors
- Provides 10% capital subsidy on purchase of specified powerlooms, processing looms and garmenting machinery

#### 2. The Scheme for Integrated Textile Park (SITP)-

- Financial assistance to be provided to facilitate the setting up of textiles parks with world class infrastructure facilities
- 40 parks have been sanctioned in nine states

#### 3. Integrated Skill Development Scheme (ISDS) –

- Launched by the Government for the Textile Sector, including Jute & Handicrafts to address the trained manpower needs of textiles and related segments

▲  
**16.01%**

**EBITDA GROWTH**  
**FROM ₹ 127.04 CR TO**  
**₹ 147.38 CR**

- Aimed at providing training to close to 2,56,000 people between FY 2010-11 and FY 2011-12
  - To train 3 Mn people in the country over a five-year period, leveraging the strength of existing institutions under the textile ministry
4. **100% FDI allowed under the automatic route**
  5. **Various fiscal incentives for exports provided under the Foreign Trade Policy 2009-14**
  6. **Limited the cotton exports at 55 Lacs bales and permitting yarn exports of up to 720 Mn Kgs for FY 2010-11**

However, the Union Budget 2011-12 served a severe blow to the domestic garment industry by bringing branded garments and home textiles under the central excise regime. The enhancement of duty abatement (from 40% to 55%) implies an excise duty liability of approximately 4.6%, which is an added cost.

### COMPANY OVERVIEW

A diversified Textile Company, Mandhana Industries Limited (MIL) is engaged in the manufacturing of textiles and garments.

#### Vertically Integrated Operations & Economies of Scale

Our vertically integrated operations and economies of scale allow us to manufacture a large variety of value added fabrics and garments. We have a strong presence in India across operations ranging from

yarn dyeing to garment manufacturing. These comprise dyeing of yarns and fabrics, weaving, processing and garment manufacturing through our plants situated in Tarapur, Maharashtra and Bengaluru, Karnataka.

#### In-house Product designing and development

MIL's focus has been on strengthening apparel design and product development with the help of in-house design studio, coupled with an efficient sampling of infrastructure facilities, which help the Company to provide quality services to domestic as well as international customers.

### FINANCIAL OVERVIEW

#### Sales

The Company witnessed a significant (33.96%) revenue growth from ₹ 625.79 Cr in the previous year to ₹ 838.29 Cr in the current year. The growth in sales came from both the segments (textiles and garments) which grew by 40% and 12%, respectively over FY 2009-10. The strong topline growth can be attributed to higher productivity, aggressive marketing and also higher realizations on both finished fabrics and garments.

The Company achieved an increase of 36.38% in domestic sales to ₹ 686.28 Cr in FY 2010-11 from ₹ 503.19 Cr in FY 2009-10. Export sales recorded an increase of 23.99% from ₹ 122.60 Cr in FY 2009-10 to ₹ 152.01 Cr in FY 2010-11.

## EBITDA

The Company recorded an EBITDA of ₹ 147.38 Cr in FY 2010-11 as compared to ₹ 127.04 Cr in FY 2009-10. The EBITDA margins, however, plunged from 20.30% in FY 2009-10 to 17.58% in FY 2010-11. The reduction in EBITDA margins was largely on account of soaring cotton and cotton yarn prices.

## PAT

The Company recorded a PAT of ₹ 66.75 Cr from ₹ 43.40 Cr recorded in 2009-10 recording a 53.81% growth. The increase led to an astounding 7.96 % PAT margin as compared to 6.94% for the previous year. Efficient management of forex exposures was instrumental in driving PAT margins, despite a decline in operating margins.

## BUSINESS REVIEW

### Initial Public Offer (IPO)

MIL successfully completed an IPO of its equity shares during the year. The Company diluted 25.02% equity to raise ₹ 10,790 Lacs through the IPO route. The IPO was oversubscribed by 6.32 times (2.8069 times in retail).

The issue bid was opened on 27<sup>th</sup> April, 2010 and was closed on 29<sup>th</sup> April, 2010 through a 100% book building process. The equity shares were listed on 19<sup>th</sup> May, 2010 on the Bombay Stock Exchange and the National Stock Exchange.

### Soaring raw material prices

Cotton and yarn prices witnessed an uptrend all throughout the FY 2010-11. These costs are passed across the entire value chain, from one activity to the next, and are finally borne by the customers. During the year, cotton prices rose from ₹ 22,000 a candy to ₹ 42,000-46,000 per candy. Yarn prices have gone up by about 30%-35%. In such a scenario, the Company increased the average realization on fabrics

by about 35-40%. This eventually led to an increase in revenues.

## RISK MANAGEMENT

### Exchange Rate fluctuations

The Company is exposed to foreign exchange risks by virtue of being an exporter of products whereby an appreciation of the INR against the U.S. Dollar could adversely impact receivables.

The Company enters into various forward and derivative contracts to try and hedge against the risks arising out of exchange rate fluctuations.

### Change in fashion

We operate in a highly creative, competitive and dynamic fashion industry. The nature of the industry entails uncertainties associated with the fast-changing market trends. Any inability on our part to understand the prevailing world-wide trend or to forecast changes from time to time, may jeopardise our growth prospects.

The Company possesses an in-house design studio to strengthen design capabilities and drive innovation to enhance market competitiveness.

### Raw material supply

The volatility in prices and non-availability of raw materials may adversely impact our operations. In the event of any disruption in raw material supply in terms of requisite quantities and qualities our production schedule may also be adversely affected.

The Company has an efficient supply chain, which ensures that there is an uninterrupted raw material supply as and when required.

### Competition Risk

There is an increased competition in the market, because of the presence of many Indian and International brands in the market. This, coupled with a fragmented market with the presence of both organised



## RAISED ₹ 10,790 LACS THROUGH IPO

and unorganised players, makes the competition even tougher.

The Company is trying to optimise its costs in order to pass on the benefit to the end customers without any compromise on quality.

### HUMAN RESOURCES

We place particular emphasis on attracting and retaining the best talent in the industry. We have implemented various human resource programmes at every level in the organisation, which has helped in developing and retaining our talent pool. We believe it is imperative that we have well trained and experienced the pool of resources in order to execute our global strategy and manage the substantial business and capacity growth that is expected. The Company intends to continue attracting the appropriate level of talent globally through the right mix of recruitment and retention strategies and become an employer of choice.

### INTERNAL CONTROL SYSTEMS

The Company has an adequate internal control system to safeguard all assets and ensure efficient productivity. Timely reviews ensure that all transactions are correctly authorised and reported. Wherever deemed necessary, internal control systems are also reassessed and corrective action is initiated.

### CAUTIONARY STATEMENTS

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.

# DIRECTORS' REPORT

To The Members

The Directors have the pleasure in presenting the 27th Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

## FINANCIAL HIGHLIGHTS

	(₹ In Lacs)	
	2011	2010
Total Turnover	83,829.28	62,579.10
Other Income	168.53	(1,675.09)
Profit Before Interest, Depreciation and Taxation	14,906.83	11,028.88
Less : 1. Interest	3,039.23	2,643.12
2. Depreciation	1,927.72	1,725.76
<b>PROFIT BEFORE TAXATION</b>	<b>9,939.88</b>	<b>6,660.00</b>
Less : Provision for Taxation		
Current Tax	2,331.14	1,174.58
Deferred Tax	807.31	1,350.85
MAT Receivable	-	(212.64)
Less: Income Tax paid for earlier year	126.02	7.13
<b>PROFIT AFTER TAXATION</b>	<b>6,675.41</b>	<b>4,340.08</b>
Add : Balance of Profit from earlier years	13,193.74	9,834.74
Amount available for Appropriations	19,869.16	14,174.82
Less : Dividend (Proposed)	662.48	496.67
Tax on distributed Profits	110.03	84.41
Transfer to General Reserve	600.00	400.00
<b>BALANCE CARRIED FORWARD</b>	<b>18,496.65</b>	<b>13,193.74</b>

## OPERATIONS REVIEW

Despite of increase in competition and rise in yarn prices, your Company was able to improve its net margins. This was mainly due to effective control mechanism, installation of new machinery, expansion of existing divisions, innovations and improvement in productivity and product mix and other operational parameters.

Your Company achieved a total turnover of ₹ 83,829.28 Lacs for the year ended 31<sup>st</sup> March, 2011 as against ₹ 62,579.10 Lacs in the previous year. The Company has earned a net profit of ₹ 6,675.41 Lacs versus ₹ 4,340.08 Lacs in the previous year. This represents a growth of 33.96% in turnover and 53.81% in terms of net profit.

## DESPITE STEADY INCREASE IN COTTON AND YARN PRICES THROUGHOUT THE YEAR, THE COMPANY HAS MANAGED TO MAINTAIN AND ACHIEVE BETTER SALES AND NET MARGINS THAN THE PREVIOUS YEAR.

Despite of steady increase in cotton and yarn prices throughout the year, your Company has managed to maintain and achieve better sales and net margins. The Company has achieved sale of ₹ 68,627.62 Lacs in domestic market and export sale of ₹ 15,201.67 Lacs as compared to previous year where domestic market sale was ₹ 50,318.93 Lacs and export sale was ₹ 12,260.17 Lacs.

The Company is also venturing into retail segment and will be launching a clothing line of Brand "Being Human" in the forthcoming financial year.

### BUSINESS OVERVIEW

A detailed business review is appended in the Management Discussion and Analysis Section of Annual Report

### DIVIDEND

Your Directors are pleased to report that the Board has recommended a final dividend of ₹ 2.00 per equity share of ₹ 10/- each (i.e. 20%) for the financial year ended 31<sup>st</sup> March, 2011. The final dividend will absorb an amount of ₹ 662.47 Lacs (excluding Dividend Distribution tax of ₹ 110.03 Lacs).

### SHARE CAPITAL

During the year under review, your Company successfully completed the Initial Public Offering of its securities. The issue comprised of 83,00,000 equity shares of ₹ 10/- each at a premium of ₹ 120/- per equity share. The issue was over-subscribed by approximately 6.33 times. The shares were listed on Bombay Stock Exchange

Limited and National Stock Exchange Limited on 19<sup>th</sup> May, 2010.

### CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the good corporate governance practices, which they see as fundamental to discharging their stewardship responsibilities. The Board strives to provide the right leadership, strategic oversight and control environment to produce and sustain the delivery of value to all of the Company's Shareholders. The Board applies integrity, principles of good governance and accountability throughout its activities and each Director brings independence of character and judgment to the role. All of the Members of the Board are individually and collectively aware of their responsibilities to the Company's Stakeholders and the Board keeps its performance and core governance principles under regular review.

The Company has adopted a Code of Conduct for Directors and Senior Management. All Directors have affirmed their adherence to the above Code. The Company has also adopted Code of Conduct for prevention of Insider Trading as required by SEBI (Prohibition of Insider Trading) Regulations, 1992. The full text of the Code of Conduct for Directors and Senior Management and Code of Conduct for prevention of Insider Trading is displayed on the Company's website.

A corporate Governance Report is annexed to Director's Report and Auditors Certificate regarding compliance of the Corporate Governance is made part of Annual Report.



## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis as required under provisions of Clause 49(IV) (f), which forms part of this report.

## PUBLIC DEPOSIT

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

## DIRECTORS

Mr. Sanjay Asher and Mr. Ghyanendra Nath Bajpai, Directors of the Company retire from the Board by rotation in accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company and being eligible, offers themselves for re-appointment.

The particulars of the Directors' proposed to be re-appointed are given in the Corporate Governance Report in the Annual Report.

During the year Mr. Ajay Joshi, Non-Executive and Independent Director resigned from the Board due to personal reasons. Your Company places on record its appreciation for the guidance and advice on strategic decisions by the Board during his tenure.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that;

- i) In the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2011 on a 'going concern' basis.

## PARTICULARS OF EMPLOYEES

A statement showing the particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended vide Companies (Particulars of Employees) (Amendment) Rules, 2002 is annexed to this report and forms integral part of this report.

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

Particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as per section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2011, are annexed to this report.

### **CORPORATE SOCIAL OBJECTIVES**

Corporate social Responsibility assumes an important role in the activities of the Company. Efforts to contain air and water pollution and health continue to be chosen endeavor. The Company focused on improving execution by strengthening the process of health, safety and environment (H.S.E) by internal audits and meetings. Safe work environment is established and being sustained through a united effort by all stakeholders concerned

### **AUDITORS**

M/s. Vishal H. Shah & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate pursuant to Section 224(1) of the Companies Act, 1956 regarding their eligibility for re-appointment and your Directors recommend the re-appointment.

### **ACKNOWLEDGEMENT**

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

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

For and behalf of the Board of Director

PURUSHOTTAM C. MANDHANA  
(Chairman and Managing Director)

Place : Mumbai

Dated: 9<sup>th</sup> August, 2011

## ANNEXURE - A TO DIRECTORS' REPORT

Statement pursuant to section 217 (2A) of the Companies Act 1956 and the Companies (Particulars of Employees) Rules 1975

Name & Designation	Age	Remuneration Received (₹)	Qualification and Experience	Date of commencement of employment	Previous Employment
Purushottam C. Mandhana (Chairman and Managing Director)	56	1,45,08,000.00	B.Com (32 Years)	01-04-1994	-
Manish B. Mandhana (Joint Managing Director)	42	1,09,44,000.00	B.Com (15 Years)	30-09-1995	Mandhana Exports Private Limited

### Notes:

1. Remuneration includes Salary, allowances, company's contribution to provident fund and monetary value of perquisites.
2. Nature of employment is contractual. Other terms and conditions are as per the Company's Rules.
3. The Directors mentioned hereinabove are related each other.

## ANNEXURE – B TO THE DIRECTORS' REPORT

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Outgoing – Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

### CONSERVATION OF ENERGY

The Company continued to preserve its Energy conservation techniques meritoriously for the fiscal year 2010-11. It is appreciable to note that in spite of expansion in the manufacturing activities, the energy consumption has reduced due to effective measures for energy conservation adopted by the Company.

The Company is in the process installing Effluent Treatment Plant with reverse osmosis at the new dyeing unit at Tarapur. This will help the Company to use the treated water for non-potable purposes.

The Company has installed and taken well-organised steps to upgrade various energy saving devises. The Company also conducts and maintains regular audit schedules to review the functioning of energy saving devises and consumption methods at its units, which in turn optimizes energy consumption and conservation.



**TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER "FORM A" ARE AS FOLLOWS**

<b>A. Power and Fuel Consumption</b>	<b>2011</b>	<b>2010</b>
<b>1. Electricity</b>		
<i>a. Purchased units</i>	<b>2,56,30,353.00</b>	2,64,77,395.00
Total Amount	<b>10,53,13,826.00</b>	9,63,94,243.00
Rate/Unit	<b>4.11</b>	3.64
<i>b. Own Generation</i>		
Units	<b>4,08,785.00</b>	6,14,884.00
Units per Litre Of Diesel oil	<b>6.47</b>	6.43
Cost Unit	<b>Not Accessible</b>	Not Accessible
<b>2. Coal</b>		
Quantity (in M.T.)	<b>15,455.00</b>	13,528.00
Total Cost	<b>6,57,61,396.00</b>	5,66,80,344.00
Average Rate (Per M.T.)	<b>4,255.00</b>	4,190.00
<b>3. Furnace Oil</b>		
Quantity	<b>Nil</b>	Nil
Total Cost	<b>Nil</b>	Nil
Average Rate (Per Litre)	<b>Nil</b>	Nil
<b>4. Consumption per unit of processing</b>		
Product Unit	<b>Not Accessible</b>	Not Accessible
Electricity	<b>Not Accessible</b>	Not Accessible

**TECHNOLOGY ABSORPTION**

**1. Research and Development**

Research & Development activities play an important role for cost-effective expansion of business activities. The Company focuses on product improvement, creative designs along with effective cost control and energy conservation. The R & D has benefited the Company in terms of enhanced quality of raw material, yarns & fabrics, reduction in processing loss, increase in productive capacity and marketability of product. The Company continues to focus on value addition to the existing products, enrichment of product range, innovative designs, improved customer satisfaction and development of eco-friendly products.

**2. Technology Absorption, Adaptation And Innovation**

The Company has integrated the latest proficient technology, innovations and improvement as introduced and suitable to the manufacturing operations carried out by the Company. With the adoption and upgradation of most recent, cost-effective and eco-friendly technology, your Company has managed to keep up with the ever changing fashion trends involving different fabric finishes, designs and qualities.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Earnings	:	₹ 14,033.13 Lacs
Out go	:	₹ 7,642.00 Lacs

# CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate governance is a process, which safeguards and adds value in the long term for the various "associates" such as shareholders, creditors, customers, government and employees. The culmination of good corporate governance is and will be Transparency and professionalism relating to all the activities of the Company, responsive management to all its partners and implementation policies and procedures laid down by the Company to ensure high ethical standards in all its partners and fulfilling corporate social obligations and responsibilities.

Your Directors are happy to inform you, that your Company's existing practices and policies are in conformity with the requirements stipulated by Stock Exchanges and SEBI and has gone well beyond simple statutory compliance, by instituting such systems and procedures, as are required to make the Management completely transparent and institutionally sound.

### I. BOARD OF DIRECTORS

#### Composition

The strength of Board of Directors as at 31<sup>st</sup> March, 2011 was seven. The Board of Directors comprises of Executive Directors and Non Executive Directors including independent Directors. The Board is headed by an Executive Chairman and Managing Director. Two promoter Directors are Executive Directors. There are Four Non Executive and Independent Directors. The Non-Executive Directors are accomplished professionals in their respective fields of expertise.

### Category of Directors, other Directorships and Committee Membership

The following table gives the detail of category of Directors and the number of other Directorship and Committee Membership as on 31<sup>st</sup> March, 2011.

Name of the Director	Category of Director	Number of other Directorship held (includes private Companies)	Number of Committee memberships in domestic Companies (including this Company)	
			As Chairman	As Member
Mr. Purushottam C. Mandhana	Executive Chairman	7	-	1
Mr. Biharilal C. Mandhana	Executive	2	-	-
Mr. Manish B. Mandhana	Executive	4	-	1
Mr. Ghyanendra Nath Bajpai	Non-Executive and Independent	20	5	5
Mr. Sanjay K. Asher	Non-Executive and Independent	33	5	8
Mr. Ernst Robin Cornelius	Non-Executive and Independent	-	-	-
Mr. Khurshed M. Thanawalla	Non-Executive and Independent	18	3	1

N.B.: In accordance with Clause 49, Membership/Chairmanship only of the Audit Committees and Shareholders'/Investors' Grievances, Share Allotment and Transfer Committee of all the Public Limited Companies have been considered.

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

- (1) 6<sup>th</sup> April, 2010      (4) 1<sup>st</sup> November, 2010
- (2) 15<sup>th</sup> June, 2010    (5) 31<sup>st</sup> January, 2011
- (3) 13<sup>th</sup> August, 2010



### Attendance

The following table gives the number of Board Meeting attended during financial year 2010-11 and attendance at the last Annual General Meeting (AGM).

Name of the Director	Number of Board Meetings attended	Attendance at the last AGM held on 27 <sup>th</sup> September, 2010
Mr. Purushottam C. Mandhana	5	Yes
Mr. Biharilal C. Mandhana	3	Yes
Mr. Manish B. Mandhana	5	Yes
Mr. Ghyanendra Nath Bajpai	4	Yes
Mr. Sanjay K. Asher	5	Yes
Mr. Ernst Robin Cornelius	-	No
Mr. Khurshed M. Thanawalla	5	Yes

### Code of Conduct

The Company has adopted the Code of Conduct -

- for Directors and Senior Management of the Company
- for prevention of Insider Trading (as required by SEBI (Prohibition of Insider Trading) Regulations, 1992

in the meeting of Board of Directors held on 13<sup>th</sup> August, 2010. The full text of the Code is displayed on the Company's website.

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

### Remuneration of Directors

Remuneration paid/payable to the Directors for the year ended 31<sup>st</sup> March, 2011:-

Name of the Director	Salaries and Perquisites (₹)	Commission (₹)	Sitting Fees (₹)	Total (₹)
Mr. Purushottam C. Mandhana	1,45,08,000/-	Nil	Nil	1,45,08,000/-
Mr. Biharilal C. Mandhana	36,72,000/-	Nil	Nil	36,72,000/-
Mr. Manish B. Mandhana	1,09,44,000/-	Nil	Nil	1,09,44,000/-
Mr. Ghyanendra Nath Bajpai	Nil	Nil	1,20,000/-	1,20,000/-
Mr. Sanjay K. Asher	Nil	Nil	1,50,000/-	1,50,000/-
Mr. Ernst Robin Cornelius	Nil	Nil	Nil	Nil
Mr. Khurshed M. Thanawalla	Nil	Nil	1,80,000/-	1,80,000/-
Mr. Ajay Joshi*	Nil	Nil	30,000/-	30,000/-

\* Mr. Ajay Joshi has resigned with effect from 1<sup>st</sup> November, 2010

## Notes

1. The agreement with Managing Directors and Executive Director is for a period of 3 (Three) years
2. The Company does not pay any remuneration to the Non-Executive Directors except sitting fees @ ₹ 20,000/- for each meeting of the Board of Directors attended and ₹ 10,000/- for each meeting of Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievances, Share Allotment and Transfer Committee attended.

### Disclosure regarding Directors seeking re-appointment at the ensuing Annual General Meeting

1. **Mr. Sanjay Asher**, Age 48, has completed Bachelors in Commerce and Bachelors of Law from Mumbai University. He is also a qualified Chartered Accountant. He has been a practicing Advocate since 1989 with M/s. Crawford Bayley & Co. He was admitted as a Solicitor in the year 1993 and is a partner of M/s. Crawford Bayley & Co., since 2000.

Mr. Sanjay Asher is also a Director in AL Movers Private Limited, A L Records Management Private Limited, Ashok Leyland Limited, Allied Pickfords India Private Limited, Bajaj Allianz General Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Balkrishna Industries Limited, Dewas Soya Limited, Diamant Boart Marketing Private Limited, Enam Infrastructure Trusteeship Services Private Limited, Finolib Chemicals Private Limited, Finolex Cables Limited, Finolex Plasson Industries Limited, Hoganas India Private Limited, ArjoHuntleigh Healthcare India Private Limited, Indian Cookery Private Limited, Kryfs Power Components Limited, Majesty Investments Private Limited, Morgan Stanley Investment Management Private Limited, NV Advisory Services Private Limited, Orbit Electricals Private Limited, Oerlikon Textile Components India Private Limited, Peass Industrial Engineers Limited, Ratiopharm India Private Limited, Repro India Limited, Sharp India Limited, Sparsh BPO Services Limited, Shree Renuka Sugars Limited, Siporex India Private Limited, Sudarshan Chemical Industries Limited, Tribhovandas Bhimji Zaveri Limited, ValueQb Consulting Private Limited, Zinser Textile Systems Private Limited.

Mr. Sanjay Asher is the Member of the Audit Committee & Remuneration Committee of the Board of Directors of the Company.

Mr. Sanjay Asher is also on the committee of Board mentioned hereunder:

Name of the companies	Name of the Committees	Position held
Finolex Cables Limited	- Audit Committee	Member
	- Share Transfer and Investor Grievance Committee	Member
	- Remuneration Committee	Member
Repro India Limited	- Audit Committee	Member
	- Remuneration Committee	Chairman
Sparsh BPO Services Limited	- Audit Committee	Chairman

Name of the companies	Name of the Committees	Position held
Shree Renuka Sugars Limited	- Audit Committee	Chairman
	- Share Transfer and Investor Grievance Committee	Chairman
	- Remuneration Committee	Member
Sharp India Limited	- Audit Committee	Member
	- Share Transfer and Investor Grievance Committee	Chairman
	- Remuneration Committee	Member
Tribhovandas Bhimji Zaveri Limited	- Remuneration Committee	Member
Ashok Leyland Limited	- Shareholders Investor Grievance Committee	Chairman
Bajaj Allianz Life Insurance Company Limited	- Audit Committee	Member
Bajaj Allianz General Insurance Company Limited	- Audit Committee	Member
Finolex Plasson Industries Limited	- Audit Committee	Member

Mr. Sanjay Asher holds 40,000 shares of the Company.

- Mr. Ghyanendra Nath Bajpai, Age 68, holds a Master's degree in Commerce from University of Agra and a Degree in Law from the University of Indore. He has been the Chairman of Securities Exchange Board of India (SEBI) and also Chairman of the Life Insurance Corporation of India (LIC). He has been the Chairman of Corporate Governance Task Force of International Organization of Security Commissions and Chairman of Insurance Institute India as well. He was the Non-Executive Chairman of the National Stock Exchange (NSE). Currently, he is on the Board of Governors of National Insurance Academy and Visiting Professor of the Middlesex University, London, UK.

Currently, Mr. Ghyanendra Nath Bajpai is the Non-Executive Chairman of Future Generali India Life Insurance Company Limited, Future Generali India Insurance Company Limited, Future Ventures India Limited, Dhanlaxmi Bank Limited and Dalmia Cement (Bharat) Limited. He is also among others Directors on the Boards of Emaar MGF Land Limited, Future Capital Holdings Limited, Kingfisher Airlines Limited, Nitesh Estate Limited, New Horizons India Limited, PNB Housing Finance Limited, Usha Martin Limited, Micromax Informatics Limited, Walchandnagar Industries Limited, Apnapaisa Private Limited, Informerics Valuation & Rating Private Limited, Intuit Consulting Private Limited, International Development Enterprises (India), Invent ARC Private Limited and Invent Assets Securitisation & Reconstruction Private Limited.

Mr. Ghyanendra Nath Bajpai is the Member of the Audit Committee & Chairman of Remuneration Committee of the Board of Directors of the Company.



Mr. Ghyanendra Nath Bajpai is also on the committees of Boards mentioned hereunder:

Name of the companies	Name of the Committees	Position held
Dhanlaxmi Bank Limited	- Remuneration Committee	Chairman
Emaar MGF Land Limited	- Audit Committee	Member
	- Remuneration Committee	Member
Future capital Holdings Limited	- Audit Committee	Member
	- Remuneration Committee	Member
Future Generali India Insurance Company Limited	- Audit Committee	Chairman
	- Investor Grievance, Shareholders' Redressal	Chairman
	- Remuneration Committee	Chairman
Future Generali India Life Insurance Company Limited	- Audit Committee	Chairman
	- Investor Grievance, Shareholders' Redressal	Chairman
	- Remuneration Committee	Chairman
Future Ventures India Limited	- Audit Committee	Member
	- Remuneration Committee	Chairman
Dalmia Cement (Bharat) Limited	- Audit Committee	Member
Kingfisher Airlines Limited	- Audit Committee	Member
Nitesh Estates Limited	- Remuneration Committee	Chairman

Mr. Ghyanendra Nath Bajpai holds 20,000 shares of the Company.

## II. AUDIT COMMITTEE

### Composition of the Audit Committee

The Audit Committee comprises of three Non-Executive Directors and One Executive Director as on 31<sup>st</sup> March, 2011

Sr. No.	Name	Position
1.	Mr. Khurshed M. Thanawalla, Non-Executive & Independent Director	Chairman
2.	Mr. Ghyanendra Nath Bajpai, Non-Executive & Independent Director	Member
3.	Mr. Sanjay K. Asher, Non-Executive & Independent Director	Member
4.	Mr. Purushottam C. Mandhana, Chairman & Managing Director	Member

Mr. Khurshed M. Thanawalla, Chairman of the Audit Committee possesses the requisite accounting and financial knowledge.

Mr. Vinay Sampat, Company Secretary, is the Secretary to the Audit Committee.

The minutes of the Audit Committee Meeting are noted by the Board of Directors of the Company in the subsequent Board Meetings.

#### Meetings and attendance during the year

There were five meetings of the Audit Committee held during the year on

- (1) 6<sup>th</sup> April, 2010
- (2) 15<sup>th</sup> June, 2010
- (3) 13<sup>th</sup> August, 2010
- (4) 1<sup>st</sup> November, 2010
- (5) 31<sup>st</sup> January, 2011

Name of the Director	Number of Audit Committee Meetings attended
Mr. Khurshed M. Thanawalla	5
Mr. Ghyanendra Nath Bajpai	4
Mr. Sanjay K. Asher	5
Mr. Purushottam C. Mandhana	5

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

#### Terms of Reference

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

##### (A) Powers of the Audit Committee:

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

##### (B) Role of the Audit Committee

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;

- Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to the financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report.
6. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
  7. Monitoring the use of proceeds of the proposed initial public offering of our Company.
  8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  10. Discussions with internal auditors on any significant findings and follow up thereon.
  11. Reviewing internal audit reports and adequacy of the internal control systems.
  12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  13. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
  14. Discussion with internal auditors any significant findings and follow up there on.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
18. To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.
19. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

**(C) Board disclosures- Risk management**

The Company shall lay down procedures to inform the Board about the risk assessment and minimize risk by means of properly defined risk management frame work.

The terms of reference of the Audit Committee are in accordance with Section 292 of the Companies Act, 1956 and Clause 49 of the listing agreement. The Committee acts as a link between the Management, Auditors and Board of Directors of the Company and has full access to the financial information.

Recommendations of the Audit Committee, if any, are considered and implemented by the Board from time to time.

**III. REMUNERATION COMMITTEE**

**Composition of the Remuneration Committee**

The Remuneration Committee comprises of three Non-Executive Directors as on 31<sup>st</sup> March, 2011:-

Sr. No.	Name	Position
1.	Mr. Ghyanendra Nath Bajpai, Non-Executive & Independent Director	Chairman
2.	Mr. Khurshed M. Thanawalla, Non-Executive & Independent Director	Member
3.	Mr. Sanjay K. Asher, Non-Executive Director & Independent Director	Member

All the members of the Remuneration Committee are Non-Executive Directors

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

The minutes of the Remuneration Committee Meeting are noted by the Board of Directors of the Company in the subsequent Board Meetings.

**Meeting and attendance during the year**

The Remuneration Committee did not meet during the year.

**Terms of Reference**

- a. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time/Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);

- b. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment;
- c. To implement, supervise and administer any share or stock option scheme of the Company

#### IV. SHAREHOLDERS'/INVESTORS' GRIEVANCES, SHARE ALLOTMENT AND TRANSFER COMMITTEE

In compliance with the requirement of the Corporate Governance under the listing agreement, the Company has constituted a "Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee" to look into issues relating to shareholders including share transfers.

##### Composition of the Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee

The Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee comprises of One Non-Executive Directors and One Executive Director, as on 31<sup>st</sup> March, 2011:-

Sr. No.	Name	Position
1.	Mr. Khurshed M. Thanawalla, Non-Executive & Independent Director	Chairman
2.	Mr. Manish B. Mandhana, Executive Director	Member

The minutes of the Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee Meeting are noted by the Board of Directors of the Company in the subsequent Board Meetings.

Mr. Vinay Sampat, Company Secretary is the Secretary to the Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee and is also been designated as the Compliance Officer of the Company.

There were 3 meeting of the Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee held during the year on (1) 30<sup>th</sup> June, 2010 (2) 30<sup>th</sup> September, 2010 (3) 31<sup>st</sup> January, 2011 respectively.

During the year the Company received 10 Complaints from the Shareholders and all were resolved within 15 days from the date of receiving such complaint.

There are no pending cases of share transfer as on 31<sup>st</sup> March, 2011.

As per revised Clause 47(F) of the Listing Agreement, the email ID of the Investor Grievances Department of the Company is [cs@mandhana.com](mailto:cs@mandhana.com)

##### Terms of Reference

- 1) Efficient transfer of shares; including review of cases for refusal of transfer/ transmission of shares and debentures;

- 2) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.;
- 3) Issue of duplicate/split/consolidated share certificates;
- 4) Allotment and listing of shares;
- 5) Review of cases for refusal of transfer/transmission of shares and debentures;
- 6) Reference to statutory and regulatory authorities regarding investor grievances; and
- 7) Ensure proper and timely attendance and redressal of investor queries and grievances.

#### V. SUBSIDIARY COMPANY(IES)

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

#### VI. GENERAL BODY MEETINGS

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

Particulars	Date	Venue	Time	Details of Special Resolutions passed
24th AGM (2007-08)	29 <sup>th</sup> September, 2008	205-214, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai - 400 012.	11.00 a.m.	No Special resolutions passed.
25 <sup>th</sup> AGM (2008-09)	19 <sup>th</sup> August, 2009	205-214, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai - 400 012.	11.00 a.m.	No Special resolutions passed.
26 <sup>th</sup> AGM (2009-10)	27 <sup>th</sup> September, 2010	C-3, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506	11:30 a.m.	No Special resolutions passed.

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

No Extra-Ordinary General Meeting was held during the year 2010-11.

##### c) Postal ballot

During the year, no resolution was passed through postal ballot in accordance with Section 192A of the Companies Act, 1956 and at the forthcoming Annual General Meeting; there is no item on the agenda that needs approval by postal ballot.



## VII. DISCLOSURES

During the year under review, besides the transaction reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, Directors and the Management that has a potential conflict with the interest of the Company at large.

All the transactions with related parties are periodically placed before the Audit Committee. Transaction with related parties, as per requirements of Accounting Standards 18, are disclosed in Schedule 21, note no.13 to the Accounts in the Annual Report and they are not in conflict with the interest of the Company at large.

No strictures/penalties have been imposed on the Company by any Statutory Authorities on any matters relating to the capital markets during the last 3 years.

## VIII. MEANS OF COMMUNICATION

The Company published Unaudited Quarterly/ Half Yearly Results and Audited Yearly Results in the Economic Times (English) and Maharashtra Times.

As per requirements of Listing Agreement, all data relating to the quarterly financial Results, Shareholding Pattern etc., is provided on the Company's website i.e. [www.mandhana.com](http://www.mandhana.com) within the time frame prescribed in this regard.

## IX. GENERAL SHAREHOLDING INFORMATION :

1. Annual General Meeting
  - Date and Time : 29<sup>th</sup> September, 2011 at 11 a.m.
  - Venue : Plot No. C-3, M.I.D.C, Tarapur Industrial Area, Boisar, Dist.: Thane 401 506.
2. Financial Calendar (tentative) :
  - a) Annual Results (Audited) : May/June
  - b) Unaudited First Quarter Results : July/August
  - c) Annual General Meeting : September
  - d) Unaudited Second Quarter Results : October/November
  - e) Unaudited Third Quarter Results : January/February
3. Face Value of equity Shares : ₹ 10/- per equity share
4. Date of Book Closure : Thursday, 22<sup>nd</sup> September, 2011 to Thursday, 29<sup>th</sup> September, 2011 (both days inclusive)
5. Dividend Payment Date : the Final Dividend for 2010-11 will be paid on or before 10<sup>th</sup> October, 2011
6. Listing on Stock Exchanges : The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Date of Listing at both the Exchanges was 19<sup>th</sup> May, 2010.

7. Stock Code/ Symbol

- ISIN	: INE087J01010
- Script Code for BSE	: 533204
- Script Code for NSE	: MANDHANA

8. Market price Data :

The Market price data covering period May 2010 to March 2011 is given below:

Month	BSE				NSE			
	High	Date	Low	Date	High	Date	Low	Date
	₹		₹		₹		₹	
May 2010	146.00	26.05.2010	130.00	19.05.2010	146.05	26.05.2010	130.00	19.05.2010
June 2010	158.45	10.06.2010	137.85	07.06.2010	158.35	10.06.2010	113.60	07.06.2010
July 2010	171.45	20.07.2010	145.00	13.07.2010	170.50	20.07.2010	145.00	13.07.2010
August 2010	174.40	19.08.2010	158.50	02.08.2010	201.00	19.08.2010	158.60	02.08.2010
September 2010	199.20	29.09.2010	165.60	02.09.2010	210.00	09.09.2010	164.10	02.09.2010
October 2010	247.40	28.10.2010	188.50	04.10.2010	255.80	25.10.2010	190.00	04.10.2010
November 2010	295.00	05.11.2010	240.00	01.11.2010	292.80	08.11.2010	239.20	01.11.2010
December 2010	273.90	08.12.2010	231.25	10.12.2010	277.00	23.12.2010	225.10	21.12.2010
January 2011	320.10	05.01.2011	248.50	31.01.2011	318.80	05.01.2011	249.00	31.01.2011
February 2011	290.00	10.02.2011	242.00	10.02.2011	295.00	10.02.2011	241.00	24.02.2011
March 2011	288.00	08.03.2011	214.00	30.03.2011	279.00	09.03.2011	230.05	30.03.2011

Trading Volumes

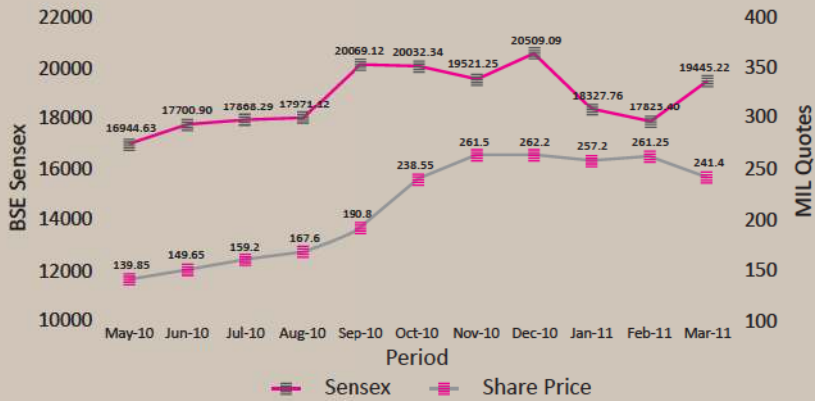
The traded volume of shares at BSE and NSE were as follows:

Month	BSE (Shares)	NSE (Shares)	Total (Shares)
May 2010	1,56,26,637	2,19,61,954	3,75,88,591
June 2010	34,15,420	31,59,823	65,75,243
July 2010	29,41,314	28,05,003	57,46,317
August 2010	24,72,824	24,76,184	49,49,008
September 2010	10,33,203	10,20,678	20,53,881
October 2010	32,60,455	31,70,429	64,30,884
November 2010	49,89,103	66,42,538	1,16,31,641
December 2010	16,32,010	16,88,092	33,20,102
January 2011	41,42,159	38,55,448	79,97,607
February 2011	23,71,359	16,77,428	40,48,787
March 2011	36,00,674	27,38,265	63,38,939

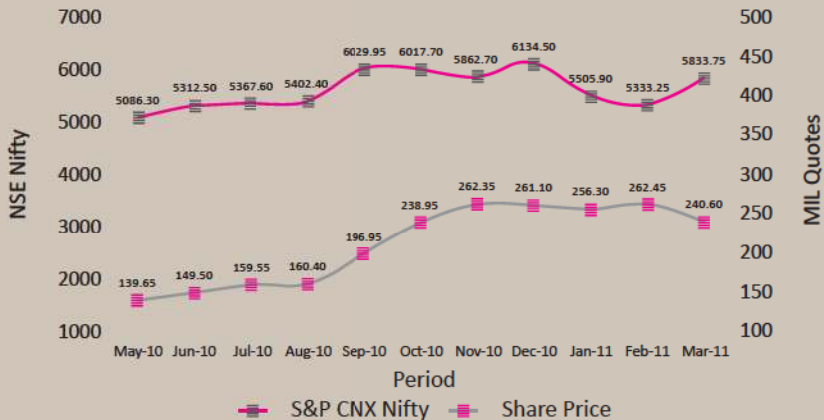
**Performance in comparison to broad-based indices such as BSE/NSE Sensex (Month-end closing):**

Month	BSE		NSE	
	Share Price	Sensex	Share Price	S&P CNX Nifty
May 2010	139.85	16,944.63	139.65	5,086.30
June 2010	149.65	17,700.90	149.50	5,312.50
July 2010	159.20	17,868.29	159.55	5,367.60
August 2010	167.60	17,971.12	160.40	5,402.40
September 2010	194.80	20,069.12	196.95	6,029.95
October 2010	238.55	20,032.34	238.95	6,017.70
November 2010	261.50	19,521.25	262.35	5,862.70
December 2010	262.20	20,509.09	261.10	6,134.50
January 2011	257.20	18,327.76	256.30	5,505.90
February 2011	261.25	17,823.40	262.45	5,333.25
March 2011	241.40	19,445.22	240.60	5,833.75

**Month end MIL Share Price/BSE Sensex**



**Month end MIL Share Price/NSE Nifty**





**9. Registrar and Transfer Agents**

Link Intime India Private Limited  
(Unit : Mandhana Industries Limited)  
C/13, Pannalal Mills Compound,  
L. B.S. Marg, Bhandup (W),  
Mumbai 400 078.

Tel : 022 – 2594 6970

Fax :022 - 2594 6969

E.mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**10. Share Transfer System**

Link Intime India Private Limited is the Registrar and Transfer Agents of the Company. Transfer of shares are approved by the Board of Directors or the Shareholders' / Investors' Committee, Share Allotment and Transfer Committee which meets at opportune time and if the documents are complete and in order in all respects, the same are registered and returned to the transferees within the stipulated time.

**11. Dematerialisation of shares**

The Company has signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and Link Intime India Private Limited to offer depository services to its shareholders and has paid respective charges for the benefit of the members.

**12. (a) Distribution of Shareholding as on 31<sup>st</sup> March, 2011**

No. of Shares	No. of Holders	% of Shareholders	No. of Shares	% of Shareholding
1 – 500	2141	87.92	2,37,370	0.72
501 – 1,000	72	2.96	61,745	0.18
1,001 – 2,000	64	2.63	1,16,361	0.35
2,001 – 3,000	18	0.74	46,826	0.14
3,001 – 4,000	13	0.53	52,000	0.16
4,001 – 5,000	9	0.37	42,256	0.13
5,001 – 10,000	28	1.15	2,41,311	0.73
10,001 & Above	90	3.70	3,23,26,044	97.59
<b>TOTAL</b>	<b>2,435</b>	<b>100.00</b>	<b>3,31,23,913</b>	<b>100.00</b>

**(b) Shareholding pattern as on 31<sup>st</sup> March, 2011**

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	Total Shareholding as a percentage of total no. of Shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>			
(1)	Indian			
(a)	Individual/Hindu/Undivided Family	5	1,23,57,280	37.31
(b)	Central Government/State Government	-	-	-
(c)	Bodies Corporate	1	46,380	0.14
(d)	Financial Institutions/Banks	-	-	-
(e)	Any Other (specify) Relative of Director	13	82,04,000	24.77
	<b>Sub Total (A) (1)</b>	<b>19</b>	<b>2,06,07,660</b>	<b>62.22</b>
(2)	Foreign			
(a)	Individual (Non-Resident Individual/Foreign Individuals)	-	-	-
(b)	Bodies Corporate	-	-	-
(c)	Institutions	-	-	-
(d)	Any Other (specify)	-	-	-
	<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>19</b>	<b>2,06,07,660</b>	<b>62.22</b>
<b>(B)</b>	<b>Public Shareholding</b>			
(1)	Institutions			
(a)	Mutual Funds/ UTI	1	7,75,000	2.34
(b)	Financial Institutions/Banks	1	21,73,913	6.56
(c)	Central Government/State Government	-	-	-
(d)	Insurance Companies	-	-	-
(e)	Insurance Companies	-	-	-
(f)	FIs	-	-	-
(g)	Foreign Venture Capital	-	-	-
(h)	Any Other (specify)	-	-	-
	<b>Sub Total (B) (1)</b>	<b>2</b>	<b>29,48,913</b>	<b>8.90</b>

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	Total Shareholding as a percentage of total no. of Shares
(2)	Non-Institutional			
(a)	Bodies Corporate	123	52,70,567	15.91
(b)	Individuals			
	i. Individual shareholders holding nominal share capital upto ₹ 1 Lac	2,164	6,48,459	1.96
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	47	32,20,509	9.72
(c)	Any Other (specify)			
	i. Director's relative	-	-	-
	ii. Clearing Member	50	3,63,375	1.10
	iii. Directors	2	60,000	0.18
	iv. Office Bearers	-	-	-
	v. NRIs	28	4,430	0.01
	vi. NRN	-	-	-
	vii. Foreign Company	-	-	-
	Sub Total (B) (2)	2,414	95,67,340	28.88
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	2,416	1,25,16,253	37.79
	<b>TOTAL A + B</b>	2,435	3,31,23,913	100.00
(C)	Shares held by Custodian and against which Depository Receipts have been issued	-	-	-
	<b>GRAND TOTAL</b>	2,435	3,31,23,913	100.00

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

The Company has executed agreement with both the depositories of the country i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for admission of securities under dematerialised mode. The Company was listed 19<sup>th</sup> May, 2010 and 1,17,59,651 equity shares representing 35.50% are in dematerialised form as on 31<sup>st</sup> March, 2011



**(d) Reconciliation of Share Capital Audit Report**

In accordance with SEBI guidelines, quarterly Secretarial Audit is undertaken by a Practicing Company Secretary for reconciling the total admitted capital with the records of the depositories, viz. NSDL and CDSL.

The Reconciliation of Share Capital Audit Report (earlier known as Secretarial Audit Report) inter alia, certifying that the shares in demat mode and in physical form tally with the issued/paid up capital, the Register of Members is duly updated, etc; is submitted to BSE and NSE on a quarterly basis. The said report is also placed before the meetings of Board of Directors and Shareholders'/Investors' Grievances, Share Allotment and Transfer Committee.

**(e) Disclosure in compliance with Clause 5 (A) (II) of the Listing Agreement for the year 2010-11**

1.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year <i>* The Company's shares listed on Stock Exchange as on 19<sup>th</sup> May, 2010</i>	Shareholders - 80 12,574 - outstanding Equity Shares
2.	No. of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	Shareholders - 70
3.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year	Shareholders - 70
4.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	Shareholders - 10 624 - outstanding Equity Shares

**X. STATUS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON MANDATORY REQUIREMENTS:**

- i. The Company, being a listed public limited company as on 31<sup>st</sup> March, 2011, attracts provisions of Clause 49 of the Listing agreement. The Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement.
- ii. Adoption/non-adoption of non mandatory requirement as on 31<sup>st</sup> March, 2011.
  - (a) The Company has an Executive Chairman and the office provided to him for performing his executive duties is also utilised by him for discharging his duties as a Chairman. No separate office is maintained for the Non-Executive Chairman of the Audit Committee, Remuneration Committee and the Shareholders' Committee, but secretarial and other assistance is provided to them whenever needed, to enable them to discharge their responsibility effectively.

- (b) The Company has not adopted the requirement of Independent Directors tenure not to exceed a period of nine years on the Board of the Company.
- (c) The Company has set up a Remuneration Committee consisting of Three Non-Executive and Independent Directors.
- (d) The Board of Directors of the Company consist of an optimum blend of Company Executives and independent professionals having in-depth expertise of the Textile and Garment and expertise in their specific area of specialization.
- (e) Presently, the Company does not have a system for evaluating its Non-Executives Directors by peer group comprising of the entire Board of Directors as the Non-Executive members are highly qualified professionals.
- (f) Presently the Company does not have a whistle blower policy in place.
- (g) The Board is kept informed about the risk management being followed by the Company from time to time. All risks assessed have been adequately insured.

#### XI. ADDRESS FOR CORRESPONDENCE

M/s Link India Private Limited  
(Unit : Mandhana Industries Limited)  
C/13, Pannalal Mills Compound,  
L.B.S.Marg, Bhandup (W),  
Mumbai 400 078.

Tel : 022 – 2594 6970

Fax :022 - 2594 6969

E.mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website : [www.linkintime.co.in](http://www.linkintime.co.in)

The Company Secretary,  
Mandhana Industries Limited  
205-214, Peninsula Centre,  
Dr. S. S. Rao Road,  
Mumbai 400 012.

Tel : 022 – 4353 9191

Fax : 022 – 4353 9358

E.mail : [cs@mandhana.com](mailto:cs@mandhana.com)

Website : [www.mandhana.com](http://www.mandhana.com)

For and behalf of the Board of Director

PURUSHOTTAM C. MANDHANA  
(Chairman and Managing Director)

## DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchange, it is hereby declared that all the Board members and Senior Management Personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31<sup>st</sup> March, 2011.

For MANDHANA INDUSTRIES LIMITED

PURUSHOTTAM C. MANDHANA  
(Chairman and Managing Director)

Place: Mumbai

Date: 9<sup>th</sup> August, 2011



## CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,  
The Board of Directors,  
Mandhana Industries Limited

I, undersigned in my capacity as Managing Director and Chief Financial Officer of Mandhana Industries Limited ("The Company"), to the best of my knowledge and belief certify that:

- a) I have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011 and based on my knowledge and belief :
  - i. these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading ;
  - ii. these statements together present a true and fair view of the Company's affair and are in compliance with the existing Accounting Standards, applicable Laws and Regulations.
- b) I further state that to the best of our knowledge and belief, that there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative.
- c) I am responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the Financial Reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the designs or operations of such internal controls, if any of which they are aware and the steps I have taken or proposed to take to rectify the deficiencies.
- d) I have indicated, wherever applicable to the Auditors and Audit Committee :
  - i. significant changes, if any, in the internal control over financial reporting during the year;
  - ii. significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which I have become aware and involvement therein, if any, of the management or an Employee having a significant role in the Company's internal control system over financial reporting.

For MANDHANA INDUSTRIES LIMITED

PURUSHOTTAM C. MANDHANA  
(Chairman and Managing Director)

Place: Mumbai  
Date: 9<sup>th</sup> August, 2011

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**

To  
The Members of Mandhana Industries Limited

We have examined the compliance of conditions of Corporate Governance by Mandhana Industries Limited for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges for the year ended 31<sup>st</sup> March, 2011.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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

FOR VISHAL H. SHAH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN : 116422W

VISHAL H. SHAH  
PROPRIETOR  
Membership No: 101231

PLACE : MUMBAI  
DATE : 9<sup>th</sup> August, 2011

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Purushottam C. Mandhana  
Chairman & Managing Director

Mr. Biharilal C. Mandhana  
Executive Director

Mr. Manish B. Mandhana  
Joint Managing Director

Mr. Ghyanendra Nath Bajpai  
Non-Executive and Independent Director

Mr. Sanjay K. Asher  
Non-Executive and Independent Director

Mr. Ernst Robin Cornelius  
Non-Executive and Independent Director

Mr. Khurshed M. Thanawalla  
Non-Executive and Independent Director

Mr. Ajay Joshi  
Non-Executive and Independent Director  
(Resigned w.e.f 1<sup>st</sup> November, 2010)

## BOARD COMMITTEES

### Audit Committee

Mr. Khurshed M. Thanawalla  
Chairman

Mr. Ghyanendra Nath Bajpai  
Member

Mr. Sanjay K. Asher  
Member

Mr. Purushottam C. Mandhana  
Member

### Remuneration Committee

Mr. Ghyanendra Nath Bajpai  
Chairman

Mr. Khurshed M. Thanawalla  
Member

Mr. Sanjay K. Asher  
Member

### Shareholders'/Investors' Grievances, Share Allotment and Transfer Committee

Mr. Khurshed M. Thanawalla  
Chairman

Mr. Manish B. Mandhana  
Member

### Management Committee

Mr. Purushottam C. Mandhana  
Chairman

Mr. Biharilal C. Mandhana  
Member

Mr. Manish B. Mandhana  
Member

### I.P.O. Committee

Mr. Purushottam C. Mandhana  
Chairman

Mr. Biharilal C. Mandhana  
Member

Mr. Manish B. Mandhana  
Member

### Company Secretary & Head Legal

Mr. Vinay Sampat



## MANAGEMENT TEAM

Mr. A. P. Bhatnagar

President – Weaving & Shirting

Mr. Uday Kulkarni

Vice President - Processing (Unit – I)

Mr. Pankaj B. Gohel

Vice President - Processing (Unit – II)

Mr. Mitesh Shah

Vice President - Finance and Corporate Affairs

Mr. Pushpendra Tyagi

Vice President - Marketing (Fabric Division)

Mr. Gopal Shah

Vice President - Marketing (Export Division)

Ms. Varsha Raghuram

Vice President - Merchandising & Business Development

Mr. Shashi B. Anand

Vice President – HR & Administration (Tarapur)

Mr. Ashok Dhinoja

Head - I.T.

Mr. Rahul Anand

Head - Design

Mr. Arvind Shikharkhane

Project Head (Technical)

Mr. Prasad R.V.R

G.M. - Production (Mumbai)

Mr. Jagdish Pamwani

G.M. - Marketing (Garments –Domestic)

Mr. Nayan Kambli

G.M. - Finance and Corporate Affairs

Mr. Vinay Kumar Dubey

G.M. - Printing

Mr. Piyush Vyas

Chief Administrative Officer (Bengaluru)

Mr. P. George Mathai

G.M. - Production (Bengaluru)

## AUDITORS

M/s Vishal H. Shah & Associates

## SOLICITORS

M/s Crawford Bayley & Co.

## INTERNAL AUDITORS

M/s Hinesh R. Doshi & Co.

(for Corporate Office Mumbai & Tarapur)

M/s B. Choraria & Mates

(for Bengaluru)

## BANKERS

Axis Bank Limited

Bank of Baroda

Bank of India

Bank of Maharashtra

Corporation Bank

HDFC Bank Limited

Indian Bank

Indian Overseas Bank

Punjab National Bank

State Bank of India

State Bank of Patiala

Standard Chartered Bank

# CORPORATE INFORMATION

## REGISTERED OFFICE

Plot no. C-3, MIDC, Tarapur Industrial Area,  
Boisar, Dist.: Thane - 401 506  
Tel : 91-2525-272228/29 Fax: 91-2525-260251

## CORPORATE OFFICE

205-214, Peninsula Centre, Dr. S. S. Rao Road,  
Parel, Mumbai 400 012  
Tel : 91-22-3040 9191 Fax: 91-22-3040 9216  
e.mail : info@mandhana.com  
Web: www.mandhana.com

## REGISTRAR AND SHARE TRANSFER AGENTS

### Link Intime India Private Limited

(Unit : Mandhana Industries Limited)  
C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (W), Mumbai 400 078.  
Tel : 91-22-2594 6970 Fax : 91-22-2594 6969  
e.mail : rnt.helpdesk@linkintime.co.in

## BRANCH OFFICES

### Bengaluru

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

### New Delhi

508-509, Ansal Tower, 38, Nehru Place,  
New Delhi - 110 019.

### Chennai

AC Block, Old No 31, New No 8, 4th Street,  
Anna Nagar, Chennai 600 040.

### Paris (France)

15 Rue de la Banque,  
Escalier B Entresol, 75002 Paris, France.

## WORKS

### MANDHANA WEAVING HOUSE

(A Division of Mandhana Industries Limited)  
Plot No. E-33, MIDC, Tarapur Industrial Area,  
Boisar, Dist.: Thane - 401 506.

### MANDHANA WEAVING HOUSE (Shirting Division)

(A Division of Mandhana Industries Limited)  
Plot No. C-2, MIDC, Tarapur Industrial Area,  
Boisar, Dist.: Thane - 401 506.

### MANDHANA DYEING

(A Division of Mandhana Industries Limited)  
Plot No. E-25, MIDC, Tarapur Industrial Area,  
Boisar, Dist.: Thane - 401 506.

### MANDHANA DYEING – UNIT II

(A Division of Mandhana Industries Limited)  
Plot No. C-3, MIDC, Tarapur Industrial Area,  
Boisar, Dist.: Thane - 401 506.

### MANDHANA INDUSTRIES LIMITED

(Garment Division)  
26/A, Peenya II Phase, Peenya Industrial Area,  
Near NTTF Bus Stop, Bengaluru 560 058.

### MANDHANA INDUSTRIES LIMITED

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

### MANDHANA INDUSTRIES LIMITED (Garment Division)

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

### MANDHANA INDUSTRIES LIMITED (Garment Division)

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

### MANDHANA INDUSTRIES LIMITED (Garment Division)

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

# AUDITORS' REPORT

TO,

## THE MEMBERS OF MANDHANA INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **MANDHANA INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account and cash flow statement of the Company for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's report ) (Amendment) Order, 2004 ( together the "order") issued by the Central Government of India in terms of sub section (4A) of section 227 of The Companies Act, 1956 ('the Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of accounts of the Company;
  - c) The Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account of the Company;
  - d) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply in all material respects with the mandatory Accounting Standards referred in section 211(3C) of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director under Section 274(1) (g) of the Companies Act, 1956.

In our opinion, and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and
    - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
    - iii) In the case of the Cash flow Statement, of the cash flow for the year ended on that date.

**FOR VISHAL H. SHAH & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FRN -116422W

**VISHAL H. SHAH**  
PROPRIETOR  
Membership No:101231

PLACE : MUMBAI  
DATE : 24<sup>th</sup> May, 2011



## ANNEXURE REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MANDHANA INDUSTRIES LIMITED FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011.

On the basis of such checks as we have considered appropriate and in the terms of information and explanations given to us we report that:

- I. (a) The records showing full particulars including quantitative details and situation of fixed assets except for details of new addition which are under completion, have been maintained.  
(b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) The Company has not disposed off substantial part of fixed Assets during the year and the going concern status of the Company is not affected.
- II. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company is maintaining proper records of inventory for fabric, weaving and shirting divisions and is in the process of further strengthening of inventory records for its garment division. The discrepancies noticed on physical verification of stocks as compared to book records were not material in relation to the operations of the Company and have been properly dealt with in the books of accounts.
- III. (a) The Company has granted an interest free, repayable on demand loan to a Private Limited Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was ₹ 8.08 Lacs and the year-end balance of loans granted to the party was ₹ 8.08 Lacs.  
(b) The aforesaid loan is interest-free and other terms and conditions are not prima facie prejudicial to the interest of the Company.  
(c) The loan has been given to associated concerns. The said loan is interest free and is repayable on demand.  
(d) In respect of the loans given by the Company, these are repayable on demand and therefore the question of overdue amount does not arise.  
(e) The Company has not taken any loan during the year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the requirement of clause (iii) (f) and (iii) (g) of paragraph 4 of the order are not applicable.
- IV. There are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V. (a) The transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of The Companies Act, 1956 and exceeding the value of rupees five Lacs in respect of any party during the year have been made at reasonable prices having regards to prevailing market price at the relevant time.
- VI. The Company has not accepted deposits from the public in contravention of the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975.
- VII. The Company has an internal audit system commensurate with the size and nature of its business.
- VIII. The central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- IX. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

(b) The aggregated disputed statutory dues under Income Tax Act is amounting to ₹ 119.13 Lacs. The disputed statutory dues under the Central Excise Act are ₹ 333.51 Lacs out of which a sum of ₹ 42.93 Lacs has been paid by the Company. Various matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	Nature of the Dues	Amount (₹ in Lacs)	Related Period	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	13.64	A.Y-1999-00	Mumbai High Court
2	Income Tax Act, 1961	Income Tax	10.40	A.Y-2001-02	Mumbai High Court
3	Income Tax Act, 1961	Income Tax	5.12	A.Y-2003-04	Commissioner of Income Tax (Appeal)
4	Income Tax Act, 1961	Income Tax	35.18	A.Y-2004-05	Income Tax Appellate Tribunal
5	Income Tax Act, 1961	Income Tax	54.79	A.Y-2008-09	Commissioner of Income Tax (Appeal)
6	Central Excise Act, 1944	Excise Duty	290.58	May'01 to May'03	Mumbai High Court and Settlement Commission

- X. There are no accumulated losses at the end of the financial year. The Company has also not suffered any cash losses during the period covered by the audit and also in the preceding period.
- XI. The Company has not defaulted in repayment of dues to any financial institution or bank.
- XII. During the year under review, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV. The Company has maintained proper records of the transactions and contracts in receipt of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investment have been held by the Company in its own name.
- XV. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. The term loans were applied for the purpose for which they were obtained.
- XVII. On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- XVIII. During the year under review, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- XIX. During the year under review, the Company has not issued any debentures.
- XX. We have verified the end use of money raised by public issue as disclosed in Note 16 of schedule 21 pending utilization of the fund raised issue, a sum of ₹ 575.80 Lacs has been temporarily invested in mutual funds.
- XXI. No fraud on or by the Company has been noticed or reported during the year.

**FOR VISHAL H. SHAH & ASSOCIATES**  
 CHARTERED ACCOUNTANTS  
 FRN -116422W

**VISHAL H. SHAH**  
 PROPRIETOR  
 Membership No:101231

PLACE : MUMBAI  
 DATE : 24<sup>th</sup> May, 2011

# BALANCE SHEET

AS ON 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	Schedule No.	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<b>SOURCES OF FUNDS</b>			
<b>A. Shareholders' Funds</b>			
Share Capital	1	3,312.39	2,482.39
Reserves & Surplus	2	31,893.79	16,851.66
		<b>35,206.18</b>	<b>19,334.05</b>
<b>B. Loan Funds</b>			
Secured Loans	3	52,671.23	38,198.61
Unsecured Loans	4	3,189.19	3,223.92
		<b>55,860.42</b>	<b>41,422.53</b>
<b>C. Deferred Tax Liability</b>			
		<b>5,774.29</b>	<b>4,966.98</b>
<b>TOTAL</b>		<b>96,840.89</b>	<b>65,723.56</b>
<b>APPLICATION OF FUNDS</b>			
<b>A. Fixed Assets</b>			
Gross Block	5	53,783.75	42,294.48
Less: Depreciation		7,586.68	5,787.72
Net Block		46,197.07	36,506.76
Add : Capital work in progress		3,555.47	277.13
		<b>49,752.54</b>	<b>36,783.89</b>
<b>B. Investments</b>			
	6	2,401.92	0.05
<b>C. Current Assets, Loans And Advances</b>			
Inventories	7	26,906.91	18,374.92
Sundry Debtors	8	15,651.89	9,451.90
Cash & Bank Balances	9	1,836.32	189.77
Loans & Advances	10	6,988.20	5,720.76
<b>TOTAL</b>	(A)	<b>51,383.32</b>	<b>33,737.34</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	5,679.68	4,061.19
Provisions	12	1,017.21	736.54
<b>TOTAL</b>	(B)	<b>6,696.89</b>	<b>4,797.72</b>
<b>Net Current Assets</b>	(A-B)	<b>44,686.43</b>	<b>28,939.62</b>
<b>TOTAL</b>		<b>96,840.89</b>	<b>65,723.56</b>
Notes To Accounts	21		

The Schedules referred to above and notes to the accounts annexed hereto are integral part of the Balance Sheet and Profit and Loss Account

As per our report of even date attached

**VISHAL H. SHAH & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FRN -116422W

**VISHAL H. SHAH**  
PROPRIETOR  
Membership No:101231

PLACE : MUMBAI  
DATE : 24<sup>th</sup> May, 2011

For **MANDHANA INDUSTRIES LIMITED**

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

**Manish B. Mandhana**  
Joint Managing Director

**Biharilal C. Mandhana**  
Director

**Vinay Sampat**  
Company Secretary



# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	Schedule No.	For Year ended 31 <sup>st</sup> March, 2011	For Year ended 31 <sup>st</sup> March, 2010
<b>INCOME</b>			
Sales & Processing Charges	13	83,829.28	62,579.10
Other Income	14	168.53	(1675.09)
Increase in Stock	15	8537.88	3,545.68
<b>TOTAL</b>		<b>92,535.69</b>	<b>64,449.69</b>
<b>EXPENDITURE</b>			
Raw Material Consumed & Cost of goods Traded	16	66,000.49	43,963.78
Manufacturing & other Expenses	17	4,920.00	3,805.85
Employment Cost	18	4,051.21	3,412.52
Administrative & Other Expenses	19	2,657.15	2,238.65
Interest	20	3,039.23	2,643.12
Depreciation	5	1,927.72	1,725.76
<b>TOTAL</b>		<b>82,595.81</b>	<b>57,789.69</b>
<b>PROFIT BEFORE TAXATION</b>		<b>9,939.88</b>	<b>6,660.00</b>
Less : Current Tax		2,331.14	1,174.58
MAT Receivable		-	(212.64)
Deferred Tax		807.31	1,350.85
		<b>6,801.43</b>	<b>4,347.21</b>
Less : Income Tax paid for earlier Year		126.02	7.13
		<b>6,675.41</b>	<b>4,340.08</b>
Add: Balance of Profit of Previous Year		13,193.74	9,834.74
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>19,869.16</b>	<b>14,174.82</b>
<b>APPROPRIATIONS</b>			
Dividend Paid		662.48	496.67
Corporate Dividend Tax Paid		110.03	84.41
Transfer to General Reserve		600.00	400.00
Balance carried to Balance Sheet		18,496.65	13,193.74
<b>TOTAL</b>		<b>19,869.16</b>	<b>14,174.82</b>
Earning Per Share (Not Annualised)			
Basic EPS ( ₹ )		20.74	18.21
Diluted EPS ( ₹ )		20.74	18.21
Notes To Accounts	21		

The Schedules referred to above and notes to the accounts annexed hereto are integral part of the Balance Sheet and Profit and Loss Account

As per our report of even date attached

**VISHAL H. SHAH & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FRN -116422W

**VISHAL H. SHAH**  
PROPRIETOR  
Membership No:101231

PLACE : MUMBAI  
DATE : 24<sup>th</sup> May, 2011

For **MANDHANA INDUSTRIES LIMITED**

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

**Manish B. Mandhana**  
Joint Managing Director

**Biharilal C. Mandhana**  
Director

**Vinay Sampat**  
Company Secretary

# CASH FLOW STATEMENT

FOR THE PERIOD FROM 1<sup>ST</sup> APRIL, 2010 TO 31<sup>ST</sup> MARCH, 2011

(₹ in Lacs)

Particulars	CURRENT YEAR	PREVIOUS YEAR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation and extraordinary item	9,939.88	6,660.00
<b>Adjustments for:</b>		
Depreciation charged to Profit and Loss A/c	1,927.72	1,725.76
Land premium w/off	10.68	10.68
Loss on sale of fixed assets	220.04	14.98
Profit on sale of fixed assets	(6.95)	-
Interest Expenses	3,039.23	2,671.95
Operating profit before working capital changes	15,130.60	11,083.37
Decrease (Increase) in Inventories	(8,531.99)	(4,648.85)
Decrease (Increase) in Debtors	(6,199.99)	(5,373.81)
Decrease (Increase) in Advances & Deposits	(1,267.44)	(167.87)
(Decrease) Increase in Creditors	1,553.35	(1,834.49)
(Decrease) Increase in other liabilities	(724.83)	(23.94)
Cash generated from operations	(40.31)	(965.58)
Income Tax Paid	(2,799.57)	(551.10)
Net cash flow from / (used in) operating activities	(2,839.88)	(1,516.69)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(16,152.95)	(7,550.73)
Proceeds from sales of fixed assets	1,032.82	86.92
FD placed with banks	(65.06)	(45.01)
Investments in Mutual Fund & Shares	(2,401.87)	-
Net cash from / (used in) investing activities	(17,587.06)	(7,508.82)
<b>Cash flow from financing activities</b>		
Increase in share capital	830.00	217.39
Increase in long term borrowings (Net)	7,190.06	8,295.90
Increase (Decrease) in Share Premium	9,960.00	2,282.61
Increase (Decrease) in Working Capital finance	7,282.56	(632.18)
Increase (Decrease) in Bank overdraft	931.20	25.99
Miscellaneous Expenditure	(820.78)	(267.99)
Increase (Decrease) in unsecured loans	(34.73)	1,942.28
Dividend Paid (inclusive of dividend tax)	(290.65)	(581.08)
Interest paid	(3,039.23)	(2,671.95)
Net cash from / (used in) financing activities	22,008.43	8,610.96
Net increase in cash and cash equivalents	1,581.50	(414.54)
Cash & cash equivalents at the beginning	144.66	559.20
cash & cash equivalents at the end	1,726.15	144.66
(As per note)	1,581.50	(414.54)

The cash flow statement has been prepared in accordance with the requirement of Accounting Standard AS - 3 "Cash Flow Statement" issued by The Institute Of Chartered Accountants of India.

As per our report of even date attached

For **MANDHANA INDUSTRIES LIMITED**

**VISHAL H. SHAH & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FRN -116422W

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

**Biharilal C. Mandhana**  
Director

**VISHAL H. SHAH**  
PROPRIETOR  
Membership No:101231

**Manish B. Mandhana**  
Joint Managing Director

**Vinay Sampat**  
Company Secretary

PLACE : MUMBAI  
DATE : 24<sup>th</sup> May, 2011

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<b>SCHEDULE "1"</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
3,99,90,000 Equity Shares of ₹ 10/- each	3,999.00	3,999.00
10,000 preference shares of ₹ 10 /- each	1.00	1.00
<b>TOTAL</b>	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
2,48,23,913 Equity shares of ₹ 10 each fully paid up	2,482.39	
1,13,25,000 Equity shares of ₹ 10 each fully paid up		1,132.50
Add: 83,00,000 Equity Shares Issued by way of Intial Public Offer	830.00	-
Add: 1,13,25,000 Equity Shares Issued by way of Bonus issue	-	1,132.50
Add: 21,73,913 Equity Shares Issued by way of Preferential allotment	-	217.39
<b>TOTAL</b>	<b>3,312.39</b>	<b>2,482.39</b>

<b>SCHEDULE "2"</b>		
<b>Reserves and Surplus</b>		
<b>A. Capital Reserve</b>	<b>25.00</b>	<b>25.00</b>
( Special Capital Incentive )		
<b>B. Share Premium</b>	<b>2,117.95</b>	<b>1,235.83</b>
Add : Addition during the year	9,960.00	2,282.61
Total Share Premium	12,077.95	3,518.44
Less: Utilised for Bonus Issue	-	1,132.50
Less : Miscellaneous Expenditure adjusted (Refer Note No. K)	820.78	267.99
	11,257.17	2,117.95
<b>C. General Reserve</b>	<b>1,514.97</b>	<b>1,114.97</b>
Add : Addition during the year	600.00	400.00
	2,114.97	1,514.97
<b>D. Surplus i.e. Balance in Profit and Loss Account</b>	<b>18,496.65</b>	<b>13,193.74</b>
<b>TOTAL</b>	<b>31,893.79</b>	<b>16,851.66</b>



## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<b>SCHEDULE "3"</b>		
<b>Secured Loans</b>		
<b>Term Loan</b>		
A. Corporation Bank (Hypothecation of Fixed Assets except vehicles at Peenya Ind. Area, Bangalore)	961.25	1,345.94
B. State Bank of Patiala (Hypothecation of Plant & Machinery & Mortgage of immovable properties at C-2, MIDC, Tarapur)	13,029.08	7,983.40
C. Andhra Bank (Hypothecation of Plant & Machinery installed at plot E 25 MIDC, Tarapur & mortgage of immovable properties at Tarapur Plot E-25 )	75.81	150.84
D. Bank of Maharashtra (Hypothecation of Plant & Machinery & Mortgage of immovable properties at E-25, MIDC, Tarapur)	1,875.14	2,150.97
E. Axis Bank	4,843.75	5,000.00
Bank of Baroda	7,398.60	5,680.18
Indian Bank	1,210.85	1,250.00
Punjab National Bank	4,359.38	4,233.31
State Bank of India (Erstwhile State Bank of Saurashtra) (Hypothecation of Plant & Machinery & Mortgage of immovable properties and fixed assets of the Company excluding Assets charged on exclusive basis)	1,454.80	1,500.00
F Axis Bank (Hypothecation of Plant & Machinery & mortgage of immovable properties at Plot No. 17-20 & 34-39, Baramati Hitech Textile Park, MIDC, Baramati) (Includes buyer's Credit of ₹ 891.69 Lacs borrowed in foreign currency)	1,205.94	-
G Bank of Baroda (Hypothecation of specified plant & machinery installed at Plot No. E-33, MIDC, Tarapur)	689.16	-
H ICICI Bank Limited (Mortgage of immovable Property at Peninsula Centre)	-	656.25
I Term Loans from Banks, Finance Companies (Hypothecation of Vehicles)	143.85	106.66
J Working Capital from Banks		
Cash Credit	10,871.48	6,541.82
Packing Credit (Including ₹ 4,552.14 Lacs in foreign currency) (The working capital loans / Packing Credit from Banks are secured against hypothecation of present and future stock in trade and Book Debts ) (The loans at 'A' to 'D' are further Guaranteed personally by the Promoter Directors.)	4,552.14	1,599.24
<b>TOTAL</b>	<b>52,671.23</b>	<b>38,198.61</b>

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<b>SCHEDULE "4"</b>		
<b>Unsecured Loans</b>		
From Banks	3,189.19	3,223.92
<b>TOTAL</b>	<b>3,189.19</b>	<b>3,223.92</b>

<b>SCHEDULE "5"</b>		
<b>Depreciation</b>		
Depreciation	1,938.40	1,736.44
Less : Included under other heads of Expenses		
Land Premium Written off	10.68	10.68
<b>TOTAL</b>	<b>1,927.72</b>	<b>1,725.76</b>

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

Fixed Assets		(Fabric Division)	WDV Method	(₹ in Lacs)									
Sr. No.	Description Of Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK					
		Cost As At 31 <sup>st</sup> March, 2010	Additions	Deletion / Adjustment	Cost As At 31 <sup>st</sup> March, 2011	Up To 31 <sup>st</sup> March, 2010	For The Year Ended	Deletion	Up To 31 <sup>st</sup> March, 2011	As On 31 <sup>st</sup> March, 2011	As On 31 <sup>st</sup> March, 2010		
1	Residential Building	25.50	1.27	-	26.77	-	-	-	-	26.77	25.50		
2	Office Building	291.83	-	-	291.83	13.03	-	44.20	44.20	247.62	260.66		
3	Plant & Machinery	141.53	-	-	141.53	0.46	-	138.68	138.68	2.85	3.32		
4	Factory Equipment	0.51	-	-	0.51	0.03	-	0.34	0.34	0.18	0.20		
5	Air Conditioner	6.10	1.65	-	7.75	0.37	-	5.00	5.00	2.75	1.47		
6	Furniture & Fixtures	59.41	4.82	-	64.22	2.67	-	49.59	49.59	14.63	12.48		
7	Motor Car & Bikes	158.41	10.78	5.44	163.75	31.07	4.34	65.78	65.78	97.97	119.36		
8	Office Equipment	12.70	3.71	-	16.41	0.56	-	10.73	10.73	5.68	2.53		
9	Electrical Installation	0.97	0.23	-	1.20	0.15	-	0.25	0.25	0.95	0.88		
10	Computer Accessories	18.14	4.17	-	22.31	2.07	-	16.79	16.79	5.52	3.42		
11	Intangible Assets	18.53	58.32	-	76.84	4.37	-	11.14	11.14	65.71	11.76		
<b>CURRENT YEAR TOTAL</b>		<b>733.63</b>	<b>84.94</b>	<b>5.44</b>	<b>813.13</b>	<b>292.05</b>	<b>4.34</b>	<b>342.49</b>	<b>342.49</b>	<b>470.64</b>	<b>441.58</b>		
<b>PREVIOUS YEAR TOTAL</b>		<b>623.72</b>	<b>115.27</b>	<b>5.36</b>	<b>733.63</b>	<b>28.72</b>	<b>3.07</b>	<b>292.05</b>	<b>292.05</b>	<b>441.58</b>	<b>357.33</b>		



# SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

Fixed Assets		(Process, Weaving, Shirting & Garment Divisions)				SLM		(₹ in Lacs)			
		GROSS BLOCK		DEPRECIATION		NET BLOCK					
Sr. No.	Description Of Asset	Cost As At 31 <sup>st</sup> March, 2010	Additions	Deletion / Adjustment	Cost As At 31 <sup>st</sup> March, 2011	Up To 31 <sup>st</sup> March, 2010	For The Year Ended	Deletion	Up To 31 <sup>st</sup> March, 2011	As On 31 <sup>st</sup> March, 2011	As On 31 <sup>st</sup> March, 2010
1	Lease Hold Land	1,006.63	-	-	1,006.63	48.89	10.68*	-	59.57	947.06	957.74
2	Land	1,595.51	120.00	951.05	764.46	-	-	-	-	764.46	1,595.51
3	Factory Building	8,929.17	3,159.47	-	12,088.64	834.59	309.23	-	1,143.81	10,944.83	8,094.58
4	Capital Expenditure on Rented Premises	21.26	-	-	21.26	21.26	-	-	21.26	-	-
5	Residential Staff Quarters	470.69	1.82	4.02	468.48	18.96	7.20	1.17	24.98	443.50	451.73
6	Plant & Machinery	28,405.46	9,220.23	404.72	37,220.97	4,154.13	1,451.50	127.29	5,478.34	31,742.63	24,251.33
7	Factory Equipments	13.65	1.98	-	15.63	4.24	0.92	-	5.16	10.47	9.40
8	Computers & Accessories	210.33	43.56	-	253.89	155.28	29.25	-	184.53	69.36	55.05
9	Intangible Assets	43.31	1.16	-	44.47	24.73	8.84	-	33.56	10.90	18.58
10	Office equipments	79.38	10.17	2.02	87.53	21.26	4.87	-	26.12	61.41	58.12
11	Air Conditioners	60.83	5.21	-	66.04	12.38	4.04	-	16.43	49.62	48.45
12	Motor cars & Bikes	99.97	115.09	18.10	196.97	24.42	13.84	6.63	31.63	165.34	75.55
13	Furniture & Fixtures	624.65	110.99	-	735.64	175.53	43.27	-	218.79	516.85	449.12
<b>CURRENT YEAR TOTAL</b>		41,560.84	12,789.68	1,379.91	52,970.62	5,495.67	1,883.61	135.09	7,244.19	45,726.43	36,065.18
<b>PREVIOUS YEAR TOTAL</b>		35,406.63	7,158.32	1,004.11	41,560.84	3,799.83	1,707.72	11.88	5,495.67	36,065.18	31,606.80

\* This is debited to land premium w/off and hence not included in depreciation

<b>CURRENT YEAR TOTAL</b>	42,294.48	12,874.62	1,385.35	53,783.75	5,787.72	1,938.40	139.44	7,586.68	46,197.07	36,506.76
Capital Work-in-Progress									3,555.47	
<b>PREVIOUS YEAR TOTAL</b>	36,030.36	7,273.60	1,009.48	42,294.48	4,066.23	1,736.44	14.95	5,787.72	36,506.76	31,964.13
Capital Work-in-Progress									277.13	

Notes : Addition in Land represents acquisition of Land at Baramati Hi Tech Textile Park. Land is acquired for the proposed Garment unit.

Deletion of Land represents extinguishment of right over land situated at Yashwanthpur, Bangalore. There is loss of ₹ 3.21 Lacs in the said deal.

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<b>SCHEDULE "6"</b>		
<b>Investment</b>		
<b>Current Investment</b>		
In Equity Shares- Quoted, Fully paid up		
10,00,000 Varun Industries Limited of ₹ 10 Each	1,835.00	-
In Equity Shares- Unquoted, Fully paid up		
120 Sangli Urban Co-op Bank Ltd of ₹ 1 Each	-	0.00
5,000 Asia Television Network Ltd of ₹ 1 Each	-	0.05
A	1,835.00	0.05
In Units of Mutual Fund-Quoted, Fully Paid up		
49,51,036 Kotak Credit Opp. Fund - Growth	500.08	-
2,25,414 HDFC MF Monthly Income Plan - Long Term - Growth	44.39	-
2,50,000 Baroda Pioneer PSU Equity Fund	22.45	-
B	566.92	-
<b>TOTAL(A+B)</b>	<b>2,401.92</b>	<b>0.05</b>
<b>Aggregate Value of</b>		
<i>Quoted Investment</i>		
Book Value	2,517.93	-
Market Value	2,418.44	-
<i>Unquoted Investment</i>		
Book Value	-	0.05
Market Value	-	-

Investment purchased and sold during the year	Face Value (₹)	Nos. (in Lacs)	Cost (₹ in Lacs)
Kotak Floater - LT - Growth	10	33.98	500.00
SBNPP Money Fund Super Inst. Growth	10	25.63	500.00
SBNPP Flexible Fund ST Inst - Growth	10	33.98	500.06
IDFC Saving Advantage Fund - Plan A Growth	1,000	0.77	1,000.00
HDFC HIF - S T P - Growth	10	26.93	500.00
Birla Sun Life Ultra Short Term Fund - Ins. Growth	10	45.38	500.00
Religare Liquid fund - Institutional Growth	10	39.51	500.00
Religare Credit Opportunities Fund - Institutional Growth	10	48.11	500.06
Templeton India Short Term Income Retia-Growth	1,000	0.27	500.00
ICICI Prudential Ultra Short Term plan Premium Plus - Growth	10	48.23	500.00
Reliance Liquid Fund - Treasury Plan - Institutional Growth	10	22.10	500.00
Reliance Monthly Interval Fund -Series II Institutional Growth	1,000	39.92	500.07

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

Investment purchased and sold during the year	Face Value (₹)	Nos. (in Lacs)	Cost (₹ in Lacs)
Reliance Money Manager-Inst(G)	10	0.40	502.30
Birla Sun Life Cash Plus - Institutional Growth	10	19.97	500.00
Birla Sun Life Floating Rate - Long term IP Growth	10	45.83	500.06
JM High Liquid Fund - Super Inst. Growth	10	34.40	500.00
JM High Liquid Fund - Super Inst. Growth	10	33.25	500.00
JM Money Manager Fund Regular Plan - Growth	10	39.31	500.07
Kotak Quarterly I P Series Growth	10	32.85	400.00
Kotak Quarterly I P Series Growth	10	8.21	100.00
Reliance Fixed Horizon Fund XV - Series -I	10	50.00	500.00
UTI Dynamic Bond Fund	10	20.00	200.00
UTI FIIF Monthly Interval Plan - I	10	24.60	300.00
JM Money Manager Fund Super Plan - Growth	10	38.01	500.08
SBI PSU Fund Growth	10	2.50	25.00
JM High Liquid Fund - Super Inst. Growth	10	34.24	500.00
ICICI Prudential Lique Super Institutional - Growth	100	3.52	500.00
Kotak Liquid Mutual Fund	10	40.89	500.00
Kotak Credit Opp(G)	10	49.51	500.08
HDFC MF Monthly Income Plan (Long Term Growth)	10	2.25	50.00
Baroda Pioneer Mutual Fund	10	2.50	25.00
Varun Industries Limited	10	14.77	2,751.16

Particulars	(₹ in Lacs)	
	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<b>SCHEDULE "7"</b>		
<b>Inventories</b>		
Finished Goods (Inclusive of Unsold Flats)	14,567.94	10,949.65
Raw Materials (Valued at Cost)	6,878.78	6,951.04
Store & Spares (Valued at Cost)	241.35	174.97
Work in Process (Valued at Cost)	5,218.84	299.25
<b>TOTAL</b>	<b>26,906.91</b>	<b>18,374.92</b>



## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	As At 31 <sup>st</sup> March, 2011	As At 31 <sup>st</sup> March, 2010
<b>SCHEDULE "8"</b>		
<b>Sundry Debtors</b>		
(Unsecured, considered Good)		
Sundry Debtors		
Outstanding for more than six months	152.07	182.96
less than six months	15,499.82	9,268.94
<b>TOTAL</b>	<b>15,651.89</b>	<b>9,451.90</b>

<b>SCHEDULE "9"</b>		
<b>Cash And Bank Balances</b>		
Cash in Hand	28.30	28.61
Balances with Scheduled Banks	1,697.86	116.04
Fixed Deposits With Bank	110.17	45.11
<b>TOTAL</b>	<b>1,836.32</b>	<b>189.77</b>

<b>SCHEDULE "10"</b>		
<b>Loans, Advances And Deposits</b>		
(Considered Good)		
Advances recoverable in cash or in kind or value to be received.	4,739.84	3,547.80
Deposits	2,248.36	2,172.96
<b>TOTAL</b>	<b>6,988.20</b>	<b>5,720.76</b>

<b>SCHEDULE "11"</b>		
<b>Current Liabilities</b>		
Sundry Creditors	3,589.60	2,036.25
Other Liabilities	2,090.08	2,024.94
<b>TOTAL</b>	<b>5,679.68</b>	<b>4,061.19</b>

<b>SCHEDULE "12"</b>		
<b>Provisions</b>		
Provision for Income Tax	102.28	444.69
Provision for Gratuity	142.43	1.20
Provision For Final Dividend & Distribution Tax	772.51	290.65
<b>TOTAL</b>	<b>1,017.21</b>	<b>736.54</b>

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	For Year Ended 31 <sup>st</sup> March, 2011	For Year Ended 31 <sup>st</sup> March, 2010
<b>SCHEDULE "13"</b>		
<b>Sales &amp; Processing Charges</b>		
1) Local Sales	67,348.59	48,952.76
2) Export Sales (Inclusive of Duty Drawback & other Export Entitlements)	15,220.18	12,262.42
3) Processing & Services Charges	1,334.06	1,438.67
	<b>83,902.83</b>	62,653.84
Less: Discount and Rebate	73.54	74.74
<b>TOTAL</b>	<b>83,829.28</b>	62,579.10

<b>SCHEDULE "14"</b>		
<b>Other Income</b>		
Profit /(Loss) on Sale of Assets	(213.09)	(14.98)
Foreign Exchange Fluctuation	363.76	(1735.25)
Profit on sale of Mutual Fund & Shares*	(109.31)	-
Miscellaneous Income	127.16	75.14
<b>TOTAL</b>	<b>168.53</b>	(1675.09)

\* Net of diminution in value of investment ₹ 116.01 Lacs

<b>SCHEDULE "15"</b>		
<b>Increase In Stock</b>		
Closing Stock	19,786.78	11,248.90
Less : Opening Stock	11,248.90	7,703.22
<b>TOTAL</b>	<b>8,537.88</b>	3,545.68

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	For Year Ended 31 <sup>st</sup> March, 2011	For Year Ended 31 <sup>st</sup> March, 2010
<b>SCHEDULE "16"</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	6,951.04	5,800.01
Add : Purchases		
Cloth	55,836.91	37,770.81
Yarn	7,283.86	5,039.74
Garments	14.80	3.06
Add : Custom Duty	-	0.69
Sample Purchases	54.20	58.50
Brokerage On Purchase	7.22	1.31
	<b>70,148.02</b>	<b>48,674.12</b>
Less: Closing Stock	6,878.78	6,951.04
Consumption of Raw Materials	63,269.24	41,723.07
Consumption of Auxilliary Materials	2,321.75	1,888.77
Packing Materials	409.50	351.94
<b>TOTAL</b>	<b>66,000.49</b>	<b>43,963.78</b>

<b>SCHEDULE "17"</b>		
<b>Operation And Other Expenses</b>		
Garment Stitching Charges	769.54	670.26
General Factory Expenses	83.98	68.83
Labour Charges	140.97	85.94
Power, Fuel and Water Charges	1,956.57	1,704.65
Processing Charges	1,113.26	562.21
Repair and Maintenance to Building	27.65	29.06
Repair and Maintenance to Machinery	260.58	223.42
Sample Processing Charges	141.79	77.52
Testing & Inspection Fees	66.09	49.67
Weaving & Spotting Charges	290.19	244.35
Miscellaneous Expenses	69.38	89.94
<b>TOTAL</b>	<b>4,920.00</b>	<b>3,805.85</b>

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

(₹ in Lacs)

Particulars	For Year Ended 31 <sup>st</sup> March, 2011	For Year Ended 31 <sup>st</sup> March, 2010
<b>SCHEDULE "18"</b>		
<b>Employment Cost</b>		
Salary & Wages (inclusive of Bonus, Gratuity & other Allowances)	3,606.86	3,039.13
Contribution to P.F, ESIC, etc.	321.20	263.94
Employee's Welfare and amenities	123.17	109.45
<b>TOTAL</b>	<b>4,051.21</b>	<b>3,412.52</b>

<b>SCHEDULE "19"</b>		
<b>Administrative, Sales And Other Expenses</b>		
Auditor's Remuneration	8.82	8.82
Bank Charges & Commission	239.87	122.86
Commission on Sales	183.46	211.81
Communication Expenses	54.18	54.38
Courier Charges	93.57	91.21
Director's Remuneration & Sitting Fees	292.70	291.70
Donations	16.41	4.66
Electricity Charges	28.23	28.76
Freight / Transportation (Net)	584.35	440.74
General Office Expenses	74.39	71.43
Insurance (Net)	36.05	49.34
Land Premium W/off	10.68	10.68
Legal & Licence Fees	27.53	24.67
Printing & Stationary Charges	32.45	34.77
Repair & maintenance	27.96	19.27
Professional Fees	216.89	187.26
Rent, Rates & Taxes	298.84	275.80
Sales Promotion Expenses	47.44	36.35
Travelling Expenses	134.00	107.72
Watch & Ward Exp.	61.89	68.85
Miscellaneous Expenses	187.47	97.58
<b>TOTAL</b>	<b>2,657.15</b>	<b>2,238.65</b>

<b>SCHEDULE "20"</b>		
<b>Interest</b>		
To Banks/Financial Institutions for Term Loans (Net of interest subsidy under TUF scheme)	2,080.73	1,791.20
To Banks for Working Capital	1,204.72	880.74
To Others	-	0.01
	<b>3,285.45</b>	<b>2,671.95</b>
Less : Interest Received	246.22	28.83
<b>TOTAL</b>	<b>3,039.23</b>	<b>2,643.12</b>



# SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

## SCHEDULE "21"

### NOTES TO ACCOUNT

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. Basis Of Accounting

The financial statements are prepared as a going concern under historical cost convention on an accrual basis except, those with significant uncertainty and in accordance with the Companies Act, 1956. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles, reasonable estimates and assumptions and prudent commercial practices.

##### B. Fixed Assets

- a. The Gross Block of Fixed asset is recorded at cost, which includes duties and other identifiable direct expenses up to the date of commissioning of the assets and wherever applicable is net of credits available under CENVAT and VAT schemes and 10 % capital subsidy granted by the Central Government on processing and garmenting machinery.
- b. Incidental expenditure including interest on loans during construction period is capitalised up to the date of attainment of commercial production.
- c. Profit/ Loss on the sale of fixed assets is accounted for in the Profit and Loss Account and credited/debited respectively to Profit and Loss Account.

##### C. INTANGIBLE ASSETS

- a. Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortised over a period of five years. Amortisation is done on straight line basis.

##### D. DEPRECIATION

- a. Depreciation on Fixed Assets is charged as follows :
  - i) Premium on leasehold land is amortised in equal installments over the period of the lease.
  - ii) Capital expenditure on rented premises is amortised at the depreciation rate applicable to factory building under the Companies Act, 1956.
  - ii) Dyeing, Weaving, Shirting, Garment & Export Divisions – on Straight Line Method.
  - iii) Fabric Division – on Written Down value Method.
- b. On additions to the fixed assets made during the year, depreciation is provided on pro-rata basis, with reference to the date of addition.
- c. On deletion or sale of assets, no depreciation is provided.

##### E. BORROWING COST

Interest and other cost in connection with the borrowing of funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and all other borrowings cost are charged to revenue.

##### F. INVESTMENTS

Long term investments are valued at cost. Any decline other than temporary, in the value of long term investments is adjusted in the carrying value of such investments.

Current Investment are carried at Cost or Fair Market Value whichever is lower.

# SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

## G. INVENTORIES

- a. Finished goods are valued at cost or market value which ever is lower. The cost of finished goods is arrived after deducting estimated margin from the selling price of the goods.
- b. Work in progress valued at cost .Cost comprises all cost of materials, cost of conversion and any other cost incurred in the production process.
- c. Raw materials for weaving, shirting and fabric division is valued at cost following specific identification method. The stock of auxiliary material for process division is valued at landed cost on FIFO basis. The stock of Raw materials and auxiliary material for export division is valued at standard cost with appropriate application of variances to the stock of raw materials. The damaged, unserviceable and inert raw materials are valued at net realisable value.
- d. Stores and Spares and sample fabric purchases, are charged to Profit and Profit account in the year of purchase.
- e. Stock of unsold flats is valued at cost.

## H. SALES AND PURCHASES

- a. Sales include sale of raw materials, semi-finished goods and finished goods. Sales also include Processing charges, Garment Stitching charges, Sample charges, Duty Drawback received and Export entitlement received.
- b. Value Added Tax (VAT) collected is shown as liability and netted off against VAT refund.
- c. Sales and purchases are accounted net of cash discount, returns, rebate, etc.
- d. Purchases also include custom duty paid on raw material imports.
- e. Export sales are accounted on CIF value or FOB value basis depending on the terms of sale.
- f. Export sales of samples are accounted on realisation basis.
- g. Export Incentives like DEPB license or Duty Drawback available on exports are recognised on accrual basis in the year of exports.

## I. EXPENSES

All material known liabilities are provided for on the basis of available information/ estimates.

## J. FOREIGN CURRENCY TRANSACTION

- a. Export sales are recorded at the exchange rate prevailing on the date of the transaction. Purchases & other expenditure in foreign currencies is accounted at the exchange rate prevailing on the date the transactions are recorded in the books of the Company.
- b. Monetary items denominated in foreign currency are restated at the exchange rate prevailing at the year-end and the overall net gain / loss is adjusted to the Profit and Loss account.
- c. Premium receivable / payable on forward contracts is shown as Current Assets / Liabilities. Premium income / expense is amortised over the period of contract and the unamortised premium is shown under Current Liabilities / Assets.
- d. Paris office transactions are accounted at the exchange rate prevailing at the time of payment.

## K. CAPITAL ISSUE EXPENSES

'Miscellaneous Expenditure' representing share issue expenses amounting to ₹ 8,20,77,682/- adjusted against the Securities Premium Account. (Previous Year ₹ 2,67,99,077/-)

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

### L. EMPLOYEE BENEFITS

#### a. *Defined Contribution Plan*

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

#### b. *Defined Benefit Plan*

Company's Liabilities towards defined benefit scheme is determined using the project unit credit method. Actuarial valuation under projected unit credit method is carried out at balance sheet date. Actuarial gains/losses are recognised in Profit and Loss Account in the period of occurrence of such gains & losses. Gratuity scheme for certain class of employees is administered through trust and the trust funds are managed under the employee gratuity scheme of LIC.

c. Company does not have any policy for Leave Encashment or any other pension plans/schemes. All the unused leaves outstanding as on 31<sup>st</sup> March gets lapsed and does not get accumulated.

### M. OPERATIONAL LEASE:

Operational lease payments are recognised as an expense in Profit and Loss accounts on accrual basis. Lease payments relating to project under development are capitalised to respective projects.

### N. INCOME TAX

a. Current Tax : Provision is made for Income tax under the tax payable method based on the liability as computed after taking credit for allowances and exemptions. Current Tax provided for the year is also net of MAT Credit available under the I.T Act.

b. Deferred Tax : Consequent to the Accounting Standard 22- Accounting for Taxes on Income becoming mandatory effective from 1<sup>st</sup> April, 2002, the differences that result between the profit offered for income tax and the profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted regulations.

### O. GOVERNMENT GRANTS

Grants in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFs) and capital subsidy on processing and garmenting machinery are accounted for when it is reasonably certain that ultimate collection will be made.

### P. IMPAIRMENT OF ASSETS

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine,

a) The provision for impairment loss, if any required or,

b) The reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined,

a) In the case of an individual asset, at the higher of the net selling price and the value in use.

b) In the case of a cash-generating unit, (a group of assets that generates identified independent cash flows), at the higher of the cash generating unit's selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

# SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

## Q. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities are not recognised, but disclosed in the case of,

- a) A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) A possible obligation, when the probability of outflow of resources is reasonably certain.

Contingent Assets are neither recognised, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance sheet date.

## GENERAL NOTES TO ACCOUNTS

### 2. Contingent Liabilities not provided for in respect of:

- a) Export invoices backed by letter of credit purchased by the bank amounting to ₹ 316.91 Lacs. (Previous year ₹ 670.51 Lacs).
- b) Sales invoices Discounted with the bank amounting to ₹ 88.36 Lacs. (Previous Year ₹ 48.64 Lacs)
- c) Claim against the Company not acknowledged as debts in respect of Income Tax demand amounting to ₹ 119.13 Lacs (Interest thereon not ascertainable at present.)
- d) Claim against the Company not acknowledged as debts in respect of Central Excise dues amounting to ₹ 290.58 Lacs. (Interest thereon not ascertainable at present.)
- e) Bank guarantee given to Sales Tax, MSEB & Custom Department of ₹ 516.09 Lacs.

### 3. CAPITAL COMMITMENTS:

The estimated amount of contracts remaining to be executed on capital account to the extent not provided for ₹ 1,479.17 Lacs. (Previous year ₹ 200.21 Lacs)

### 4. DISCLOSURES PURSUANT TO ACCOUNTING STANDARD -15 "EMPLOYEE BENEFITS"

Consequent to the adoption of Accounting Standard on Employee Benefits (AS-15) (Revised 2005) issued by the institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard:

#### A) Defined Contribution Plans

The Company has recognised the following amounts in the Profit and Loss Account for Defined Contribution plans:

Particulars	₹ in Lacs
Provident Fund	248.83

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

#### B) State Plans

The Company has recognised the following amounts in the Profit and Loss account for contribution to state plans:

Particulars	₹ in Lacs
Employee's State Insurance	71.36

#### C) Defined Benefit Plans

Contribution to Gratuity Funds:

During the year under review company has made provision for gratuity plan for all its eligible employees based on actuarial valuation certified by the actuary. Company has already framed Gratuity scheme through trust fund managed by LIC for certain class of employees and for other employees provision has been made in the books and fund for the same shall be set up in due course of time.



## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

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

Particulars	31 <sup>st</sup> March, 2011			31 <sup>st</sup> March, 2010
	Funded	Unfunded	Total	(₹ in Lacs)
<b>COMPONENTS OF EMPLOYER EXPENSES</b>				
1) Current Service Cost	4.41	47.05	51.46	3.53
2) Interest Cost	2.18	-	2.18	1.45
3) Expected Return on Plan Assets	(2.89)	-	(2.89)	(2.00)
4) Net Actuarial (Gain)/Loss	8.57	93.16	101.73	4.62
5) Total expense/(Gain) recognised in the Profit and Loss Account	12.28	140.21	152.49	7.60
<b>Net Assets/Liability recognised in Balance Sheet</b>				
1) Present Value of Defined benefit obligation	(41.10)	(140.20)	(181.30)	(27.30)
2) Fair Value of plan assets	38.88	-	38.88	26.10
3) Assets/(Liability) recognised in Balance Sheet.	(2.22)	(140.20)	(142.42)	(1.20)
<b>Change in Present Value of the Defined Benefit Obligation</b>				
1) Opening Present Value of obligation	27.30	-	27.30	18.25
2) Interest Cost	2.18	-	2.18	1.45
3) Current Service Cost	4.41	47.05	51.46	3.53
4) Benefits Paid	(1.37)	-	(1.37)	(0.55)
5) Actuarial (Gain)/Loss	8.57	93.16	101.73	4.62
6) Closing Present Value of obligation.	41.10	140.21	181.31	27.30
<b>Change in the fair value of plan Assets</b>				
1) Opening Value of plan assets	26.10	-	26.10	19.01
2) Expected return on plan Assets	2.89	-	2.89	2.00
3) Actual Company Contribution	11.26	-	11.26	5.64
4) Benefits Paid	(1.37)	-	(1.37)	(0.55)
5) Closing Fair Value of plan assets	38.88	-	38.88	26.10
<b>Actuarial Assumption</b>				
Discount rate (per annum)	8.00%	8.50%		8%
Expected rate of return on assets (per annum)	8.00%	8.50%		8%
Salary escalation rate*	5.00%	5.00%		4%
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate		LIC (1994-96) Ultimate
Withdrawal Rate	1%-3% depending on age	1%-5% depending on age		1%-3% depending on age

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

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

### 5. SUNDRY DEBTORS:

Sundry Debtors include Nil (Previous year ₹ NIL) due from firms and companies under the same management.

- Balance of Debtors, Creditors and Loans and Advances have been taken as per books, and are subject to confirmation and reconciliation from respective parties.
- The quantum of dues to Small Scale Industrial Undertakings, to whom the Company owes a sum exceeding ₹ 1 Lac which is outstanding for more than 30 days as at the Balance Sheet date is NOT DETERMINED.

### 8. LAND LEASE PREMIUM

The details of land lease premium written off as given below,

Sr No.	Location At Tarapur	Total Land Premium (₹)	Period of Lease (Years)	Yearly Premium (₹)	Premium Written off (₹)
1	E-33	25,10,173	80	35,056	35,056
2	C-3	6,99,93,674	95	7,36,776	7,36,776
3	E-25	63,44,350	85	75,353	75,353
4	C-2	2,18,14,470	99	2,20,411	2,20,411
<b>TOTAL</b>				<b>10,67,596</b>	<b>10,67,596</b>

### 8A. CAPITAL WORK IN PROGRESS:

Capital WIP includes expenditure incurred for setting up new Project as Below. The details of the amount incurred for the Year Ended 31<sup>st</sup> March, 2011 are as under.

		(₹ in Lacs)			
Particulars	Garment Unit Tarapur & Baramati	Mandhana Shirting Div.	Mandhana Retail Venture	TOTAL	
	OPENING BALANCE	277.13	NIL	NIL	277.13
Add:	Exp. Incurred During the year				
	Factory Building	2,839.94*	2,551.33		5391.20
	Machinery Purchase	4.66	5633.76		5,668.42
	Freight & Transportation	34.83	40.06		74.89
	Interest paid on Bank Term Loan	37.90	208.00		245.90
	Professional Advice Fee	18.03		0.12	18.15
	Bank Charges	157.19	22.75		179.94
	Legal & License Fee	16.51		150.00**	166.51
	Excise Duty	10.83			10.83
	Other General Exp	8.32			8.32
	<b>Total Addition</b>	<b>3,128.21</b>	<b>8,485.90</b>	<b>150.12</b>	<b>11,764.23</b>
Less:	***Transferred to Fixed Assets				
	Factory Building		2,679.83		2,679.83
	Machinery		5,806.07		5,806.07
	<b>Total Transfer</b>		<b>8,485.90</b>		<b>8,485.90</b>
	CLOSING BALANCE	3,405.34	-	150.12	3,555.46

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

*Capital Work in Progress includes:*

\* ₹ 1,100.00 Lacs on account of advance against capital expenditure

\*\* ₹ 150.00 Lacs paid to Being Human –The Salman Khan Foundation towards License fees as per Mutual Agreement, since project has not been operational as on the year end, the license fees is disclosed under Capital work in Progress.

\*\*\* ₹ 8,485.90 Lacs has been capitalised to Shirting Division. During the year under review Company has doubled its weaving capacity. Project has been funded partially from IPO proceeds and partially from Bank Borrowings.

### 8B. Disclosure in respect of derivative instruments outstanding:

(Figures in Lacs)

Sr. No.	Particulars	Currency	Forward Amount	Type of Contract
1	Against Imports	NIL	NIL	NIL
2	Against Exports	USD /INR	80.00	Sale
		EUR/USD	17.50	Sale
		EUR/INR	7.50	Sale

All derivative and financial instruments acquired by the Company are for hedging purpose only.

The year end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below:

Amount Payable in foreign currency on account of the following

(Figures in Lacs)

Particulars	Rupees	Amount in Foreign Currency	Foreign Currency
Secured Loans	2,706.38	60.68	USD
	2,737.46	43.16	EURO
Outstanding Capital Commitment (Import LC)	110.25	2.45	USD
	1,247.56	20.12	EURO

Note:- Above details compiled by the Management and relied upon by the Auditors.

### 9 Advances includes the following:

(₹ in Lacs)

Particulars	FY 2010-11	FY 2009-10
Advances to suppliers	1,258.16	391.26
Advance against salary	6.59	10.46
Bank Margin Account	88.64	25.34
Export Entitlement Receivable	112.44	11.21
TUF Interest Claim Receivable	1,347.32	1,033.99
Duty Drawback Receivable	215.21	231.49
Capital Subsidy Receivable	901.63	892.63
Income Tax Refund Receivable	38.25	38.25
Interest subsidy Receivable	-	42.40
Prepaid Expenses	100.93	55.31
Sale Tax / VAT Refund Receivable	190.91	280.42
Service Tax Receivable	51.50	-
Forward Contract Premium and FOREX Profit Receivable on Forward Contract	422.41	302.93
Other Receivable	5.86	4.42
MAT Credit Receivable	-	227.69

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

### 10. Deposits include the following Deposits:

		(₹ in Lacs)	
Particulars	FY 2010-11	FY 2009-10	
a) <i>with directors and their relatives against rented premises:</i>			
Biharilal Mandhana	303.00	303.00	
Manish B. Mandhana	541.00	541.00	
Purshottam C. Mandhana	809.00	809.00	
Priyavrat P. Mandhana	121.00	121.00	
Prema P. Mandhana	227.00	226.00	
Sangeeta M. Mandhana	1.00	-	
b) <i>with statutory bodies:</i>			
MSEB	1.08	1.08	
BEST	7.08	7.08	
Bombay Stock Exchange	53.95	-	
MIDC	10.04	-	
c) <i>with Others:</i>			
Deposits for Bangalore factory	137.11	136.14	
Deposit against Paris Office	8.14	7.77	
Deposits against other premises	18.25	7.20	
Sundry deposits	10.70	13.69	

### 11. EARNING PER SHARE :- ("EPS") computed in accordance with Accounting Standard 20:

Particulars	FY 2010-11	FY 2009-10
Net Profit After Tax available for Equity Shareholders (₹ in Lacs) (a)	6,675.41	4,340.08
Weighted Average Number Of Equity Shares Outstanding (in Lacs) (b)	321.92	238.29
Annualised Basic Earning Per Share (Face Value ₹ 10/- per share) (a/b)	20.74	18.21
Weighted Average No. of Diluted Shares Outstanding (in Lacs) (c)	321.92	238.29
Annualised Diluted Earning per share (Face Value ₹ 10/- per share) (a/c)	20.74	18.21

### 12. DEFERRED TAX:

(A) *The Components of Deferred Tax Liability (Net) as on 31<sup>st</sup> March, 2011 is as Follows:*

(₹ In Lacs)			
Particulars	Deferred Tax Liability/ (Asset) as at 01.04.2010	Current Year charge/(credit)	Deferred tax Liability/(Asset) as at 31.03.2011
Deferred Tax Liabilities:			
Difference between book and tax Depreciation	5,006.00	815.60	5,821.60
Deferred Tax Asset			
Interest on acquisition of Land disallowed U\S 36(1)(iii) of Income Tax Act	(38.61)	38.61	0.00
Adjustment on account of transitional provisions of AS-15	(0.41)	(46.90)	(47.31)
<b>TOTAL</b>	<b>4,966.98</b>	<b>807.31</b>	<b>5774.29</b>



## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

### 13. RELATED PARTY INFORMATION:-

#### 1. Relationship :-

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

#### 2. Transactions with related parties : (₹ in Lacs)

Particulars	Referred in 1(a) Above	Referred in 1(b) Above
Purchases :		
Fabrics & Aux. Material		912.51
Sales :		
Fabrics & processing chgs.		421.45
Expenses :		
Directors Remuneration & Perquisites	291.24	
Rent To Directors & Relatives of Directors	33.50	
Deposits against premises:	2,002.00	
Outstanding :		
Payables	-	-
Receivables	8.08	-

Note:- Above details compiled by the Management and relied upon by the Auditor

### 14. MANAGERIAL REMUNERATION :

Remuneration to Managing Director / Executive Directors

Particulars	(₹ in Lacs)	
	FY 2010-11	FY 2009-10
Salaries	288.00	288.00
Contribution to Provident Fund	3.24	3.24
	<b>291.24</b>	<b>291.24</b>

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

*Computation of Net Profit in Accordance with Section 349 of the Companies Act, 1956*

Particulars	(₹ in Lacs)	
	FY 2010-11	FY 2009-10
Profit before Taxation	9,939.88	6,660.00
Add: Depreciation as per Accounts	1,927.72	1,725.76
Loss on Sale/ discarding of Fixed Assets	220.04	14.98
Managerial Remuneration	291.24	291.24
Less: Depreciation as per Sec 350 of Companies Act, 1956	1,927.72	1,725.76
Profit on Sale of Fixed Assets	6.95	0.00
Net Profit For the Year	10,444.21	6,966.22
Remuneration Restricted to (10% of Net Profit)	1,044.42	696.62

15. Segmental reporting for the year ended on 31<sup>st</sup> March, 2011 is as under.

(A) On the basis of Business Segments –

Particulars	(₹ in Lacs)		
	Textiles	Garment	Total
External Revenues	69,245.15	13,397.08	82,642.23
Internal Segment Revenues	3,081.61		3,081.61
Other Allocable Income	14.23	1,172.82	1,187.05
<b>Total Revenues</b>	<b>72,340.99</b>	<b>14,569.90</b>	<b>86,910.89</b>
Less: Elimination	3,081.61	-	3,081.61
<b>Net Revenue</b>	<b>69,259.38</b>	<b>14,569.90</b>	<b>83,829.28</b>
<b>Segment Result</b>	<b>9,305.80</b>	<b>3,504.79</b>	<b>12,810.59</b>
Other Non-Allocable Income / (Exps)			
Other Income			168.53
Interest Cost			3,039.23
Provision For Taxes			3,246.46
<b>Net Profit</b>			<b>6,675.41</b>
Other Information			
Segment Assets	74,680.53	26,404.90	1,01,085.43
Unallocable Corporate Assets			2,452.35
<b>Total Assets</b>			<b>1,03,537.78</b>
Segment Liabilities	48,797.73	12,741.87	61,539.60
Unallocable Liabilities			6,019.49
<b>Total Liabilities</b>			<b>67,559.09</b>
Capital Expenditure			
Segment Capital Expenditure	12,459.68	414.94	12,874.62
Unallocated Capital Expenses			-
<b>Total Capital Exp.</b>			<b>12,874.62</b>
Depreciation & Amortisation			
Segment Dep. & Amort.	1,641.38	297.02	1,938.40
Unallocated Dep. & Amort.			-
<b>Total Depreciation &amp; Amortisation</b>			<b>1,938.40</b>

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

B) On the basis of Geographical Segments -

(₹ in Lacs)			
Particulars	Domestic	Exports	Total
Segment Revenues	68,627.61	15,201.67	83,829.28
Internal Segment Revenues	3,081.61		3,081.61
<b>Total Revenues</b>	<b>71,709.22</b>	<b>15,201.67</b>	<b>86,910.89</b>
Less : Elimination	3,081.61		3,081.61
<b>Net Revenues</b>	<b>68,627.61</b>	<b>15,201.67</b>	<b>83,829.28</b>
<b>Segment Result</b>	<b>9,105.51</b>	<b>3,705.08</b>	<b>12,810.59</b>
Carrying Cost Of Segment Assets	75,029.48	26,055.95	1,01,085.43
Addition To Fixed Assets	12,459.86	414.76	12,874.62

(C) Other Disclosures -

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS – 17) taking into account the organization structure as well as the differential risks and returns of these segments.
2. The Company has disclosed Business Segment as the primary segment.
3. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

Note: - Above details compiled by the Management and relied upon by the Auditors

16 . The Initial Public offer (IPO) Proceeds have been utilised as per objects of the issue as stated in the prospectus as under:

(₹ in Lacs)			
Sr. No.	Objects of Issue	Estimated Cost as per prospectus*	Utilisation of Issue proceeds
1	Setting up of garment manufacturing facility at MIDC, Tarapur Maharashtra	6,909.40	2,721.04
2	Expansion of Yarn Dyeing and Weaving Facility at C-2, MIDC, Tarapur, Boisar, Taluka Palghar, Thane in Maharashtra state.	10,279.46	5,233.79
3	Margin Money for Working Capital	3,550.00	201.36
4	Issue Related Expenses	1,072.56	1,072.56
	<b>TOTAL</b>	<b>21,811.42</b>	<b>9,228.75</b>
Add :	Unutilised Issue Proceeds parked in -		
	- Mutual Funds		575.80
	- Cash credit accounts held with Banks		985.45
	<b>TOTAL ISSUE PROCEEDS</b>		<b>10,790.00</b>

\* The Total Cost of objects are proposed to be met through following means of finance.

Issue Proceeds	10,790.00
Term Loans under TUFs from Banks	10,380.00
Internal Accruals	641.42
<b>TOTAL</b>	<b>21,811.42</b>

## SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

### 17. INFORMATION PERSUANT TO PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

Particulars	(₹ in Lacs)	
	FY 2010-11	FY 2009-10
<b>CIF Value of Import:-</b>		
Capital Goods	7,004.95	3,377.40
Auxiliary Material	346.08	276.61
<b>Expenses in Foreign Exchange :-</b>		
On Commission on Sales, Traveling, Trade, Fair etc.	290.97	227.00
<b>Earning in Foreign Exchange:-</b>		
Export of Goods	14,033.13	11,110.21

Note: - Above details compiled by the Management and relied upon by the Auditors

### 18. OPERATING LEASE

The Company has entered in to non-cancelable operating lease. The tenure of such agreements ranges from thirty three month to one hundred twenty months. There are no purchase option in these agreements. Lease agreements provide the option to Company to renew the lease period at the end of lease.

Particulars	TOTAL MINIMUM LEASE PAYMENTS OUTSTANDING	
	FY 2010-11	FY 2009-10
DUE		
Not later than one year	251.87	247.79
Later than one year and not later than five year'	433.90	518.89
later than five year	NIL	74.00
<b>TOTAL</b>	<b>685.77</b>	<b>840.68</b>
Operating lease rentals debited to Profit and Profit accounts (net)	283.26	254.92
Operating lease capitalised to Fixed Assets	NIL	NIL

### 19. QUANTITATIVE DETAILS:

CAPACITIES AND PRODUCTION:					
Product	Unit (in '000)	Installed Capacity		Actual Production	
		FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10
Yarn Dyeing	Kgs.	3,000.00	3,000.00	2,586.90	2,446.23
Grey Cloth	Mtrs.	36,000.00***	18,000.00	14,867.37***	14,509.55
Finished Cloth (Fabric Processing)	Mtrs.	51,600.00	51,600.00	28,915.39**	20,732.39**
Garment	Nos.	3,600.00	3,600.00	3,304.12*	3,065.68*

\* Actual Production Includes in-house production and production by job workers.

\*\* Fabric Processing Includes In-house Processing and Process on Job Works

\*\*\* Installed capacity includes capacities enhancement at Mandhana shirting division (MWS) Tarapur. Actual production is for 10 days only.

### 20. AUDITOR'S REMUNERATION INCLUDES:

Particulars	(₹ in Lacs)	
	FY 2010-11	FY 2009-10
Statutory Audit Fees	6.60	6.60
Tax Audit Fees	2.20	2.20
	<b>8.80</b>	<b>8.80</b>

21. Previous year figures have been regrouped and rearranged wherever found necessary to make them comparable with the figures of the current year. Figures in Italics are in respect of the previous year. Figures have been rounded off to the nearest Rupee.



# SCHEDULES

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

**STOCKS & TURNOVER:**

Particulars (Unit) (in Lacs)	Opening Stock		Production/Purchase		Consumption		Turnover (net of sales returns)		Closing Stock								
	As at 1 <sup>st</sup> April, 2010	As at 1 <sup>st</sup> April, 2009	FY 2010-11	FY 2010-11	FY 2010-11	FY 2010-11	FY 2009-10	FY 2009-10	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010							
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value							
Yarn	Kgs.	4.39	800.21	2.65	288.56	38.26	42.95	28.97	37.65	8.85	1,421.54	3.55	132.31	4.83	1,216.42	4.39	800.21
Grey Fabric	Mtrs.	51.16	2,821.82	63.65	3,450.76	402.24	328.02	160.42	147.74	197.73	15,150.09	192.77	11,379.14	95.25	6,197.32	51.16	2,821.82
Garment	Nos.	8.28	2,110.04	7.95	2,041.99	33.18	30.67	-	-	32.54	13,394.79	30.35	11,787.45	8.92	2,610.56	8.28	2,110.04
Finished Fabric	Mtrs.	131.75	12,358.70	83.52	7,446.68	500.83	541.18	61.94	51.91	423.27	60,640.77	441.03	43,135.78	147.37	16,554.08	131.75	12,358.70
<b>Total</b>		195.59	18,090.77	157.78	13,228.00	974.50	942.82	251.32	237.31	662.40	90,607.18	667.71	66,434.69	256.37	26,578.38	195.59	18,090.77

NOTE : (1) The purchase & sales of fabric shown above are inclusive of interdivision transactions. The Details of interdivision transactions of fabric are as follows:

Particular	Quantity	Value
Grey Fabric	120.13	7,835.81
Finished Fabric	14.60	1,389.65

(2) The above details are compiled by the management and relied upon by the auditor.

SIGNATORIES TO SCHEDULE 1 TO 21

VISHAL H. SHAH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN -116422W

VISHAL H. SHAH  
PROPRIETOR  
Membership No:101231

PLACE : MUMBAI  
DATE : 24<sup>th</sup> May, 2011

For MANDHANA INDUSTRIES LIMITED

Purushottam C. Mandhana  
Chairman & Managing Director

Manish B. Mandhana  
Joint Managing Director

Biharilal C. Mandhana  
Director

Vinay Sampat  
Company Secretary

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

INFORMATION PERSUANT TO PART III OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

<b>1. Registration Details</b>		
Registration No.	L17120MH1984PLC033553	
State Code	11	
Balance Sheet Date	31.03.2011	
<b>2. Capital raised during the year</b>	₹ in Lacs	
Public Issue (Inclusive of Premium)	10,790.00	
Right Issue	Nil	
Bonus Issue	Nil	
Share Application	Nil	
Private Placement	Nil	
<b>3. Position of Mobilisation and Deployment of Funds</b>	₹ in Lacs	
Total Liabilities	96,840.89	
Total Assets	96,840.89	
<b>Sources of Funds</b>		
Paid-up Capital	3,312.39	
Reserves and Surplus	31,893.79	
Secured Loans	52,671.23	
Unsecured Loans	3,189.19	
Deferred Tax Liability	5,774.29	
<b>Application of Funds</b>		
Net Fixed Assets	49,752.54	
Investment	2,401.92	
Net Current Assets	44,686.43	
Misc. Expenditure	-	
Accumulated Losses	NIL	
<b>4. Performance of the Company</b>		
Turnover	83,997.81	
Total Expenditure	74,057.93	
Profit Before Tax	9,939.88	
Profit After Tax	6,675.41	
Earnings Per Share (Diluted)	20.74	
Dividend Rate (%)	20%	
<b>5. Generic Names of Principle Products, Services of the Company.</b>		
Item Code No. (ITC code)		
5208	Woven fabric of Cotton	
5211	Woven fabric of Cotton mixed mainly or solely with man made fibres	
6205	Men's or Boy's Shirt	
6206	Women's or girl's blouses, shirts and shirt-blouses	

## Signatories to Schedule 1 to 21

As per our report of even date attached

For **MANDHANA INDUSTRIES LIMITED**

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

**Biharilal C. Mandhana**  
Director

PLACE: MUMBAI

**Manish B. Mandhana**  
Joint Managing Director

**Vinay Sampat**  
Company Secretary

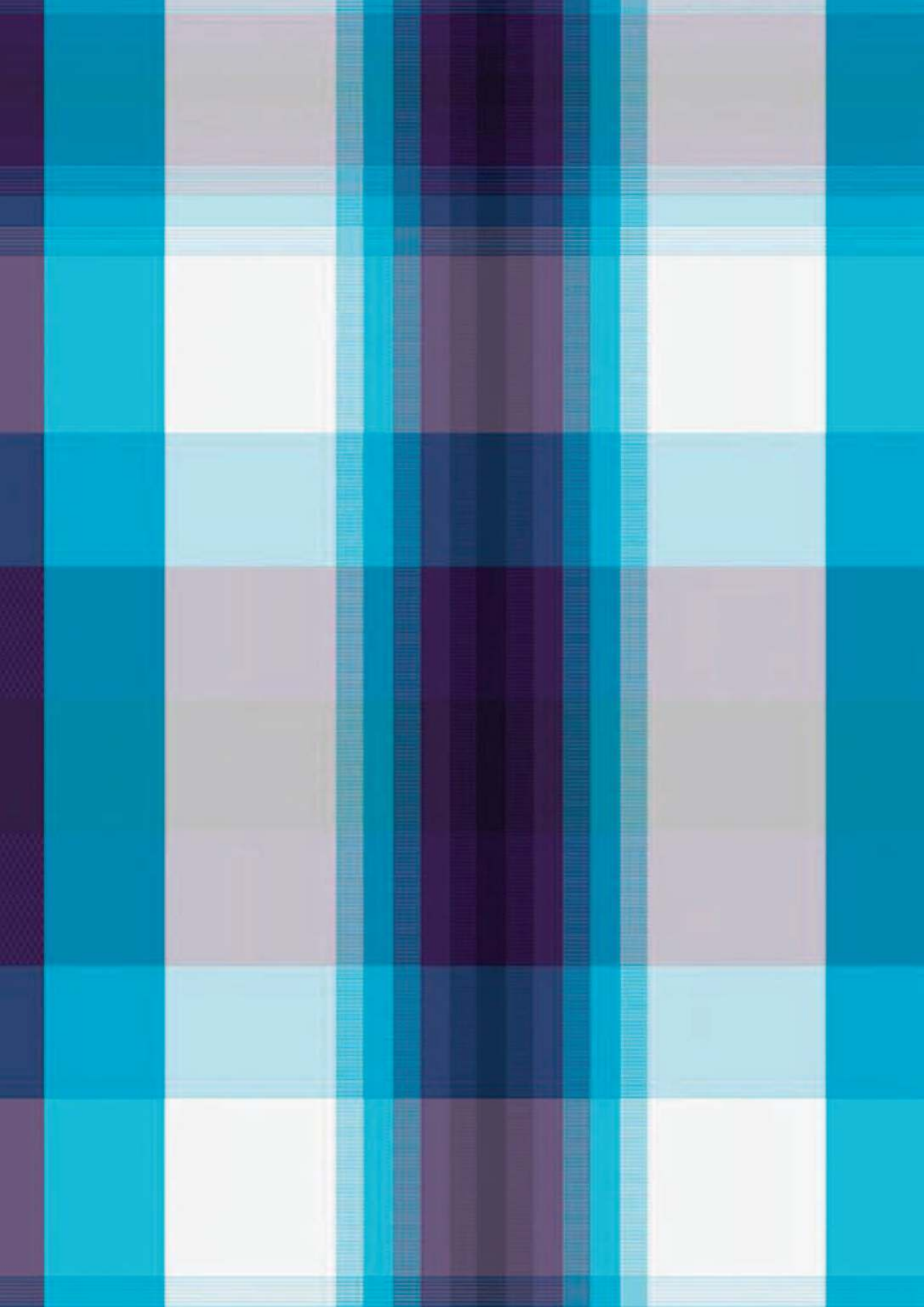
DATE: 24<sup>th</sup> May, 2011

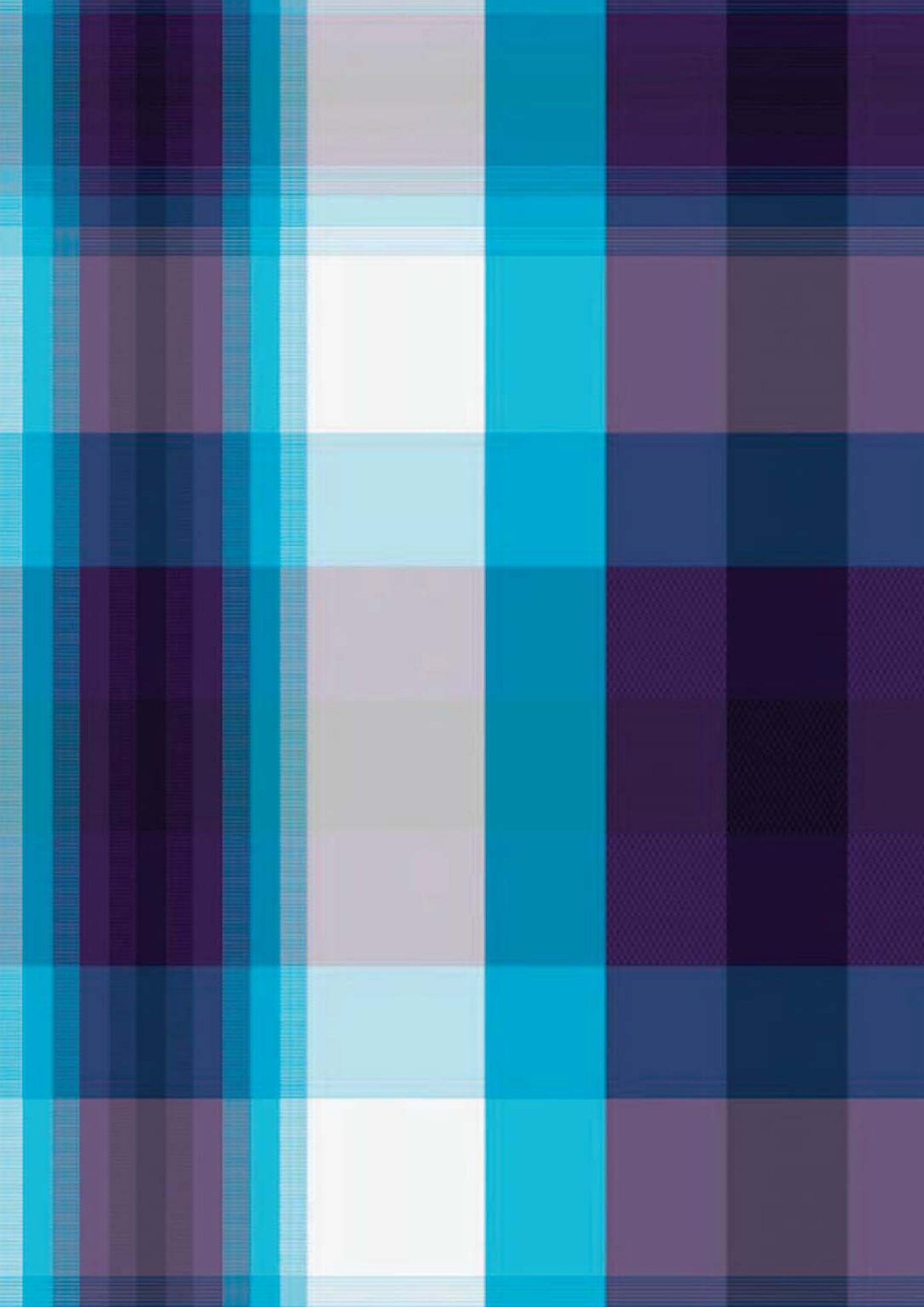














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INTERNATIONAL COMMUNICATIONS

