MANDHANA

a whirlpool of ideas!

Mandhana Industries Ltd.

DOING GOOD

28th Annual Report

2011-12

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.

Contents

Company overview

Measuring progress	02
Doing good... building each step	04
Divisions	05
Creditable performance... year on year	06
Doing good... by doing well	08
Leveraging on a diversified presence	10
Diversified customer base	12

Strategic review

Chairman & Managing Director's message	14
'Being Human'	16
The art of doing good...	22
Doing good... expanding capacities	24
Being quality conscious	26
Creating value for employees	27
Social accountability	27
Board of Directors	28
Corporate information	30

Board and Management reports

Management Discussion and Analysis	33
Directors' Report to the Members	39
Corporate Governance Report	45

Financial statements 62

Doing Good

A simple gesture. A miniscule effort. And there emerges the strength to empower lives and make a humane difference to the less fortunate.

Mandhana Industries Limited (MIL) is doing good. We are a textile and apparel Company, with a strong presence in 25 countries. Thriving, prospering and burgeoning. We have established a strong presence across the value chain – from back-ended yarn to front-ended retail.

By doing good, MIL is transforming lives and making the world a better place to live in. We are one of India's premier textile and garment manufacturing companies having a well-diversified client base.

Doing good does feel good too. The Company has earned an exclusive global license over the 'Being Human' apparel range. By doing good, MIL is carving a niche and integrating its operations– right from manufacturing to distribution to retailing. Even when we continue doing good, it does not deter us from being focussed. Our key focus remains constant innovation.

Doing good by doing well. Going forward, the Company strives to strengthen its key areas of apparel design and product development. Continuous upgradation of our design studios and implementation of innovative and ground-breaking techniques are the other focus areas. Doing well, with value-added design and an excellent product mix, and well poised to create the fashions of tomorrow.

Measuring progress

MANDHANA INDUSTRIES LTD. (MIL) IS A DIVERSIFIED AND MULTI-LOCATIONAL TEXTILE COMPANY WITH A DEFINED PRESENCE ACROSS INDIA AND IN OVER 25 COUNTRIES ACROSS THE GLOBE.

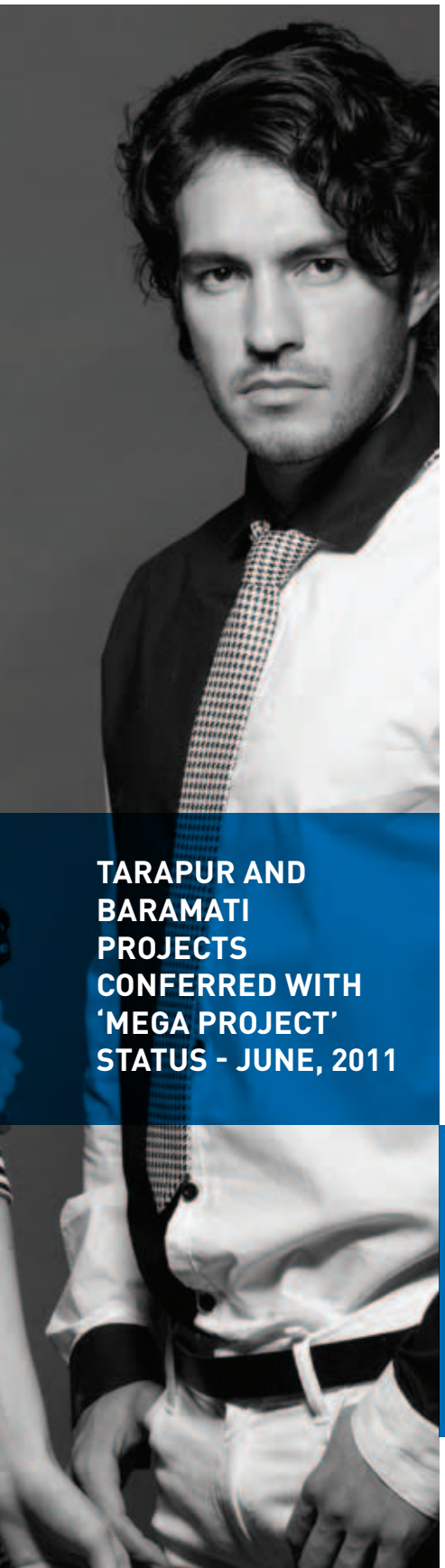
WE MANUFACTURE TEXTILES AND GARMENTS USING STATE-OF-THE-ART INFRASTRUCTURE. THE PROCESSES INCLUDE DESIGNING, YARN DYEING, WEAVING, PROCESSING, DYEING AND GARMENT MANUFACTURING.

Mandhana has always focused on acquiring greater visibility and traction through enhanced branding, retailing and social outreach programmes through exclusive and strategic alliances.

We have grown phenomenally since inception because of our superior ability to delight customers through consistent innovation.

We have integrated our operations and facilities 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



TARAPUR AND BARAMATI PROJECTS CONFERRED WITH 'MEGA PROJECT' STATUS - JUNE, 2011

DOING GOOD....THE MANDHANA WAY

- Vertically integrated operations and proven execution capabilities
- Technological, marketing and designing capabilities
- Full-fledged in-house style lab and textile studio
- Quickest turnaround time
- Diversified domestic and international customer base through strong relationships with global retailers and top fashion brands
- Extensive product basket
- Blend of young and experienced personnel
- Excellent financial track record with highest realisations compared to peers

STOCK TICKER

BSE code: 533204

NSE code: MANDHANA

ISIN: INE087J01010

Doing good... building each step

Divisions

TEXTILE SEGMENT

REVENUE:

₹ 81,016.51 Lacs

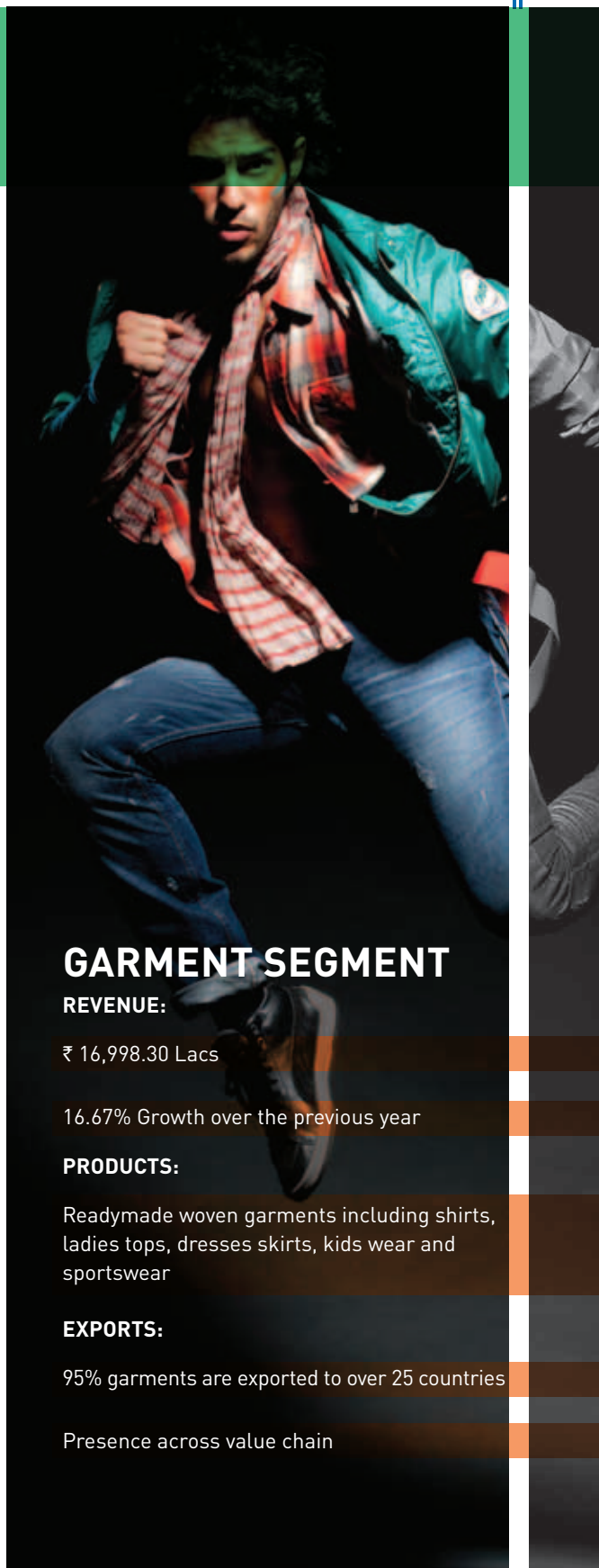
16.25% Growth over the previous year

PRODUCTS:

Greige and finished fabrics including cotton textiles, yarn dyed fabrics, embroidered, embellished and blended cotton fabrics, including cotton blends with nylon, lycra, viscose, melange etc.

IMPORTS:

MIL imports fabrics also



GARMENT SEGMENT

REVENUE:

₹ 16,998.30 Lacs

16.67% Growth over the previous year

PRODUCTS:

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

EXPORTS:

95% garments are exported to over 25 countries

Presence across value chain

Creditable performance... year on year

1984
Incorporation of Mandhana Industries Limited

1994
Initiated the processing unit with a capacity of **10,00,000** mtrs. p.m.

1998
Commenced **exports** of garments

2002
Set up **weaving unit** at Tarapur with a capacity of **5,00,000** mtrs. p.m.

2003
Established a garment unit at Bengaluru to produce **1,20,000 garments** p.m.

2004
Augmented weaving capacities and processing capacities with **2,00,000** mtrs. p.m. and **7,00,000** mtrs p.m., respectively, at Tarapur

2005
- Set up **'Mandhana Europe'** - its liaison office in Paris
- Set up new yarn dyeing plant and weaving plant at Tarapur with capacities of **1,50,000** kgs. p.m. and **8,00,000** mtrs. p.m., respectively

2006
Established new garment units at Bengaluru and Mumbai to manufacture additional **1,30,000 garments** p.m.

2008
Set up another garment unit at Bengaluru to roll out additional **50,000 pieces** p.m.

2009

- Commenced CDR/CBR# processing with printing with **26,00,000** mtrs. p.m. capacity
- Installed an additional capacity of **1,00,000** kgs. p.m. in the yarn dyeing unit

2010

Floated an IPO to raise **₹ 107.90 Cr**

2011

- **Tie-up** with **'Being Human'** - the Retail Brand owned by **Salman Khan**
- Doubled weaving capacity from **15,00,000** mtrs. p.m. to **30,00,000** mtrs. p.m.

mtrs. p.m. - metres per month
kgs. p.m. - kilograms per month
#Continuous Dyeing Range/Continuous Bleaching Range

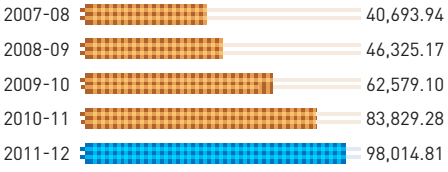
2012

Launched 'Being Human'- the apparel brand in the Middle East through a strategic tie-up with Landmark Group

Doing good... by doing well

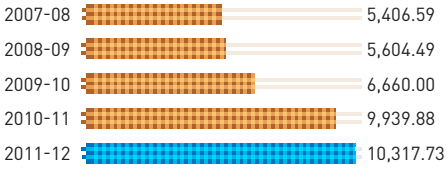
NET TURNOVER (₹ IN LACS)

24.58% CAGR



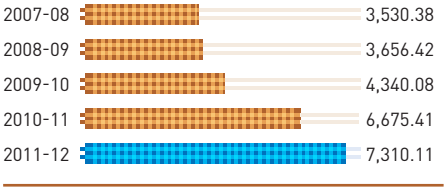
PROFIT BEFORE TAX (PBT) (₹ IN LACS)

17.53% CAGR



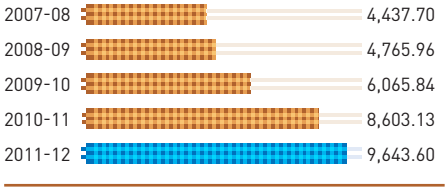
PROFIT AFTER TAX (PAT) (₹ IN LACS)

19.96% CAGR



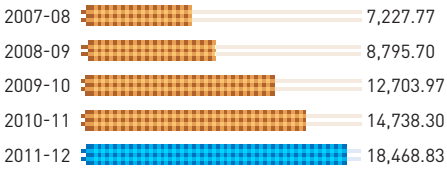
CASH PROFIT (₹ IN LACS)

21.41% CAGR

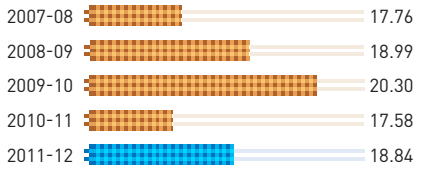


EBITDA (₹ IN LACS)

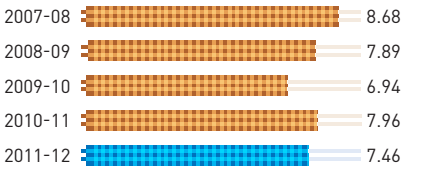
26.43% CAGR



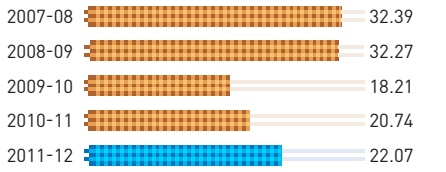
EBITDA MARGIN (%)



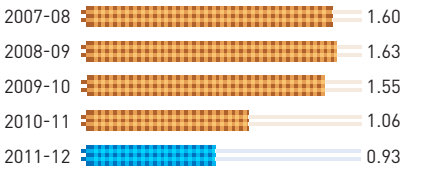
NET PROFIT MARGIN (%)



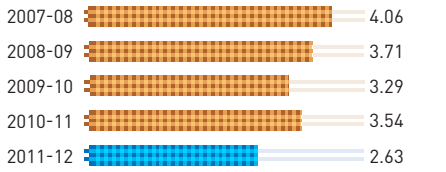
EPS (₹)



DEBT-EQUITY RATIO

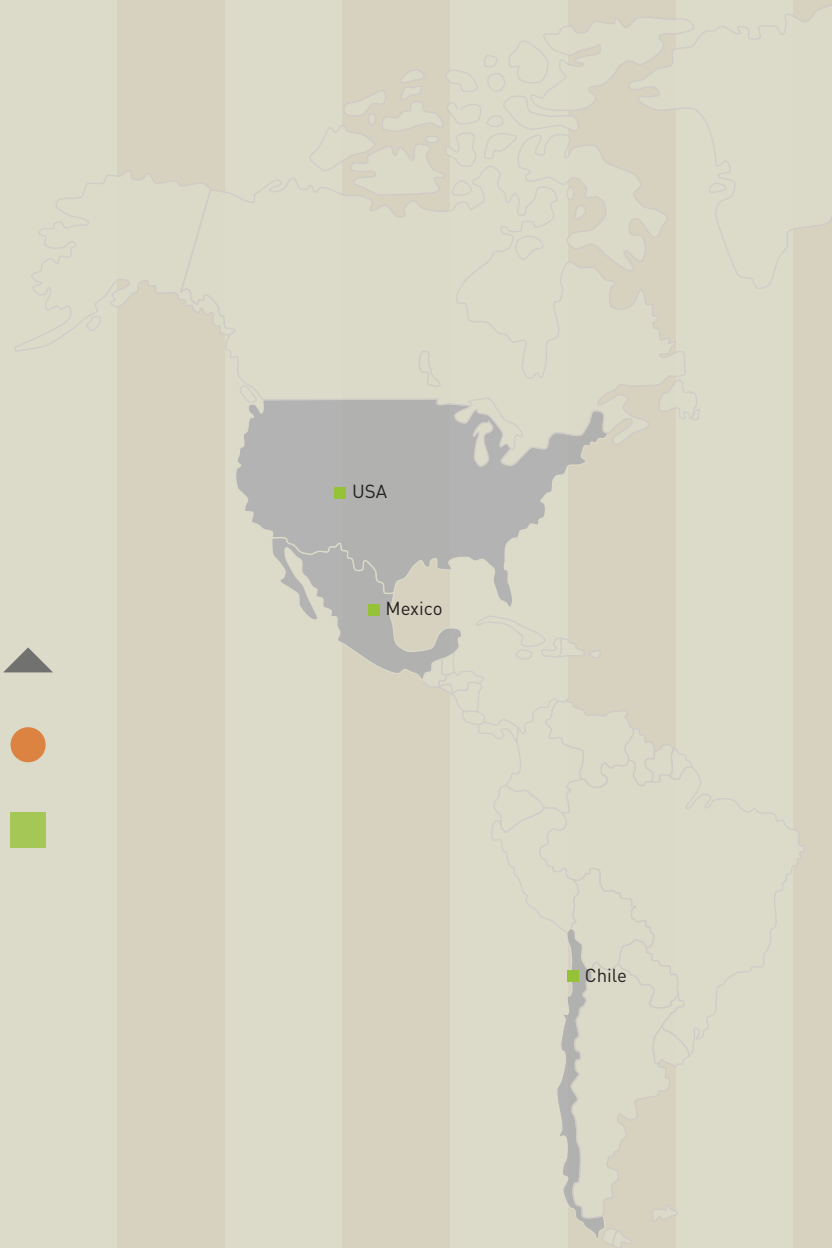


INTEREST COVER



EBITDA - Earnings Before Interest Tax Depreciation and Amortisation
EPS - Earnings Per Share

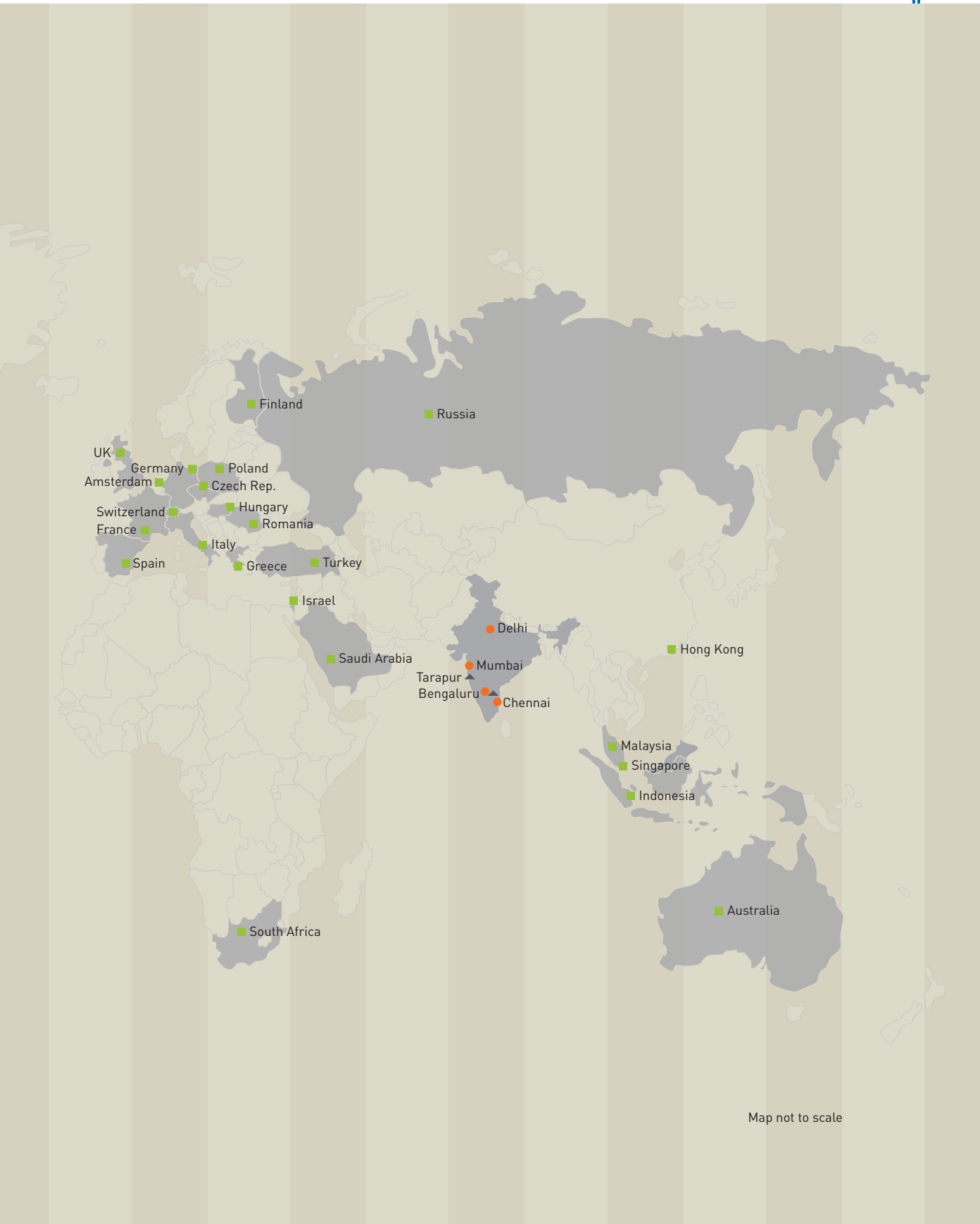
Leveraging on a diversified presence



Manufacturing Facilities

Domestic Sales Office

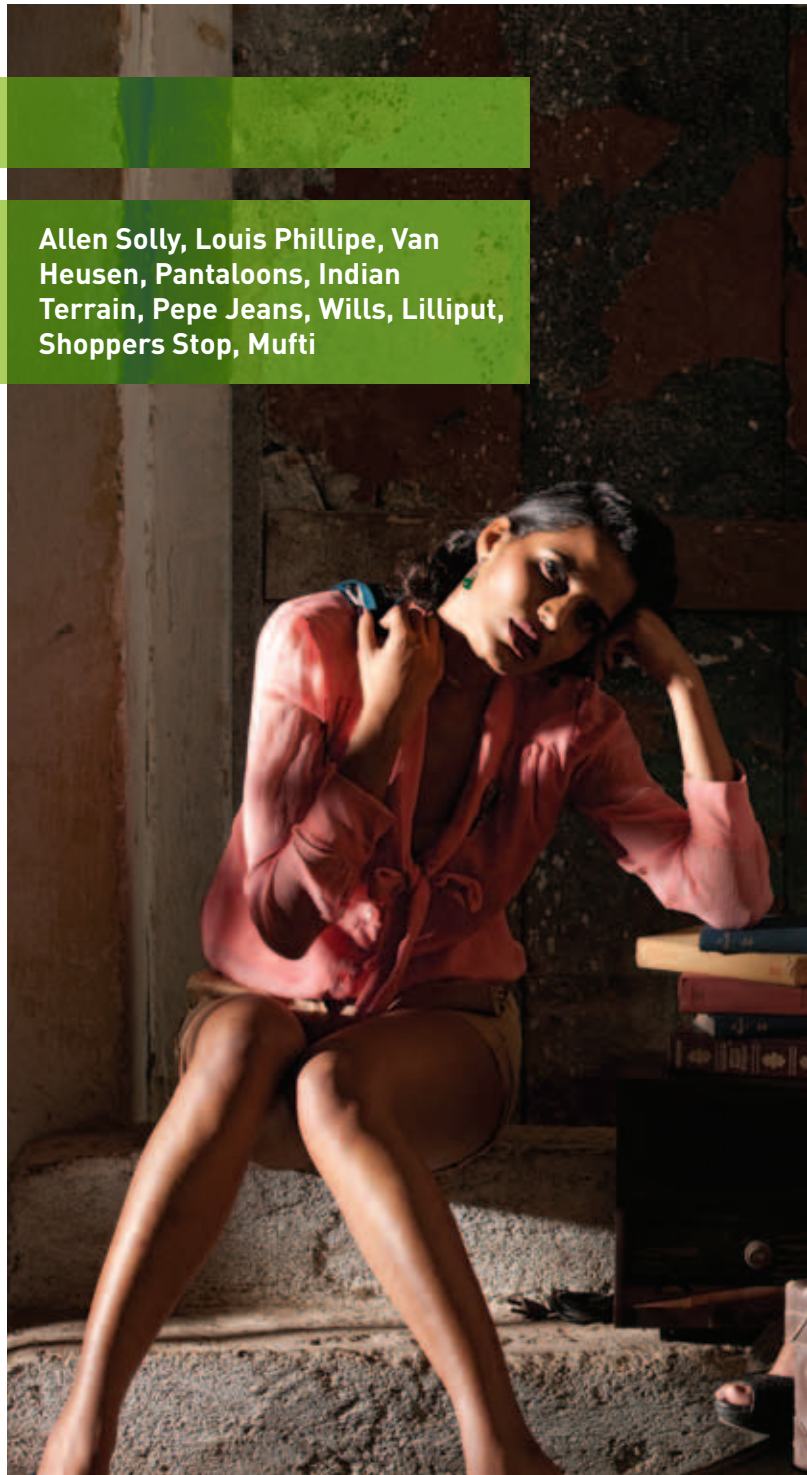
Exports


Finland
Russia
UK
Germany
Poland
Amsterdam
Czech Rep.
Hungary
Switzerland
Romania
France
Italy
Spain
Greece
Turkey
Israel
Delhi
Hong Kong
Saudi Arabia
Mumbai
Tarapur
Bengaluru
Chennai
Malaysia
Singapore
Indonesia
Australia
South Africa
Map not to scale

Diversified customer base

DOMESTIC CLIENTELE

Allen Solly, Louis Phillipe, Van Heusen, Pantaloons, Indian Terrain, Pepe Jeans, Wills, Lilliput, Shoppers Stop, Mufti



INTERNATIONAL CLIENTELE

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

CATALOGUE

Bonprix, LA-Redoute, Otto

PREMIUM LUXURY BRANDS

Max Mara, D&G, Iceberg, Emporio Armani

CORPORATE BRANDS

Switcher

Chairman & Managing Director's message

DEAR FRIENDS,

World over, the developed and developing economies struggled to stay afloat and get back on the growth track even as the Eurozone crisis loomed large. India, too, was bogged down by what happened on the global stage during FY 2011-12. Internal factors such as tightening of the monetary policy, slowdown in investments and industrial activity, rising fiscal deficit and political scams further affected India's economic growth.

Purushottam C. Mandhana
Chairman and Managing Director

Despite economic instability, there was an improved constancy in cotton and yarn prices during the year. Increased domestic consumption also spurred demand.

MIL enjoys a strong presence across the value chain, commencing from the back-ended yarn dyeing to the front-ended retail.

The Company has been doing exceptionally good through superior innovation techniques and an excellent product mix. A diversified clientele and a constant effort to strengthen the apparel design and product development process further added to the 'feel good' factor.

MIL has been associated with a host of international and domestic brands. The Company has had to the privilage to work with other companies enjoying a wide-spread global exposure. The Company enjoys a fairly dispersed portfolio of clientele spanning more than 25 countries, enabling non-dependence on one single customer. Our reputed clientele

RETAIL IS THE LATEST FEATHER ADDED TO MANDHANA'S CAP. WE ENTERED INTO AN EXCLUSIVE GLOBAL LICENSING DEAL WITH 'BEING HUMAN', THE CHARITABLE ARM OF THE SALMAN KHAN FOUNDATION.

distribute their offerings across a broad spectrum of products. Jeans and high-street wear, sports and surf wear, catalogue and premium luxury brands, corporate brands, etc. are some of these.

Strengthening apparel design and product development has been our key focus during the year. We aim to achieve this with the help of an in-house design studio-cum-sampling unit resulting in higher sales realisation. These value-added design products created as per the emerging fashion trends endeavour to improve the Company's competitiveness.

MIL has taken up expansion plans at its Tarapur unit to cater to the rising demand for garments. Post-expansion, MIL's total capacity at this unit will touch 7 Mn pieces p.a. A new garment plant has also been added at Baramati in Maharashtra with a capacity of 3 Mn pieces p.a. The two units together will add up to 10 Mn pieces to the Company's total capacity. Commercial operations for these are expected to begin in September, 2012.

Europe, being the world's fashion capital, has been a major market for MIL and we are constantly focusing on penetrating there. Our core strategy has been to develop new markets for our products and explore newer geographies. It is this strong focus on expansion that enabled MIL to record a satisfactory growth in the previous year.

Retail is the latest feather added to Mandhana's cap. We entered into an exclusive global licensing deal with 'Being Human', the charitable arm of the Salman Khan Foundation. All the proceeds from the licensing deal will go to charity. The clothing line on offer, under this umbrella brand, is trendy. On the same note, it gives a special feeling of being associated with a cause and that is what will drive growth for the brand. A major highlight for the year has been the launch of the first 'Being Human' store in the Middle East. This has been materialised through a strategic tie-up with the Landmark Group.

THE COMPANY HAS A FAIRLY DISPERSED PORTFOLIO OF CLIENTELE SPANNING MORE THAN 25 COUNTRIES.

Besides this, the year witnessed a constant margin enhancement. This has been achieved on the back of better utilisation of resources, tighter control over administrative costs, good volume growth and improved realisations per product.

I would like to take this opportunity to thank all the stakeholders for their active support to the growth of Mandhana. It is the pursuit of excellence that makes us remain poised. We will continue to serve our customers with the same dedication and passion to excel in what we offer.

Doing good and remaining committed to live up to your expectations,

Purushottam C. Mandhana

Chairman & Managing Director

'Being Human' Doing what's good for the society Doing our bit for the under-privileged

'Being Human' – an initiative of The Salman Khan Foundation – is a registered charitable trust. Its prime focus is to do good to the society by enabling education and healthcare for the under-privileged.

The Foundation has been set up by renowned Bollywood actor Salman Khan. Pursuing the path of philanthropy, Khan's efforts are oriented towards making the world a better place to live in and transform lives. His endeavour is to create an NGO for those who can't afford medical care. "It's not easy for a single person to do all this because the financial implications are huge so we will need the support of all my fans," he states.

In order to ably support the cause, MIL attained an exclusive global license for designing, marketing and distribution of the 'Being Human' clothing line. The global license is valid up to 2020 and the proceeds from this will directly go to the Foundation. The license fees will be used only for charity for the Foundation.

Across the value-chain

With over three decades of experience in the textile industry, Mandhana has ensured a well-spread presence across the entire value chain. The spread includes designing, yarn dyeing, fabric processing & printing, garment manufacturing as well as retailing. In a nutshell, the 'Being Human' deal has marked MIL's clear foray into the retailing segment.

Being human

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

'Being Human' brand has been established to offer the basic values of Love, Care, Share, Joy, Help and Hope to the deprived.

Fashion with a heart

The brand is positioned in a way that makes the clothing line appear fashionable, trendy as well as one associated with a good cause.

LOVE CARE SHARE JOY HELP HOPE

Doing good... feels good

To make the Foundation achieve its desired reach, Salman Khan has undertaken various initiatives. Being Human art, Being Human merchandise, Being Human Gitanjali Gold coins, etc, are some of these. Proceeds from such initiatives are channelised towards extending education and healthcare facilities for the under-privileged.

Bone Marrow Donor Registration Camp (9th January, 2012)

The Foundation partnered with MDRI (Marrow Donors Registry India) in November, 2010. This was aimed towards creating awareness and generating increased number of donors in India.

With this aim in mind, a camp was held at 'Drishti', the inter-collegiate festival of NM College, to generate donors for bone marrow registration. The camp evoked excellent response with 230 people pledging their marrows. The move was aimed towards facilitating patients with blood-related illnesses, such as Leukaemia, Thalassemia, Aplastic Anaemia and Congenital Immunodeficiency, to emerge stronger.

'Hear For All' Club (14th November, 2011)

Salman Khan inaugurated the 'Hear For All' Club, along with Himesh Reshammiya, in Mumbai. The Club aims to benefit children with hearing impairment and provide services to the under-privileged.

Free eye camp in Patiala (2nd June, 2012)

A free eye-camp was held at Dhanwant Singh Hospital in Patiala. The camp was attended by 700 patients on the first day itself who were examined by competent doctors. 83 surgeries were successfully performed on the second day. It was indeed heart warming to witness such an overwhelming response from needy patients, who had the warmest words of gratitude for the organisers.

Similar associations are being facilitated to raise the awareness levels. This is also aimed at encouraging people from different walks of the society to come ahead and do something meaningful.

Key growth drivers

Increased Sales

- New Locations
- Multi-Channel
- New Consumers

Reduced Cost

- Better Space Utilisation
- Employee Retention
- Capacity Utilisation

Gross Margins

- Sourcing Capability
- Supply Chain Management
- Product Pricing

Increased Retail Footing

- Flagship Stores
- Standard Stores
- SIS* Formats

*SIS – Store in Store

Promotional activities

Promotional activities are broadly classified into three stages:

Pre-launch - Creating brand awareness and encouraging increased involvement

Launch - Active consideration, purchase conversion and increase consumption

Post-launch - Leveraging on brand recall, building relationships with people and advocating customers

Promotional activities are undertaken and organised through different elements of communication. Some of these are: social media, PR activities, hoardings and print campaigns, viral marketing, events/contests/ workshops, mall activations, celebrity involvement and digital marketing measures such as mobile marketing, radio advertisements, product placement in movies/popular TV shows and many more.

Launch of Being Human in Dubai across 'Splash' and 'Iconic' stores (14th and 15th June, 2012)

The art of doing good...

MIL has outlined a host of competent marketing strategies to ensure that the Company continues to do good in future as well. These broadly include expansion through increased capacities, enhanced operational efficiencies and strengthening design & product development processes.

Strategic expansion

- Enhance garment manufacturing capacities to tap the overseas market
- Reap maximum benefit from government incentives, such as Technological Upgradation Fund Scheme (TUFS), increase in duty drawback / Duty Entitlement Pass Book Scheme (DEPB) and reduction in bank interest rate on working capital loan
- Diversify into women's wear in a planned manner

Improve operational efficiencies

- Identify separate cost centres to monitor major expenditures
- Control raw material costs through bulk purchases and supplier negotiations
- Control consumption and wastage through effective supervision on shop floor

Strengthen apparel design and product development processes

- Innovate designs & samples for fabrics & garments supported by in-house design studio-cum-sampling unit
- Constantly upgrade design studios, human resources and technology
- Explore and tap the hi-end readymade garment segment to maintain higher sales realisation

Capture opportunities

- Explore opportunities in countries with rising demand for value-added textile products
- Tap domestic opportunities, sub-geographic penetration and product / market diversification to mitigate market risk and widen growth prospects

Doing good...
expanding capacities

Mandhana is emerging as a niche player in the Indian textile industry due to vertical integration of its facilities. To cater to the rising demand for garments, we are expanding our manufacturing facilities to drive future growth. The latest feather in this cap is the garment manufacturing plant at Baramati.

	Weaving facility	Garment manufacturing plant 1	Garment manufacturing plant 2
Location	Plot No. C-2, MIDC, Tarapur, Maharashtra	Plot No. E-132, MIDC, Tarapur, Maharashtra	Baramati Hi-tech textile park, Baramati, Maharashtra
Capacity	36 Mn mtrs. p.a.	3.6 Mn pieces p.a.	
Proposed capacity		7 Mn pieces p.a.	3 Mn pieces p.a.
Status	Commenced commercial operations in March, 2011	Began commercial operations in June, 2012	■ Land acquisition completed ■ Construction of factory building completed
Other details			■ Project under SITP (Scheme for Integrated Textile Park) ■ Estimated Capex: ₹ 95 Cr ■ Commercial operation expected to begin from September, 2012

Post-expansion capacities

Yarn Dyeing	3 Mn kgs. p.a.
Weaving	36 Mn mtrs. p.a.
Fabric Processing	51.6 Mn mtrs. p.a.
Garmenting	9 Mn pieces p.a.

Being quality conscious

Quality has always been the hallmark of MIL. We have maintained our focus on providing superior quality of products to our customers and adhering to global norms.

MIL has been conferred with the following certifications:

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

Creating value for employees

MIL has always been a staunch believer of creating a safe environment for its employees. An environment that offers excellent opportunities, encourages learning and provides a level-playing field.

The following are certain key areas for MIL:

- Health and safety compliance
- Grievance committee
- Opportunities for the disabled
- Free canteen facilities
- Crèche facilities
- Performance driven incentive schemes
- Committee for prevention of sexual abuse
- Recreation facilities
- Skill upgradation through ongoing training

Social accountability

As an organisation, MIL has believed in sharing and giving back to the society what it has gained and creating a sustainable model. Some of the activities it has undertaken to fulfill its social obligations are:

- Certification from Swiss based NGO ISCOM for Social Code of Conduct
- Women empowerment
- Effluent treatment of plants in facilities
- Creating unbiased employment opportunities
- Product DNA traceability
- Close association with social organisations working for the under-privileged and those affected by natural calamities
- Promoting organic cotton products
- Commitment to Corporate Governance

Board of Directors

Mr. Purshottam C. Mandhana

Executive Chairman & Managing Director

- Founder of MIL
- A visionary and an entrepreneur with proficiency in all spheres of textiles
- An administrator par excellence with more than three decades of experience in the industry

Mr. Biharilal C. Mandhana

Executive Director

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

Mr. Manish B. Mandhana

Jt. Managing Director

- Torch bearer for constant modernisation and progress
- Close to two decades of industry experience
- A perfectionist and an aggressive marketer

Mr. Ghyanendra Nath Bajpai

Non-Executive and Independent Director

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

Mr. Khurshed M. Thanawalla

Non-Executive and Independent Director

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

Mr. Ernst 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 and Independent Director

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

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

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'/Investor 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

IPO 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. Rajendran Pillai
President – Retail

Mr. Mitesh Shah
Vice President – Finance & Corporate Affairs

Mr. Narinder Marve
Vice President – I. T.

Mr. Uday Kulkarni
Vice President – Processing (Unit – I)

Mr. Gopal Shah
Vice President – Marketing (Export Division)

Mr. Pushpendra Tyagi
Vice President – Marketing (Fabric Division)

Ms. Varsha Raghuram
Vice President – Merchandising & Business Development

Mr. Nileshkumar Modi
Vice President – Weaving

Mr. Jagjit Singh
Vice President – Yarn Dyeing

Mr. Nayan Kambli
AVP – Finance & Corporate Affairs

Mr. Ritesh Bhardwaj
AVP – Commercial

Mr. Arvind Shikharkhane
Project Head (Technical)

Mr. Rahul Anand
Head – Design

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
Bank of Baroda
Bank of India
Bank of Maharashtra
Corporation Bank
HDFC Bank
Indian Bank
Indian Overseas Bank
Punjab National Bank
Standard Chartered Bank
State Bank of India
State Bank of Patiala

REGISTERED OFFICE

Plot no. C-3, MIDC,
Tarapur Industrial Area,
Boisar, Dist: Thane - 401 506.
Tel : 91-2525-272 228/29
Fax: 91-2525-260 251

CORPORATE OFFICE

205-214, Peninsula Centre,
Dr. S. S. Rao Road,
Parel, Mumbai - 400 012.
Tel : 91-22-4353 9191
Fax: 91-22-4353 9216
e.mail : info@mandhana.com
Website: 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 ll Phase,
Peenya Industrial Area,
Near NTTF Bus Stop,
Bengaluru - 560 058.

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

WORKS

MANDHANA WEAVING HOUSE
(A Division of Mandhana Industries Limited)
Plot no. E-33, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

MANDHANA WEAVING HOUSE (SHIRTING DIVISION)
(A Division of Mandhana Industries Limited)
Plot No. C-2, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

MANDHANA DYEING
(A Division of Mandhana Industries Limited)
Plot no. E-25, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

MANDHANA DYEING – UNIT II
(A Division of Mandhana Industries Limited)
Plot No. C-3, MIDC,
Tarapur Industrial Area,
District Thane – 401 506.

MANDHANA INDUSTRIES LIMITED (GARMENT DIVISION)
26/A, Peenya ll 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, Bangalore North Taluka,
Bengaluru – 560 058.

MANDHANA INDUSTRIES LIMITED (GARMENT DIVISION)
No.21-D, 2nd Phase,
Peenya Industrial Area,
Bengaluru – 560 058.

MANDHANA INDUSTRIES LIMITED (GARMENT DIVISION)
Unit No36/2, 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.

Management Discussion and Analysis

GLOBAL ECONOMIC SCENARIO

The year 2011 was quite volatile and marked by uprisings in Middle East and North Africa (MENA), catastrophic Tsunami in Japan and the reigning sovereign crisis in the Eurozone. Despite challenges, there are signs of moderate global recovery primarily on the back of moderate growth in USA during the second half of 2011 and pursuance of more effective policies in the Eurozone.

The global economic growth is to be estimated at around 3.5% in 2012, powered by the emerging markets. The advanced markets are likely to witness 1.5% growth in 2012 and 2% in 2013, while the emerging markets are anticipated to grow by 5.75% in 2012, compared to 6.25% in 2011 and accelerate to 6% in 2013.

(Source: Global Economic Outlook, January 2012)

INDIAN ECONOMIC SCENARIO

The Indian economy has undergone a volatile phase in 2011. The nation registered a GDP growth of 6.5% in 2012, compared to an average GDP growth of 8.4% (over the last five years). The prime reasons for the sluggish economic growth was largely attributed to the global factors; especially the negative developments in Eurozone which overweighed the slow US recovery, affecting the overall investor sentiment and thus resulting in a slowdown. However, domestic factors have contributed significantly as well. Among these are the tight monetary policies owing to persistent headline inflation, slowing investment and industrial activity, infrastructure constraints, liquidity crunch (fiscal deficit 5.9%) and political instability.

According to a UN report, the Indian economy is expected to gain back its momentum and is projected to see a faster growth of 7.5% in the coming years on the back of higher savings and investment rates, even as most of the Asia-Pacific economies are likely to expand at a slow pace.

THE GLOBAL TEXTILE INDUSTRY

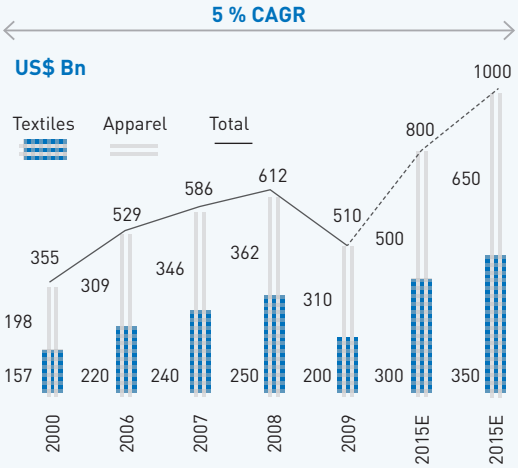
The industry has witnessed a shift of manufacturing activities from developed to developing nations,

MANAGEMENT DISCUSSION AND ANALYSIS

especially China and India, to meet their demands for apparel and textiles. During 2010, the industry was valued around USD 612 Bn.

The global per capita fibre consumption is expected to grow steadily to 11-12 kg per capita by 2025, which means additional fibre consumption of about 20 Mn tonnes would be required. It is expected that the global textiles and apparels trade would grow at a CAGR of 6.3% over the next decade to reach USD 1 Tn by 2020 (Source: TechnoPak Research).

Exhibit: Global Textile and Apparel Trade



(Source: Technopak Research Report)

The global textiles fibre and spun yarn market is expected to reach 93 Mn tonnes and 47.3 Mn tonnes respectively by 2015 on account of;

- Increasing global textile trade following the expiry of restrictive agreements
- Continuing shift in production to low cost countries
- Restoration of consumer confidence
- Recovery in demand for textiles, and
- Rising market potential in developing regions

(Source: Global Industry Analyst)

INDIA'S TEXTILE INDUSTRY

The Indian textile industry is the second largest provider of employment after the agricultural sector. The Indian textile industry is estimated to be of the size of USD 75 Bn in 2011-12. India's textile sector contributes 4% to the country's gross domestic product (GDP), accounts for 14% of industrial production and 10% to country's export. The industry provides direct employment to about 35 Mn people.

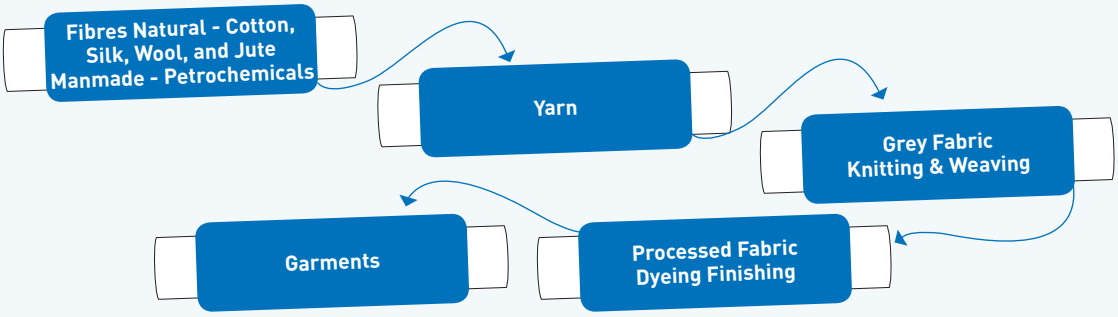
Indian Textile and Apparels industry is slated to reach USD 134 Bn in 2015. It is further estimated to rise to USD 220 Bn by 2020 at a CAGR of 11% from the levels of USD 70 Bn in 2009.

Factors like unprecedented volatility of raw materials and exchange rate fluctuations, European debt crisis and high inflation contributed to a challenging environment in 2011-12. The finished goods are estimated to touch USD 34 Bn in 2011-12 as against USD 26.8 Bn in 2010-11. India is striving to attain an export target of USD 38 Bn in the next fiscal. The growing markets like Latin America and Africa will surely boost the demand of Indian textile products.

India's contribution to the world market is a meager 4.3%, whereas China is clearly ahead with 20.3% and has witnessed a growth of 11% during 2007-12.

(Source: CCI Report on Indian Textile Industry and IBEF)

THE TEXTILE VALUE CHAIN



MANAGEMENT DISCUSSION AND ANALYSIS

Man-Made Fibre / Yarn and Power loom

This segment of the textile industry includes manufacture of fibre and filament yarn. The power looms sector produces a variety of cloths to cater to the different needs of the market. It is a much decentralised sector and plays a very important role in the Indian Textiles Industry. This sector is the largest manufacturer of fabrics contributing 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 has 30% area under cotton cultivation followed by China (20%) and US (9%). This makes the Indian soil the largest area globally growing cotton. India witnessed an increase of 68% in the cotton acreage in the last two decades. The primary reasons for enhanced yields and better quality is due to widespread introduction of genetically modified cotton seed, i.e. BT cotton. Owing to the volatility of cotton prices the Directorate-General of Foreign Trade (DGFT) lifted the ban on cotton exports permitting export of quantities that were registered but not shipped.

Handloom

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

Woolen

India is the 7th largest producer of wool in the world and has a 1.8% share in the total world 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 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 out of 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 number of raw jute and jute products in the world and is the second-largest exporter of jute products in the world.

Sericulture and Silk

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

Handicraft

The Indian handicrafts sector is highly labour intensive, cottage based and a decentralised industry. This sector provides employment to a huge segment of craft persons in rural & semi urban areas. It generates substantial foreign exchange and also preserves its cultural heritage.

Readymade garments

Rising incomes, urbanisation and growing awareness about brands are fuelling the readymade garment industry in India. The Indian branded garment market, which is estimated at over ₹ 185 Bn, accounts for 25% of the ₹ 745 Bn readymade market. CRISIL expects the readymade garments (RMG) market to reach ₹ 2,741 Bn by 2015.

KEY GROWTH DRIVERS

- Prospect of cotton spinning units is expected to improve with decline in cotton prices leading to a revival in demand for cotton yarn and consequent increase in capacity utilisation across the cotton textile value chain.
- Organised retail in India is expected to grow from around 5% of India's GDP in 2010-11 to 24% of the GDP by 2020. About 83% of the Indian readymade garments and apparel market is unorganised and 17% is organised, which is forecasted to increase in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

- Indian middle class is expected to reach 41% of the population by 2025. Consumers' increasing brand consciousness, fashion consciousness, and image consciousness, growing modernisation and increasing need for better retail experience amongst the people is facilitating retail boom.
- In 2011, more than 700 Mn people of the total population represented the working population. A growing corporate workforce, with an increasing number of women workers, and increasing compliance amongst corporate houses, has catalysed spending on apparels and formal wear.

TEXTILES AND APPARELS - SCOT ANALYSIS

STRENGTHS

- Abundance of natural and man-made fibres and being one of its largest producers in the world
- Availability of low-cost labour
- Globally competitive spinning industry
- Among the largest producers of natural and man-made fibres globally

CHALLENGES

- Incessantly changing fashion trends
- High indirect taxes, power costs and interest rates
- Inflexible labour laws

OPPORTUNITIES

- Increasing the presence of brands through organised retail outlets
- Huge investments from the Government and the private sector
- Increasing collaboration between national and international players

THREATS

- Fairly competitive market
- Presence of many unorganised players in the market

BUDGET PROPOSALS AND IMPACT

Proposal	Impact
Hike in excise duty on branded readymade garments from 10% (with 55% abetment) to 12% (with 70% abetment)	The hike in excise duty on branded readymade garment from 10% to 12% coupled with an increase in abetment from 55% to 70% would result in a net decline in effect ive excise duty from 4.5% to 3.6% which is expected to result in marginal benefit to readymade garment manufacturers. With falling cotton prices and proposed reduction in effective excise duty, the prices of cotton-based branded readymade garments is expected to come down which would lead to boost in demand
Exemption of customs duty for new automated shuttle looms	The exemption of new automated shuttle looms from customs duty is expected to boost investments and capacity addition in weaving and garment sectors which may increase competition considering the fragmented nature of the industry.

GOVERNMENT IMPETUS

Technology Upgradation Fund Scheme (TUFS) – is the flagship scheme of the Ministry of Textiles. Provides plan support for modernisation of textiles industry in the form of interest reimbursement and capital subsidy. The sectors benefited under TUFS are Spinning, Weaving, Processing, Technical Textiles, Jute, Silk, Garmenting, Cotton Ginning, Wool and Powerlooms. It is aimed at leveraging investments in technological upgradation for the textile and jute sectors. This scheme provides 10% capital subsidy on purchase of specified power looms, processing looms and garmenting machinery.

MANAGEMENT DISCUSSION AND ANALYSIS

The Scheme for Integrated Textile Park (SITP) – The Indian textile industry has its share of advantages and infrastructure bottleneck is one of the prime areas of concern. To provide the industry with world-class infrastructure facilities funding assistance will be provided to facilitate setting up of textiles parks with world class infrastructure facilities. 40 parks have been sanctioned in nine states

Integrated Skill Development Scheme (ISDS) – The Integrated Skill Development Scheme (ISDS) for the textile and apparel sector has been officially launched by the Ministry of Textiles including Jute and handicrafts to address the trained manpower needs of textiles and related segments. The importance of the Scheme can be judged from the fact that the apparel industry is the second largest employment provider in the country after agriculture. This scheme is aimed at providing training to close to 256,000 people in 2010-12. The biggest beneficiaries of the ISDS would be rural youth and women who would then possibly be able to find gainful employment in areas near their domicile and this scheme aims to train 3 Mn people in the country over a 5 year period, by leveraging the strength of existing institutions under the textile ministry

OUTLOOK

The long term prospects of the industry seem optimistic due to increasing manufacturing preference in developing nations. The industry is expected to reach USD 134 Bn in 2015 and USD 220 Bn by 2020. On the export front, demand is expected to be fairly robust in long term. With new economies and markets - China, India, Russia, UAE, South Africa etc. - emerging as hubs of consumption, the Indian textiles and clothing exports has the potential to reach USD 45 Bn by 2015 and USD 80 Bn by 2020.

(Source: Technopak Analysis)

FINANCIAL OVERVIEW

SALES

The Company recorded a strong revenue growth from ₹ 838.29 Cr in 2011 to ₹ 980.14 Cr in 2012. This growth was witnessed across both the segments, fabrics and apparels, uniformly on the back of aggressive marketing, superior quality product offering and expanded customer base.

EBITDA

The Company's EBITDA grew 25.31 % from ₹ 147.38 Cr in 2011 to ₹ 184.68 cr. in 2012. The EBITDA margins were recorded at 18.84 % in 2012 from 17.58% in 2011.

PAT

The Company recorded a PAT of ₹ 73.10 in 2012, a growth of 9.51% over the previous year. PAT margin was recorded at 7.46 % in 2012, compared to 7.96 % in 2011.

RISK MANAGEMENT

Mandhana has clearly identified the risk management objectives which help in shrinking and mitigating the risks through incessant risk management initiatives.

The Company's approach to identifying, assessing, managing and reporting risks is formalised through relentless communication in the horizontal and vertical wings of the Company along with market information, industry data and intelligence.

Risk - Foreign Exchange

Definition and mitigation

The foreign exchange rates keep fluctuating and this may have a negative impact on the ongoing operations of the Company. The Company takes proactive measure to shield itself against such volatile fluctuations by entering into various forward and derivative contracts to try and hedge the risks arising out of exchange rate fluctuations.

MANAGEMENT DISCUSSION AND ANALYSIS

Risk - Changing fashion trends

Definition and mitigation

Fashion changes with every season and this subjects us to 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 affect our growth prospects. This risk is mitigated with the aid of an in-house design studio which continuously works on strengthening the design capabilities and come up with newer designs thereby staying competitive in the market.

Risk - Competition

Definition and mitigation

Increasing presence of many Indian and International brands in the market increases the competition. The market is a fragmented one with presence of both organised 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.

Risk - Raw material supply

Definition and mitigation

Volatility in prices and non-availability of raw materials may adversely impact our operations. Any disruption in the supply of raw material 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 uninterrupted raw material supply, as and when required.

HUMAN RESOURCES

We place particular emphasis on attracting and retaining the best talent in the industry. We have implemented various human resource programs across the organisation at every level, which has helped in developing and retaining our talent pool. We believe it is imperative that we have well-trained and experienced 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 to attract the appropriate level of talent globally through the right mix of recruitment and retention strategies and become an employer of choice.

We contribute to a larger social cause by employing more women across our garmenting and weaving facilities, to support the cause of women empowerment. We are a respected figure across the sector and this is testified through our attrition rates, which is one of the lowest in the industry.

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 STATEMENT

The statements in this management discussion and analysis report results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Directors' Report to the Members

The Directors have the pleasure in presenting the 28th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

(₹ in lacs)

	2012	2011
Total Turnover	98,014.81	83,829.28
Other Income	86.51	516.19
Profit Before Interest, Depreciation and Taxation	18,468.83	14,738.31
Less : 1. Interest	5,904.12	3,386.90
2. Depreciation	2,333.49	1,927.72
Profit Before Taxation	**10,317.73**	**9,939.88**

DIRECTORS' REPORT TO THE MEMBERS

(₹ in lacs)

	2012	2011
Less : Provision for Taxation		
Current Tax	2,087.39	2,331.14
Deferred Tax	873.75	807.31
Less: Income Tax paid for earlier year	46.48	126.02
Profit after Taxation	**7,310.11**	**6,675.41**
Add : Balance of Profit from earlier years	18,496.65	13,193.74
Amount available for Appropriations	25,806.76	19,869.16
Less : Dividend (Proposed)	662.48	662.48
Tax on distributed Profits	107.47	110.03
Transfer to General Reserve	800.00	600.00
Balance carried forward	**24,236.81**	**18,496.65**

COMPANY PERFORMANCE AND BUSINESS OVERVIEW

Financial year 2011-12 witnessed another year of high inflation and interest rate regime, decelerating growth alongwith slowdown in international market and investment climate affecting businesses environment resulting in moderated growth.

Your Company achieved a total turnover of ₹ 98,014.81 lacs for the year ended 31st March, 2012 as against ₹ 83,829.28 lacs in the previous year, with EBIDTA at ₹ 18,468.83 lacs against an EBIDTA of ₹ 14,738.31 in the previous year and has earned a net profit of ₹ 7,310.11 lacs versus ₹ 6,675.41 lacs in the previous year. This represents a growth of 16.92% in turnover, 25.31% in EBIDTA and 9.51% in terms of net profit.

Highlights of performance and business overview are discussed in detail in Management Discussion and Analysis forms part of this Annual Report.

DIVIDEND

Your Company had declared and paid an interim Dividend of 10% for the financial year ended 31st March, 2012 in February, 2012 absorbing an amount of ₹ 331.24 lacs (excluding Dividend Distribution tax of ₹ 53.74 lacs). The Company is pleased to report that the Board has recommended a final dividend of 10 % for the financial year ended 31st March, 2012. The final dividend will absorb an amount of ₹ 331.24 lacs (excluding Dividend Distribution tax of ₹ 53.74 lacs). The total dividend outflow for the year 31st March, 2012 aggregating ₹ 662.48 lacs (excluding Dividend Distribution tax of ₹ 107.48 lacs) represents 20 % of the Company's paid-up share capital.

CORPORATE GOVERNANCE

The Board 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 focuses on its resources, strength and strategies to achieve and maintain sustainable growth and to create long-term value to all of the Company's Stakeholders.

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

DIRECTORS' REPORT TO THE MEMBERS

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. Ernest Robin Cornelius, Director of the Company retires 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 himself for re-appointment.

The particulars of the Director proposed to be re-appointed are given in the Corporate Governance Report as annexed to the Directors' Report and forms part of Annual Report.

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 31st March, 2012, 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 31st March, 2012 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, 2011 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 31st March, 2012, are annexed to this report.

CORPORATE SOCIAL OBJECTIVES

Corporate social Responsibility continues to be an important factor in the activities of the Company, as Corporate Citizen. The Company is committed to a sustainable development and constantly making efforts to carry out initiative that benefits the communities interacting with us during the course of business.

DIRECTORS' REPORT TO THE MEMBERS

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 : 6th August, 2012

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)	57	178,64,000/-	B.Com (33 Years)	01-04-1994	-
Manish B. Mandhana (Joint Managing Director)	43	121,72,800/-	B.Com (16 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 to 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 is committed to preserve its Energy consumption. With the efforts put in by the Company for conservation of energy and effective measures adapted for the same, the energy consumption has increased marginally.

The Company constantly improves on and installs various energy saving devises. The Company replaces old electrical drives and has been re-organising production process by introducing improved systems which also conserves energy.

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

	2011-2012	2010-2011
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased units	3,03,74,662	2,56,30,353
Total Amount	15,13,85,692	10,53,13,826
Rate / Unit	4.98	4.11
b. Own Generation		
Units	9,81,514	4,08,785
Units per Litre Of Diesel oil	6.98	6.47
Cost Unit	Not Accessible	Not Accessible

ANNEXURE - B

TO DIRECTORS' REPORT

	2011-2012	2010-2011
2. COAL		
Quantity (in M.T.)	26,992	15,455
Total Cost	11,61,60,574	6,57,61,396
Average Rate (Per M.T.)	4,304	4,255
3. FURNACE OIL		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average Rate (Per Litre)	Nil	Nil
4. Consumption per unit of processing		
Product Unit	Not Accessible	
Electricity		

TECHNOLOGY ABSORPTION:

1. RESEARCH AND DEVELOPMENT

Research & Development activities have always played an important role for cost-effective expansion of business development. The Design Department of the Company continuously develops innovative designs to match the need of the customers in this continuously changing world of fashion. The Material Management and Production department ensures the cost effectiveness of production process and finished products.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company continues to integrate the latest proficient technology, innovations and improvement as introduced and suitable to the manufacturing operations carried out by the Company. With the adoption and up-gradation 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 : ₹ 15,824.85 lacs

Out go : ₹ 2,445.78 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 stakeholders such as shareholders, creditors, customers, government and employees. The culmination of good corporate governance is and will be transparency and professionalism in the conduct of all the activities of the Company, responsive management and implementation policies and procedures laid down by the Company to ensure high ethical standards in all its partners and fulfilling corporate social obligations and responsibilities.

Your Company's existing practices and policies are in conformity with the requirements stipulated by Stock Exchanges and SEBI and have gone well beyond simple statutory compliance, by instituting such systems and procedures, as are required to make the Management completely transparent and institutionally sound. The Company, therefore, welcomes, the "Corporate Governance Voluntary Guidelines, 2009" of the Ministry of Corporate Affairs, Government of India, New Delhi and is committed to the adoption of the guidelines in letter and spirit. Accountability and transparency of the Company's philosophy of Corporate Governance are reflected in the exhaustive disclosures made in the Annual Report.

I. BOARD OF DIRECTORS

Composition:

The strength of Board of Directors as at 31st March, 2012 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 Independent Directors. The Non-Executive Independent Directors are accomplished professionals in their respective fields of expertise.

CORPORATE GOVERNANCE REPORT

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 31st March, 2012.

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	21	5	4
Mr. Sanjay K. Asher	Non - Executive and Independent	38	4	6
Mr. Ernst Robin Cornelius	Non - Executive and Independent	-	-	-
Mr. Khurshed M. Thanawalla	Non - Executive and Independent	11	2	2

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

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

(1) 24th May, 2011 (2) 9th August, 2011 (3) 14th November, 2011

(4) 3rd February, 2012 (5) 20th February, 2012

ATTENDANCE

The following table gives the number of Board Meeting attended during financial year 2011-12 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 29th September, 2011
Mr. Purushottam C. Mandhana	5	Yes
Mr. Biharilal C. Mandhana	2	Yes
Mr. Manish B. Mandhana	5	Yes
Mr. Ghyanendra Nath Bajpai	4	No
Mr. Sanjay K. Asher	5	No
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}

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

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

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS

Remuneration paid/payable to the Directors for the year ended 31st March, 2012:-

Name of the Director	Salaries and Perquisites (₹)	Commission (₹)	Sitting Fees (₹)	Total (₹)
Mr. Purushottam C. Mandhana	1,78,64,000/-	Nil	Nil	1,78,64,000/-
Mr. Biharilal C. Mandhana	48,96,000/-	Nil	Nil	48,96,000/-
Mr. Manish B. Mandhana	1,21,72,800/-	Nil	Nil	1,21,72,800/-
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	2,00,000/-	2,00,000/-

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 Director(s) seeking re-appointment at the ensuing Annual General Meeting:-

Mr. Ernest Robin Cornelius

Mr. Ernst Robin Cornelius, aged 55, is a graduate from University of Lausanne, Switzerland. He is the founder and the President of the Board of Switcher SA. Mr. Cornelius has been awarded "International Corporate Conscience Award 2003" by SAI (Social Accountability International) New York. He was also awarded with Swiss Entrepreneur of the Year 2005 Award organised by Ernst & Young in services category. In 2006, he was nominated for the Swiss Award for "Personality of the year". In 2004, he created Switcher Foundation running social project all over the world including primary Educational Centers in Tamil Nadu.

Mr. Ernst Robin Cornelius does not hold any 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 31st March, 2012:-

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.

CORPORATE GOVERNANCE REPORT

Meetings and attendance during the year

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

(1) 24th May, 2011 (2) 9th August, 2011 (3) 14th November, 2011 (4) 3rd February, 2012

Name of the Director	Number of Audit Committee Meetings attended
Mr. Khurshed M. Thanawalla	4
Mr. Ghyanendra Nath Bajpai	3
Mr. Sanjay K. Asher	4
Mr. Purushottam C. Mandhana	4

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.

CORPORATE GOVERNANCE REPORT

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 has laid down procedures to inform the Board about the risk assessment and minimising 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 31st March, 2012:-

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

Remuneration Committee meeting held on 9th August, 2011 during the year, to consider and recommend revision and increase in the remuneration of the Executive Directors within the limits approved by the members in the extra ordinary general meeting held on 10th March, 2010.

All three members of the Committee attended the meeting.

CORPORATE GOVERNANCE REPORT

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 31st March, 2012:-

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 5 meetings of the Shareholders'/ Investors' Grievances, Share Allotment and Transfer Committee held during the year on following dates:

(1) 7th June, 2011 (2) 30th July, 2011 (3) 8th September, 2011
(4) 28th December, 2011 (5) 3rd February, 2012

During the year the Company received one Complaint from the Shareholders and the same was resolved within 15 days from the date of receiving such complaint.

There are no pending cases of share transfer as on 31st March, 2012.

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.

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.

CORPORATE GOVERNANCE REPORT

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
25th AGM (2008-09)	19th August, 2009	205-214, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai - 400 012.	11.00 a.m.	No Special resolutions passed.
26th AGM (2009-10)	27th September, 2010	C-3, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506	11:30 a.m.	No Special resolutions passed.
27th AGM (2010-11)	29th September, 2011	C-3, MIDC, Tarapur Industrial Area, Boisar, Thane – 401 506	11:00 a.m.	Special resolution for appointment of relative of Directors in pursuant to section 314 (1B) read with Director's Relative (Office or Place of Profit) Rules, 2011 and other applicable provisions of the Companies Act, 1956.

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

b) Particulars of the Extra-ordinary General Meeting

No Extra-Ordinary General Meeting was held during the year 2011-12.

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. Transactions with related parties, as per requirements of Accounting Standards 18, are disclosed in Note no. 32 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 within the time frame prescribed in this regard.

CORPORATE GOVERNANCE REPORT

IX. GENERAL SHAREHOLDING INFORMATION:

1. Annual General Meeting
   - Date and Time : 24th September, 2012 at 11:00 a.m.
   - Venue : Plot No.C-3, M.I.D.C, Tarapur Industrial Area, Boisar, Dist: Thane 401 506.
2. Financial Calendar (tentative) :
   a) Unaudited First Quarter Results : On or before 15th August, 2012
   b) Unaudited Second Quarter Results : On or before 15th November, 2012
   c) Unaudited Third Quarter Results : On or before 15th February, 2013
   d) Annual Results (Audited) : On or before 30th May, 2013
3. Face Value of equity Shares : ₹ 10/- per equity share
4. Date of Book Closure : Tuesday, 18th September, 2012 to Monday, 24th September, 2012 (both day inclusive)
5. Dividend Payment Date : the Final Dividend for 2011-12 will be paid on or before 5th October, 2012
6. Listing on Stock Exchanges : The Equity Shares of the Company are listed on (1) the Bombay Stock Exchange Limited (2) National Stock Exchange of India Limited. The Company has paid the listing fees to the Stock Exchanges within the prescribed time
7. Stock Code/ Symbol
   - ISIN : INE087J01010
   - Scrip Code for BSE : 533204
   - Scrip Code for NSE : MANDHANA
8. Market price Data :

The Market price data covering period April 2011 to March 2012 is given below:

	BSE				NSE			
Month	High ₹	Date	Low ₹	Date	High ₹	Date	Low ₹	Date
April 2011	254.00	27.04.2011	215.00	08.04.2011	264.00	13.04.2011	234.00	13.04.2011
May 2011	254.90	11.05.2011	166.00	17.05.2011	251.00	11.05.2011	170.30	17.05.2011
June 2011	196.30	29.06.2011	179.00	21.06.2011	194.90	28.06.2011	179.00	21.06.2011
July 2011	217.90	25.07.2011	181.00	08.07.2011	217.40	26.07.2011	180.00	05.07.2011
August 2011	217.50	16.08.2011	190.00	05.08.2011	218.95	16.08.2011	191.05	09.08.2011
September 2011	227.80	28.09.2011	171.05	26.09.2011	224.55	16.09.2011	201.20	05.09.2011
October 2011	247.00	24.10.2011	200.00	03.10.2011	248.00	24.10.2011	202.05	12.10.2011
November 2011	260.00	15.11.2011	187.20	18.11.2011	249.00	08.11.2011	188.00	18.11.2011
December 2011	228.70	29.12.2011	208.00	13.12.2011	226.90	01.12.2011	208.50	14.12.2011
January 2012	243.00	27.01.2012	217.00	02.01.2012	242.45	27.01.2012	217.00	02.01.2012
February 2012	280.00	01.02.2012	215.00	29.02.2012	280.00	21.02.2012	222.00	02.02.2012
March 2012	298.00	15.03.2012	213.00	15.03.2012	260.00	21.03.2012	240.30	01.03.2012

CORPORATE GOVERNANCE REPORT

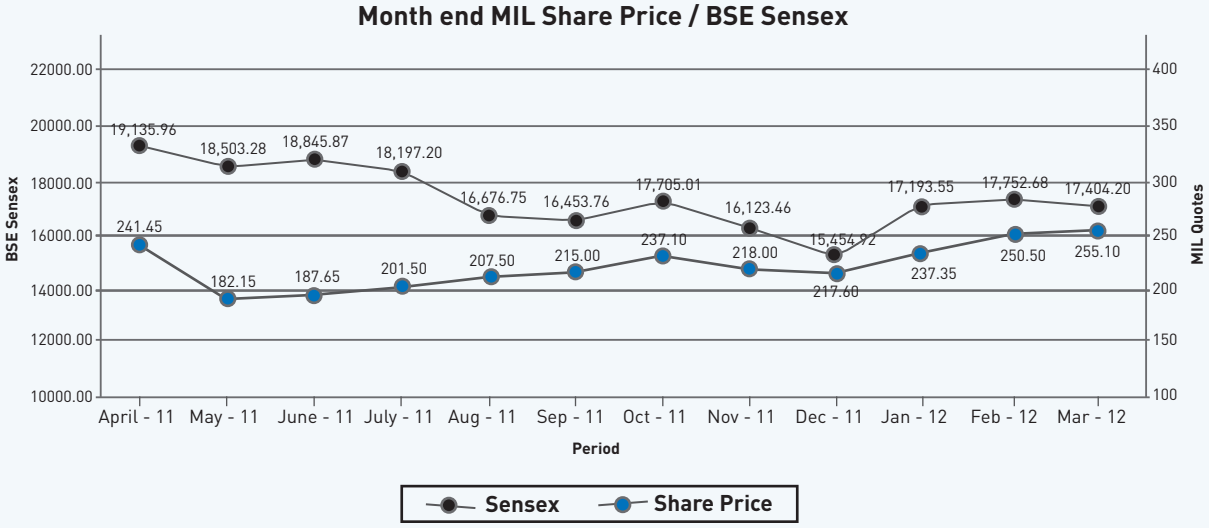
TRADING VOLUMES

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

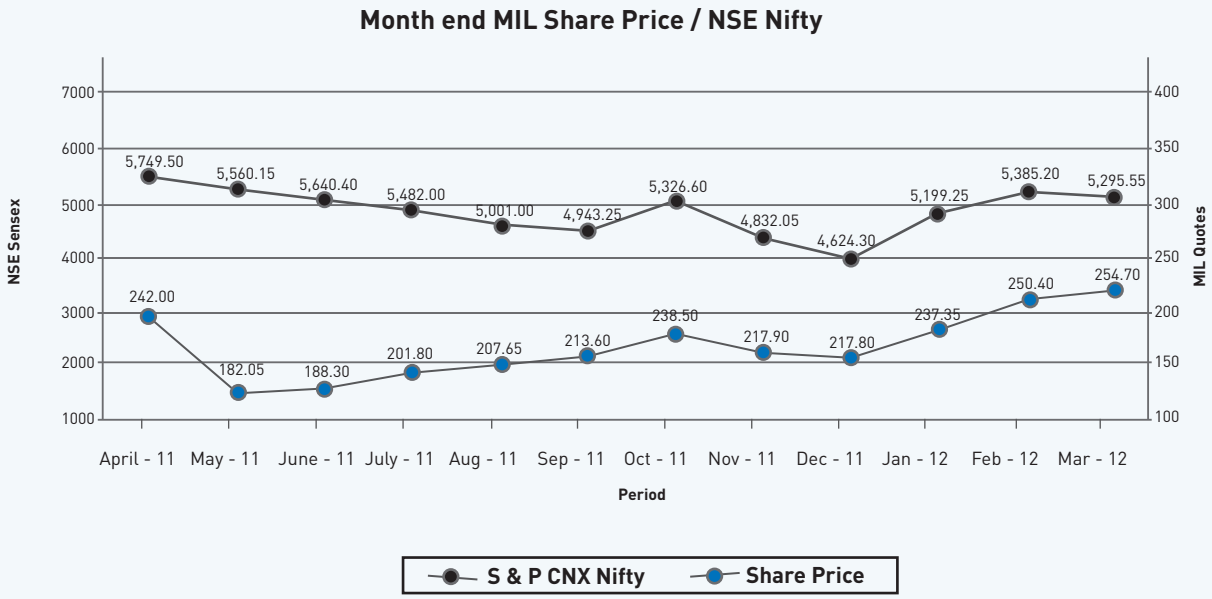
Month	BSE (Shares)	NSE (Shares)	Total (Shares)
April 2011	18,77,762	16,71,453	35,49,215
May 2011	65,95,731	65,73,940	131,69,671
June 2011	16,24,543	16,74,944	32,99,487
July 2011	22,16,018	19,29,882	41,45,900
August 2011	19,24,101	20,15,293	39,39,394
September 2011	21,21,398	22,96,225	44,17,623
October 2011	31,52,837	47,95,569	79,48,406
November 2011	35,73,183	46,41,393	82,14,576
December 2011	22,15,849	25,76,828	47,92,677
January 2012	21,93,398	25,43,344	47,36,742
February 2012	25,38,459	25,78,894	51,17,353
March 2012	31,65,284	31,74,270	63,39,554

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

Month	BSE		NSE	
	Share Price	Sensex	Share Price	S&P CNX Nifty
April 2011	241.45	19,135.96	242.00	5,749.50
May 2011	182.15	18,503.28	182.05	5,560.15
June 2011	187.65	18,845.87	188.30	5,640.40
July 2011	201.50	18,197.20	201.80	5,482.00
August 2011	207.50	16,676.75	207.65	5,001.00
September 2011	215.00	16,453.76	213.60	4,943.25
October 2011	237.10	17,705.01	238.50	5,326.60
November 2011	218.00	16,123.46	217.90	4,832.05
December 2011	217.60	15,454.92	217.80	4,624.30
January 2012	237.35	17,193.55	237.35	5,199.25
February 2012	250.50	17,752.68	250.40	5,385.20
March 2012	255.10	17,404.20	254.70	5,295.55



CORPORATE GOVERNANCE REPORT



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
Website: 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', 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.

Your Company confirms that the entire Promoters' holding have being converted into the electronic form and the same is in line with the directives issued by the Securities and Exchange Board of India.

The shares of your Company are regularly traded at the Bombay Stock Exchange and the National Stock Exchange and hence have good liquidity.

CORPORATE GOVERNANCE REPORT

12. (a) Distribution of Shareholding as on 31st March, 2012

No. of Shares	No. of Holders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	1,777	87.41	1,87,801	0.57
501 – 1,000	44	2.16	36,522	0.11
1,001 – 2,000	39	1.92	65,874	0.20
2,001 – 3,000	14	0.69	34,026	0.10
3,001 – 4,000	6	0.30	22,800	0.07
4,001 – 5,000	7	0.34	33,390	0.10
5,001 – 10,000	31	1.52	2,61,733	0.79
10,001 & Above	115	5.66	3,24,81,767	98.06
TOTAL	**2,033**	**100.00**	**3,31,23,913**	**100.00**

(b) Shareholding pattern as on 31st March, 2012

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	Total Shareholding as a percentage of total no. of Shares
(A)	**SHAREHOLDING OF PROMOTER AND PROMOTER GROUP**			
(1)	**Indian**			
(a)	Individual/Hindu/Undivided Family	5	123,57,280	37.31
(b)	Central Government/ State Government	-	-	-
(c)	Bodies Corporate	1	48,380	0.15
(d)	Financial Institutions/ Banks	-	-	-
(e)	Any Other (specify) Relative of Director	13	82,02,060	24.76
	Sub Total (A) (1)	**19**	**206,07,720**	**62.21**
(2)	**Foreign**			
(a)	Individual (Non-Resident Individual/Foreign Individuals)	-	-	-
(b)	Bodies Corporate	-	-	-
(c)	Institutions	-	-	-
(d)	Any Other (specify)	-	-	-
	Sub Total (A) (2)	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**19**	**206,07,720**	**62.21**
(B)	**PUBLIC SHAREHOLDING**			
(1)	**Institutions**			
(a)	Mutual Funds/ UTI	-	-	-
(b)	Financial Institutions/ Banks	4	12,92,000	3.90
(c)	Central Government/ State Government	-	-	-
(d)	Insurance Companies	-	-	-
(e)	Insurance Companies	-	-	-
(f)	FIIs	4	13,44,696	4.06
(g)	Foreign Venture Capital	-	-	-
(h)	Any Other (specify)	-	-	-
	Sub Total (B) (1)	**8**	**26,36,696**	**7.96**

CORPORATE GOVERNANCE REPORT

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	111	66,98,928	20.22
(b)	Individuals			
	i. Individual shareholders holding nominal share capital upto ₹ 1 Lac	1,806	543,988	1.64
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	30	20,15,253	6.08
(c)	Any Other (specify)			
	i. Director's relative	-	-	-
	ii. Clearing Member	34	5,57,678	1.68
	iii. Directors	2	60,000	0.18
	iv. Office Bearers	-	-	-
	v. NRIs	16	3,031	0.01
	vi. NRN	7	619	
	vii. Foreign Company	-	-	-
	Sub Total (B) (2)	**2,006**	**98,79,497**	**29.83**
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**2,014**	**125,16,193**	**37.79**
	TOTAL A + B	**2,033**	**331,23,913**	**100**
(C)	**Shares held by Custodian and against which Depository Receipts have been issued**	**-**	**-**	**-**
	GRAND TOTAL (A+B+C)	**2,033**	**331,23,913**	**100**

(c) Dematerialisation of shares and liquidity

Out of 3,31,23,913 equity shares 3,29,66,010 equity shares representing 99.52% are in dematerialised form as on 31st March, 2012. The equity shares of the Company are traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

(d) Reconciliation of Share Capital Audit Report

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

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

(e) Disclosure in compliance with Clause 5 (A) (II) of the Listing Agreement for the year 2011-12

1.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	Shareholders – 10 624 outstanding Equity Shares
2.	No. of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	Shareholders – 3
3.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year	Shareholders – 3
4.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	Shareholders – 7 439 outstanding Equity Shares

CORPORATE GOVERNANCE REPORT

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

i. The Company, being a listed public limited company as on 31st March, 2012, attracts provisions of Clause 49 of the Listing agreement. The Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement.

ii. Adoption/non-adoption of non mandatory requirement as on 31st March, 2012.

(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 Directors 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 specialisation.

(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 Intime India Private Limited
(Unit : Mandhana Industries Limited)
C/13, Pannalal Mills Compound,
L. B. S. Marg, Bhandup (W),
Mumbai – 400 078.
Tel : 022 – 2594 6970
Fax :022 - 2594 6969
email : rnt.helpdesk@linkintime.co.in
www.linkintime.co.in

The Company Secretary,
Mandhana Industries Limited
205-214, Peninsula Centre,
Dr. S. S. Rao Road,
Mumbai – 400 012.
Tel : 022 – 4353 9191
Fax : 022 – 4353 9358
email : cs@mandhana.com

For and behalf of the Board of Director

PURUSHOTTAM C.MANDHANA
(Chairman and Managing Director)

PLACE : MUMBAI
DATED : 6th August, 2012

CORPORATE GOVERNANCE REPORT

DECLARATION ON CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

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 31st March, 2012.

For MANDHANA INDUSTRIES LIMITED

PURUSHOTTAM C. MANDHANA
(Chairman and Managing Director)

PLACE : MUMBAI
DATED : 6th August, 2012

CORPORATE GOVERNANCE REPORT

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,
The Board of Directors,
Mandhana Industries Limited

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

a) I have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2012 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
DATED : 6th August, 2012

CORPORATE GOVERNANCE REPORT

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 31st March, 2012, 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 31st March, 2012.

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

Vishal H. Shah
Proprietor

Membership No: 101231
FRN : 116422W

PLACE : MUMBAI
DATED : 6th August, 2012

Financial Statements

- AUDITORS' REPORT 62
- BALANCE SHEET 66
- PROFIT AND LOSS ACCOUNT 67
- CASH FLOW STATEMENT 68
- NOTES 69

AUDITORS' REPORT

TO,

THE MEMBERS OF MANDHANA INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of MANDHANA INDUSTRIES LIMITED as at 31st March, 2012 and the Profit & 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 & 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 & 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 31st March, 2012 from being appointed as a director under Section 274(1) (g) of the Companies Act, 1956.
   f) In our opinion, and to the best of our information and according to the explanations given to us subject to Note no. 10 on account of retrospective change in the method of Depreciation from WDV to SLM for Fabric Division profit for the year is overstated by ₹ 128.14 lacs, 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 31st March, 2012 and
      ii) In the case of the Profit & 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 : 28th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE

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 ₹ 8.39 lacs and the year-end balance of loans granted to the party was ₹ 3.74 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.

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE

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 31st March, 2012 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 ₹ 435.04 lacs.

The disputed statutory dues under the Central Excise Act are ₹ 528.13 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

(₹ in lacs)

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	Income Tax Act, 1961	Income Tax	315.91	A.Y-2009-10	Commissioner of Income Tax (Appeal)
7	Central Excise Act, 1944	Excise Duty	290.58	May'01 to May'03	Mumbai High Court & Settlement Commission
8	Central Excise Act, 1944	Excise Duty	194.62	Dec-06 to Mar-07	Commissioner of Central Excise Bangalore III Commissionerate

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.

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE

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 38 of the financial statement.

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 : 28th May, 2012

BALANCE SHEET AS ON 31ST MARCH, 2012

(₹ in lacs)

Particulars	Note No.	As At 31st March, 2012	As At 31st March, 2011
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
a) Share Capital	1	**3,312.39**	3,312.39
b) Reserves & Surplus	2	**38,433.95**	31,893.79
		41,746.34	35,206.18
2 Non-current liabities			
a) Long-Term Borrowings	3	**32,642.84**	33,082.86
b) Deferred Tax Liabilities(Net)	4	**6,648.04**	5,774.29
c) Other Long Term Liabilities	5	**83.21**	143.85
d) Long Term Provisions	6	**189.61**	140.21
Total Non Current Liabilities		**39,563.69**	**39,141.21**
3 Current Liabilities			
a) Short-Term Borrowings	7	**31,207.49**	18,612.81
b) Trade Payables		**2,687.54**	3,589.60
c) Other Current Liabilities	8	**7,252.07**	4,790.26
d) Short Term Provisions	9	**454.56**	877.01
Total Current Liabilities		**41,601.66**	**27,869.67**
TOTAL EQUITY AND LIABILITIES		**122,911.70**	**102,217.07**
II ASSETS			
1 Non-Current Assets			
a) Fixed Assets	10		
i) Tangible Assets		**50,013.78**	46,120.46
ii) Intangible Assets		**112.42**	76.61
iii) Capital work in progress		**3,086.08**	2,205.47
Sub Total		**53,212.28**	48,402.54
b) Long Term Loans and Advances	11	**6,542.19**	3,598.36
Total Non Current Assets		**59,754.47**	**52,000.90**
2 Current Assets			
a) Current Investments	12	**262.87**	2,401.92
b) Inventories	13	**38,203.95**	26,906.91
c) Trade Recievables	14	**18,052.01**	15,651.89
d) Cash and Cash Equivalents	15	**292.35**	604.25
e) Short-Term Loans and Advances	16	**3,167.85**	1,264.75
f) Other Current Assets	17	**3,178.18**	3,386.45
Total Current Assets		**63,157.22**	**50,216.17**
TOTAL ASSETS		**122,911.70**	**102,217.07**

The Notes are integral part of the Balance Sheet and Profit & 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 : 28th May, 2012

For **MANDHANA INDUSTRIES LIMITED**

Purushottam C. Mandhana
Chairman & Managing Director

Biharilal C. Mandhana
Director

Manish B. Mandhana
Joint Managing Director

Vinay Sampat
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ In lacs)

	Particulars	Note No.	For Year ended 31st March, 2012	For Year ended 31st March, 2011
I	**INCOME**			
	Revenue From Operations	18	98,014.81	83,829.28
II	**OTHER INCOME**	19	86.51	516.19
III	**TOTAL REVENUE (I + II)**		**98,101.31**	**84,345.48**
IV	**EXPENSES**			
	Cost of Materials Consumed	20	49,138.12	52,196.46
	Cost of goods Traded	21	14,969.77	11,072.78
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	(2,426.38)	(8,537.88)
	Manufacturing and Operating Costs	23	9,644.45	7,651.25
	Employee Benefit Expenses	24	4,771.18	4,051.21
	Finance Costs	25	5,904.12	3,386.90
	Depreciation & Amortisation Expenses	10	2,333.49	1,927.72
	Other Expenses	26	3,448.84	2,657.15
	TOTAL EXPENSES		**87,783.59**	**74,405.60**
V	**PROFIT BEFORE TAX (III - IV)**		10,317.73	9,939.88
VI	**TAX EXPENSE**			
	Current Tax		2,087.39	2,331.14
	Deferred Tax		873.75	807.31
	Income Tax paid for earlier Year		46.48	126.02
VII	**PROFIT (LOSS) FOR THE YEAR (V - VI)**		**7,310.11**	**6,675.41**
	Earning Per Equity Share of ₹ 10 each			
	Basic EPS (₹)		22.07	20.74
	Diluted EPS (₹)		22.07	20.74
	Weighted average number of shares outstanding		33,123,913	32,191,584

The Notes are integral part of the Balance Sheet and Profit & 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 : 28th May, 2012

For **MANDHANA INDUSTRIES LIMITED**

Purushottam C. Mandhana
Chairman & Managing Director

Biharilal C. Mandhana
Director

Manish B. Mandhana
Joint Managing Director

Vinay Sampat
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD FROM 1/4/2011 TO 31/03/2012

(₹ In lacs)

	Current Year		Previous Year	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before taxation and extraordinary item	10,317.73		9,939.88	
ADJUSTMENTS FOR:				
Depreciation charged to Profit & Loss A/c	2,333.49		1,927.72	
Bad Debts, Advances And Claims Written Off	29.60		-	
Provision for Diminution in Value of Current Investments	472.55		116.01	
Finance Charges and Gain/Loss on variation in Foreign Exchange Rates	489.14		(465.21)	
Surplus on Sales of Investment(Net)	(138.66)		(6.70)	
Land premium w/off	10.68		10.68	
Loss on Sale of Fixed assets	2.71		220.04	
Profit on Sale of Fixed assets	(604.64)		(6.95)	
Interest Expenses	5,414.98		3,386.90	
Operating profit before working capital changes	18,327.56		15,122.37	
Decrease (Increase) in Inventories	(11,297.04)		(8,531.99)	
Decrease (increase) in Debtors	(2,429.72)		(6,199.99)	
Decrease (Increase) in Advances & Deposits	(1,761.52)		(1,267.44)	
(Decrease) Increase in Creditors	(902.06)		1,553.35	
(Decrease) Increase in Other Liabilities	176.46		(1,114.35)	
Cash generated from Operations	2,113.69		(438.06)	
Income Tax Paid	(2,124.85)		(2,799.57)	
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		**(11.16)**		**(3,237.63)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(7,307.96)		(14,802.95)	
Proceeds from sales of Fixed Assets	755.99		1,032.82	
Capital Advances against Fixed Assets	(2,871.69)		(1,350.00)	
FD placed with Banks	(34.88)		(65.06)	
Investments	1,805.16		(2,511.18)	
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(7,653.37)**		**(17,696.37)**
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Share Capital	-		830.00	
Increase in Long Term Borrowings (Net)	1,295.54		7,655.27	
Increase (Decrease) in Share Premium	-		9,960.00	
Increase (Decrease) in Working Capital finance	13,989.39		7,282.56	
Miscellaneous Expenditure	-		(820.78)	
Increase (Decrease) in Unsecured Loans	(1,394.71)		(34.73)	
Dividend Paid (inclusive of Dividend Tax)	(1,157.48)		(290.65)	
Interest paid	(5,414.98)		(3,386.90)	
NET CASH FROM FINANCING ACTIVITIES		**7,317.76**		**21,194.77**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(346.77)**		**260.78**
CASH & CASH EQUIVALENTS AT THE BEGINNING		**405.44**		**144.66**
CASH & CASH EQUIVALENTS AT THE END		**58.67**		**405.44**
		(346.77)		**260.78**

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

As per our report of even date attached
VISHAL H. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN -116422W

For **MANDHANA INDUSTRIES LIMITED**

VISHAL H. SHAH
PROPRIETOR
Membership No:101231
PLACE : MUMBAI
DATE : 28th May, 2012

Purushottam C. Mandhana
Chairman & Managing Director

Biharilal C. Mandhana
Director

Manish B. Mandhana
Joint Managing Director

Vinay Sampat
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE-1 - SHARE CAPITAL	As at 31 March 2012	As at 31 March 2011
AUTHORISED		
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
TOTAL	4,000.00	4,000.00
ISSUED, SUBSCRIBED & PAID UP		
3,31,23,913 Equity shares of ₹ 10 each fully paid up	3,312.39	-
2,48,23,913 Equity shares of ₹ 10 each fully paid up	-	2,482.39
Add: 83,00,000 Equity Shares Issued by way of Intial Public Offer	-	830.00
TOTAL	**3,312.39**	**3,312.39**

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

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Priyavrat P. Mandhana jt. Purushottam C. Mandhana	3,286,000	9.92	3,286,000	9.92
Purushottam C. Mandhana (HUF)	3,214,000	9.70	3,214,000	9.70
Axis bank limited	N.A.	N.A.	2,173,913	6.56
Manish B. Mandhana jt. Sangeeta M. Mandhana	2,149,140	6.49	2,149,140	6.49
Purushottam C. Mandhana jt. Prema P. Mandhana	2,026,140	6.12	2,026,140	6.12
Prema P. Mandhana jt. Purushottam C. Mandhana	1,749,000	5.28	1,749,000	5.28
Sudha B. Mandhana jt. Biharilal C. Mandhana	1,741,000	5.26	1,741,000	5.26
Biharilal C. Mandhana jt. Sudha B. Mandhana	1,682,000	5.08	1,682,000	5.08
	15,847,280		**18,021,193**	

"Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
EQUITY SHARES :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	11,325,000	-	-
Shares bought back	-	-	-	-	-
PREFERENCE SHARES :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 2 RESERVES AND SURPLUS		As at 31 March 2012	As at 31 March 2011
A.	**CAPITAL RESERVE (SPECIAL CAPITAL INCENTIVE)**		
	Opening Balance	25.00	25.00
Add	Addition during the year	-	-
	Closing Balance	25.00	25.00
B.	**SHARE PREMIUM**		
	Opening Balance	11,257.17	2,117.95
Add	Addition during the year	-	9,960.00
	Total Share Premium	**11,257.17**	**12,077.95**
Less	Miscellaneous Expenditure adjusted	-	820.78
	Closing Balance	11,257.17	11,257.17
C.	**GENERAL RESERVE**		
	Opening Balance	2,114.97	1,514.97
Add	Addition during the year	800.00	600.00
	Closing Balance	2,914.97	2,114.97
D.	**SURPLUS I.E BALANCE IN PROFIT & LOSS ACCOUNT**		
	Opening Balance	18,496.65	13,193.74
Add	Surplus during the year	7,310.11	6,675.41
Less	Proposed Dividends (Inclusive of Dividend Distribution Tax)	384.97	772.51
	Interim Dividends (Inclusive of Dividend Distribution Tax)	384.97	-
	Transfer to Reserves	800.00	600.00
	Closing Balance	24,236.81	18,496.65
	TOTAL	**38,433.95**	**31,893.79**

(₹ In lacs)

NOTE 3 LONG TERM LIABILITIES	As at 31 March 2012	As at 31 March 2011
SECURED		
Term Loan		
From Banks	32,642.84	33,082.86
TOTAL	**32,642.84**	**33,082.86**

NOTES TO THE FINANCIAL STATEMENTS

Nature of Security and Terms of Repayment for Long Term Secured Borrowings

Sr no.	Name of Bank	Sanctioned Amount	Balance Outstanding as on 31st March, 2012 (₹ In lacs)	Interest Rate at year end	Nature of Securities	Repayment terms of interest and principal
1	Corporation Bank, IFB, Mumbai.	Term Loan of ₹ 1237.00 Lac	625.82 (816.32)	13.75% (11.75%)	Secured by Hypothecation of Fixed Assets except vehicles at Peenya Ind. Area, Bangalore	32 equal quarterly installments of ₹ 38.65 lacs. Commencing from 30/04/2008, last instalment will fall due on 29/02/2016.
		Term Loan of ₹ 475.00 Lac	48.94 (144.93)	13.75% (11.75%		20 quarterly installments of ₹ 23.72 lacs commencing from 31-10-20007 last instalment will fall due on 31-07-2012
2	State Bank of Patiala, Nariman Point, Mumbai.	Term Loan of ₹ 7095.00 Lac	2877.00 (3765.00)	13.50% (11.75%)	Secured by Hypothecation of Plant & Machinery & & Mortage of immovable properties at C-2, MIDC, Tarapur	31 equal quarterly installments of ₹ 222.00 lacs commencing from 30/09/2007 and last installment of ₹ 213.00 lacs. will fall due on 30/06/2015.
		Term Loan of ₹ 660.00 Lac	346.00 (430.00)	13.50% (11.75%)		32 equal quarterly installments of ₹ 21.00 lacs commencing from 30/09/2008, last instalment will fall due on 30/06/2016.
		Term Loan of ₹ 4125.00 Lac	2835.00 (3351.00)	13.25% (11.50%)		32 equal quarterly installments of ₹ 129.00 lacs Commencing from 31/12/2009, last instalment will fall due on 30/09/2017
		Term Loan of ₹ 8250.00 Lac	8250.00 (5483.08)	13.25% (11.50%)		32 equal quarterly installments of ₹ 257.82 lacs Commencing from 30/06/2012, last instalment will fall due on 31/03/2020.
3	Andhra Bank	Term Loan of ₹ 375.00 Lac	NIL (75.81)	N.A. (11.75%)	Secured by Hypothecation of Plant & Machinery installed at plot E 25 MIDC, Tarapur & mortgage of immovable properties at Tarapur Plot E-25	20 equal quarterly installments of ₹ 18.75 lacs commencing from 16/04/2007, last instalment due in 16/01/2012

Sr no.	Name of Bank	Sanctioned Amount	Balance Outstanding as on 31st March, 2012 (₹ In lacs)	Interest Rate at year end	Nature of Securities	Repayment terms of interest and principal
4	Bank of Maharashtra, Nariman Point, Mumbai	Term Loan of ₹ 1485.00 Lac	787.58 (1004.50)	14.00% (12.25%)	Secured by Hypothecation of Plant & Machinery & Mortage of immovable properties at E-25, MIDC, Tarapur	Repayable in 96 installments of ₹ 15.50 Lac per month, commencing from 15/10/2008, Last instalment will fall due on 15/07/2016.
		Term Loan of ₹ 578.00 Lac	402.75 (474.84)	14.00% (12.25%)		Repayable within 8 years with a monthly installment of ₹ 6.03 lacs commencing from 06/10/2009, last instalment will fall due on 06/09/2017.
		Term Loan of ₹ 413.00 Lac	344.20 (395.80)	14.00% (12.25%)		Repayable within 8 years with a monthly installment of ₹ 4.30 lacs commencing from 17/10/2010, last instalment will fall due on 17/09/2018
5	Axis Bank Limited	Term Loan of ₹ 5000.00 Lac	4375.00 (4843.75)	13.50% (11.50%)	Secured by Hypothecation of Plant & Machineries & Mortage of immovable properties of fixed assets of the Company excluding Assets charged on exclusive basis	Repayable in 32 quarterly instalments commencing from 31/12/2010 and last instalment will fall due on 30/09/2018.
	Bank of Baroda	Term Loan of ₹ 8000.00 Lac	7000.00 (7398.60)	13.25% (11.50%)		
	Indian Bank	Term Loan of ₹ 1250.00 Lac	1093.71 (1210.85)	14.00% (12.25%)		
	Punjab National Bank	Term Loan of ₹ 4500.00 Lac	3937.13 (4359.38)	13.25% (11.50%)		
	State Bank of India (Erstwhile State Bank of Saurashtra) *	Term Loan of ₹ 1500.00 Lac	1312.50 (1454.80)	13.00% (11.25%)		
6	Axis Bank Limited	Term Loan of ₹ 9500.00 Lac (Inclusive of Buyer's Credit of ₹ 1007.67 lacs)	3190.44 (1205.94)	13.50% (11.50%)	Secured by Hypothecation of Plant & Machinery at Plot No. 17-20 & 34-39, Baramati Hitech Textile Park, MIDC, Baramati	32 equal quarterly installments of ₹ 296.88 lacs Commencing from 31/12/2012and last instalment will fall due on 30/09/2020.
		Term Loan of ₹ 5000.00 Lac	398.02 (NIL)	13.50% (11.50%)	(Secured by Hypothecation of fixed assets procured for "Being Human" retail project.)	In 20 quarterly instalments commencing from 31/03/2014 and last instalment will fall due on 31/12/2019.
7	Bank of Baroda	Term Loan of ₹ 1200.00 Lac	1125.00 (689.16)	13.25% (11.50%)	Secured by Hypothecation of specified plant & machinery installed at Plot No. E-33, MIDC, Tarapur	In 32 quarterly instalments commencing from 31/12/2011 and last instalment will fall due on 30/09/2019.

(The loans at Sr. No. 4 amounting to ₹ 1534.53 lacs (Previous Year 1875.14 lacs) are further Guaranteed personally by the Promoter Directors.)

Installments falling due in respect of all the above loans upto 31-03-2013 have been grouped under "Current maturities of Long Term debt". (Refer Note 8)

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 4 DEFERRED TAX LIABILITIES Particulars	Deferred Tax Liability/ (Asset) As at 31.03.2011	Current Year charge/(credit)	Deferred tax Liability/(Asset) As at 31.03.2012
Deferred Tax Liabilities:			
Difference between book and tax Depreciation	5821.60	895.79	6717.39
Deferred Tax Asset:			
Interest on acquisition of Land disallowed U\S 36(1)(iii) of Income Tax Act	0.00	(9.61)	(9.61)
Adjustment on account of application of AS-15	(47.31)	(12.43)	(59.74)
TOTAL	**5,774.29**	**873.75**	**6,648.04**

(₹ In lacs)

NOTE 5 OTHER LONG TERM LIABILITIES	As at 31 March 2012	As at 31 March 2011
Vehicle loans from Banks / Finance Co.	83.21	143.85
TOTAL	**83.21**	**143.85**

(₹ In lacs)

NOTE 6 LONG TERM PROVISIONS	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits		
Gratuity (unfunded)	189.61	140.21
TOTAL	**189.61**	**140.21**

(₹ In lacs)

NOTE 7 SHORT TERM BORROWINGS	As at 31 March 2012	As at 31 March 2011
SECURED		
Loans repayable on demand		
From Banks	29,413.01	15,423.62
(Including ₹ 11,860.16 lacs (Previous year ₹ 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)		
(Of the above ₹ Nil (Previous year ₹ Nil) are further Guaranteed personally by the Promoter Directors.)		
UNSECURED		
From Banks	1,794.48	3,189.19
TOTAL	**31,207.49**	**18,612.81**

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 8 "OTHER CURRENT LIABILITIES"	As at 31 March 2012	As at 31 March 2011
Current Maturities of long-term debt	6,306.25	4,020.90
Deposit from Dealers, Agent etc.	232.60	230.10
Statutory Dues	109.86	69.90
Advance against Sales	74.40	35.46
Other Payables	528.97	433.90
TOTAL	**7,252.07**	**4,790.26**

(₹ In lacs)

	NOTE 9 "SHORT TERM PROVISIONS"	As at 31 March 2012	As at 31 March 2011
(a)	Provision for employee benefits (Refer Note 34)		
	Gratuity - Funded	-	2.22
(b)	Others		
	Proposed Dividend	331.24	662.48
	Tax on proposed Dividend	53.74	110.03
(C)	Provision for Income Tax (Net of Advance Taxes)	69.58	102.28
	TOTAL	**454.56**	**877.01**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 "FIXED ASSETS"

(₹ In lacs)

Sr. No.	Description of asset	Gross block				Depreciation				Net block	
		Cost as at 31.03.2011	Additions	Deletion / adjustment	Cost as at 31.03.2012	Up to 31.03.2011	For the year ended	Deletion / adjustment	Up to 31.03.2012	As on 31.03.2012	As on 31.03.2011
(I)	**TANGIBLE ASSETS**										
1	Lease Hold Land	1,006.63	-	-	1,006.63	59.56	10.68	-	70.24	936.39	947.06
2	Freehold Land	764.46	-	-	764.46	-	-	-	-	764.46	764.46
3	Factory Building	12,088.64	1,384.70	2.24	13,471.11	1,143.81	428.01	-	1,571.82	11,899.28	10,944.83
4	Capital expenditure on Rented Premises	21.26	-	-	21.26	21.26	-	-	21.26	-	-
5	Residential Building	495.25	1,344.63	-	1,839.89	24.98	8.38	-	33.36	1,806.52	470.27
6	Office Building	291.83	-	-	291.83	44.20	4.76	28.96	20.00	271.83	247.62
7	Plant & Machinery	37,362.50	3,428.90	143.61	40,647.80	5,617.02	1,876.07	51.76	7,441.33	33,206.47	31,745.49
8	Factory Equipment	16.14	0.17	-	16.31	5.49	0.76	1.09	5.16	11.15	10.65
9	Air Conditioner	73.80	22.27	-	96.06	21.43	3.89	5.34	19.98	76.08	52.37
10	Furniture & Fixtures	799.87	107.87	16.06	891.67	268.39	52.97	17.72	303.64	588.03	531.48
11	Motor car & Bikes	360.72	12.20	0.26	372.66	97.41	34.37	31.52	100.26	272.40	263.31
12	Office Equipment	103.94	15.54	0.75	118.73	36.85	5.12	9.91	32.06	86.67	67.09
13	Electrical Installations	1.20	0.20	-	1.40	0.25	0.06	0.16	0.15	1.25	0.95
14	Computer Accessories	276.20	51.95	5.29	322.86	201.32	33.63	5.33	229.63	93.24	74.88
	Current year total :	53,662.44	6,368.43	168.20	59,862.66	7,541.98	2,458.70	151.79	9,848.89	50,013.78	46,120.46
	Previous year total :	42,232.64	12,815.15	1,385.35	53,662.44	5,756.22	1,925.19	139.44	7,541.98	46,120.46	36,476.41
(II)	**INTANGIBLE ASSETS**										
1	Computer Software	121.31	58.91	-	180.22	44.70	23.10	-	67.80	112.42	76.61
	Current year total :	121.31	58.91	-	180.22	44.70	23.10	-	67.80	112.42	76.61
	Previous year total :	61.84	59.47	-	121.31	31.49	13.21	-	44.70	76.61	30.34

During the year under review the Company changed method of charging depreciation on the fixed assets of fabric division from wdv method to SLM method with retrospective effect. Due to this depreciation for the year is reduced by ₹ 128.14 lacs.

(III) CAPITAL WORK IN PROGRESS:

(₹ In lacs)

Particulars	Garment Unit Tarapur		Garment Unit Baramati		Being Human (MRV)		Shirting Division Tarapur		TOTAL	
	F.Y. 2011-2012	F.Y. 2010-2011	F.Y. 2011-2012	F.Y. 2010-2011	F.Y. 2011-2012	F.Y. 2010-2011	F.Y. 2011-2012	F.Y. 2010-2011	F.Y. 2011-2012	F.Y. 2010-2011
OPENING BALANCE	1,621.04	277.13	434.30	-	150.12	-	-	-	2,205.46	277.13
Add: Investment during the year	675.07	1,343.91	115.57	434.30	89.99	150.12	-	8,485.90	880.63	10,414.23
Less: Transfer to Fixed Assets	-	-	-	-	-	-	-	8,485.90	-	8,485.90
CLOSING BALANCE	**2,296.11**	**1,621.04**	**549.87**	**434.30**	**240.11**	**150.12**	**-**	**-**	**3,086.09**	**2,205.46**

The Above working excludes capital advances.

Since the retail operations of Apparel Brand "Being Human" has not yet commenced; hence the expenditure incurred towards retails operations have been capitalised.

(₹ In lacs)

NOTE 11 "LONG TERM LOANS AND ADVANCES"	As at 31 March 2012	As at 31 March 2011
Capital Advances Unsecured, Considered Goods	4,221.69	1,350.00
Security Deposits Unsecured, Considered Goods	2,320.50	2,248.36
TOTAL	**6,542.19**	**3,598.36**

NOTE 12 "CURRENT INVESTMENTS"

A. Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount in lacs		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation
			FY 11-12	FY 10-11			FY 11-12	FY 10-11		
(a)	**Investement in Equity Instruments**									
1)	Varun Industries Limited	Others	-	1,000,000	Quoted	Fully Paid	-	1,835.00	No	Market Value
2)	Sujana Tower Limited	Others	2,600,000	-	Quoted	Fully Paid	196.56	-	No	Market Value
3)	Mandhana Retail Venture Limited	Others	100	-	Unquoted	Fully Paid	0.01	-	Yes	
(b)	**Investments in Mutual Funds**									
1)	HDFC MF Monthly Income Plan - Long Term - Growth		225,414	225,414			50.00	44.39	Yes	Previous year at market value
2)	Kotak Credit Opp. Fund - Growth		-	4,951,036				500.08	No	Market Value
3)	Baroda Pioneer PSU Equity Fund		250,000	250,000			16.30	22.45	No	Market Value
	TOTAL						**262.87**	**2,401.92**		

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 13 "INVENTORIES"	As at 31 March 2012	As at 31 March 2011
Finished Goods (Inclusive of Unsold Flats)	20,754.44	14,567.94
Raw Materials	15,095.73	6,878.78
Store & Spares	895.06	241.35
Work in Process	1,458.73	5,218.84
TOTAL	**38,203.95**	**26,906.91**

(₹ In lacs)

DETAILS OF FINISHED GOODS **Finished goods**	As at 31 March 2012	As at 31 March 2011
Grey Fabric	3,333.94	5,242.07
Finish Fabric	14,695.74	6,703.13
Garments	2,712.59	2,610.56
Residential Flats	12.18	12.18
	20,754.44	14,567.94
DETAILS OF RAW MATERIALS		
Raw materials		
Yarn	735.38	1,216.42
Grey Fabric	6,609.68	955.25
Finish Fabric	7,750.67	4,707.11
	15,095.73	6,878.78
DETAILS OF WORK IN PROGRESS		
Work in progress		
Yarn	169.50	-
Finish Fabrics	515.69	5,218.84
Garments	773.54	-
	1,458.73	**5,218.84**

For Mode of Valuation, refer Annexure I

(₹ In lacs)

NOTE 14 "TRADE RECEIVABLES"	As at 31 March 2012	As at 31 March 2011
Trade receivables outstanding for a period less than six months from the date they are due for payment		
unsecured, considered good	17,548.57	15,499.82
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
unsecured, considered good	503.45	152.07
Unsecured, considered doubtful	29.60	-
Less: Provision for Doubtful Debts	(29.60)	-
TOTAL	**18,052.01**	**15,651.89**

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 15 "CASH AND CASH EQUIVALENTS"		As at 31 March 2012	As at 31 March 2011
(i)	Cash and Cash Equivalents		
a.	Balances with Banks	1.74	377.14
b.	Cash on Hand	56.93	28.30
(ii)	Other Bank Balances		
a.	Balances with banks to the extent held as margin money	233.69	198.81
	TOTAL	**292.35**	**604.25**

(₹ In lacs)

NOTE 16 "SHORT TERM LOANS AND ADVANCES"		As at 31 March 2012	As at 31 March 2011
a.	Loans and advances to related parties Mandhana Retail Ventures Limited Unsecured, Considered Good	3.74	8.08
b.	Others Unsecured, Considered Good	3,164.11	1,256.67
	TOTAL	**3,167.85**	**1,264.75**

(₹ In lacs)

NOTE 17 "OTHER CURRENT ASSETS"		As at 31 March 2012	As at 31 March 2011
a.	Exports Incentives receivable	606.24	327.66
b.	Capital Subsidy recivable	-	901.63
c.	TUF Interest Subsidy Receivable	967.34	1,347.32
d.	Claims and Other Receivable	862.90	95.58
e.	Vat Refund Receivable	318.44	190.91
f.	Forward Contract Premium /Translation Receivable	288.61	422.41
g.	Pre Paid Expenses	134.64	100.93
	TOTAL	**3,178.18**	**3,386.45**

(₹ In lacs)

NOTE 18 "REVENUE FROM OPERATIONS"		For Year Ended 31 March 2012	For Year Ended 31 March 2011
	Sale of Products		
1)	Local Sales	79,235.97	67,293.56
2)	Export Sales	15,753.26	14,156.37
	Sale of Services		
1)	Processing & Services Charges	1,909.05	1,334.06
2)	Duty Drawbacks & Other Export Entitlements	1,305.69	1,045.30
	Less: Exice Duty	(189.16)	-
	TOTAL	**98,014.81**	**83,829.28**

DETAILS OF SALES OF PRODCUTS: (₹ In lacs)

Class of Goods		
Local		
Fabrics	77,734.02	66,417.81
Garments	1,257.96	725.27
Yarn	243.99	150.48
	79,235.97	**67,293.56**
Exports		
Fabrics	1,105.27	100.30
Garments	14,647.99	12,796.35
Yarn	-	1,259.72
	15,753.26	**14,156.37**

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 19 "OTHER INCOME"	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Interest Income	190.96	246.22
Foreign Exchange Fluctuation	(489.14)	465.21
Profit /(Loss) on Sale of Assets	(2.71)	(213.09)
Profit on sale of Mutual Fund & Shares	138.66	6.70
Provision for diminution in value of current investments	(472.55)	(116.01)
Prior Period Income*	604.64	-
Miscellaneous Income	116.63	127.16
TOTAL	**86.51**	**516.19**

* Prior Period Income represents Additional compensation received during the year under review on sale of land at Yeshwanthpur which was carried out during the Financial Year 2010-2011.

(₹ In lacs)

NOTE 20 "COST OF MATERIAL CONSUMED"	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Opening Stock	6,878.78	6,951.04
Purchases	57,355.08	52,124.19
	64,233.85	59,075.24
Less: Closing Stock	15,095.73	6,878.78
TOTAL	**49,138.12**	**52,196.46**

IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED (₹ In lacs)

	For Year Ended 31 March 2012	% age	For Year Ended 31 March 2011	% age
Imported	-	0.00%	-	0.00%
Indigenous	49,138.12	100.00%	52,196.46	100.00%
TOTAL	**49,138.12**	**100.00%**	**52,196.46**	**100.00%**

DETAILS OF RAW MATERIALS CONSUMED (₹ In lacs)

Class of Goods		
Fabric	43,576.92	45,328.81
Yarn	5,561.20	6,867.65
TOTAL	**49,138.12**	**52,196.46**

(₹ In lacs)

NOTE 21 "PURCHASE OF STOCK IN TRADE"	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Fabrics	14,723.70	11,057.99
Garments	246.07	14.80
TOTAL	**14,969.77**	**11,072.78**

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 22 "CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE"	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Opening Stock		
Finished Goods	14,567.94	10,949.65
Work-in-Progress	5,218.84	299.25
TOTAL	**19,786.78**	**11,248.90**
Closing Stock		
Finished Goods	20,754.44	14,567.94
Work-in-Progress	1,458.73	5,218.84
TOTAL	**22,213.16**	**19,786.78**
TOTAL INCREASE IN STOCK	**2,426.38**	**8,537.88**

(₹ In lacs)

NOTE 23 "MANUFACTURING AND OPERATING COSTS"	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Consumption of Auxilliary Materials	2,718.95	2,321.75
Packing Materials	464.16	409.50
Garment Stitching Charges	1,739.10	1,569.94
General Factory Expenses	95.91	83.98
Power, fuel and water charges	2,983.01	1,956.57
Processing Charges	1,208.09	740.83
Repair and Maintenance to building	7.56	27.65
Repair and Maintenance to machinery	105.60	260.58
Testing & Inspection Fees	109.24	66.09
Yarn Winding,Sizing & Weaving Charges	191.75	144.98
Miscellaneous Expenses	21.07	69.38
TOTAL	**9,644.45**	**7,651.25**

Imported and Indigenous Auxiliary Materials Consumed

Particulars	For Year Ended		For Year Ended	
	31 March 2012	%	31 March 2011	%
Imported	431.81	15.88%	346.08	14.91%
Indigenous	2,287.14	84.12%	1,975.67	85.09%
	2,718.95	100.00%	2,321.75	100.00%

(₹ In lacs)

NOTE 24 "EMPLOYEE BENEFIT EXPENSES "	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Salary& Wages (inclusive of Bonus,Gratuity & other Allowances)	4,264.08	3,606.86
Contribution to P.F, ESIC, etc	381.19	321.20
Employee's Welfare and amenities	125.91	123.16
TOTAL	**4,771.18**	**4,051.21**

NOTES TO THE FINANCIAL STATEMENTS

(₹ In lacs)

NOTE 25 "FINANCE COSTS"	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Banks/Financial Institutions for Term Loans (Net of interest subsidy of ₹ 1,880.09 (Previous year ₹ 1,547.66) lacs under TUF scheme)	3,231.77	2,080.73
Banks for Working Capital	2,122.66	1,204.72
Net Loss on Currency fluctuation and translation	546.08	101.45
Others	3.62	-
TOTAL	**5,904.12**	**3,386.90**

(₹ In lacs)

NOTE 26 "OTHER EXPENSES"	For Year Ended 31 March 2012	For Year Ended 31 March 2011
Auditor's Remuneration	13.48	8.82
Bank Charges & Commission	231.48	239.87
Commission on Sales	119.95	183.46
Communication Expenses	69.15	54.18
Courier Charges	108.13	93.57
Director's Remuneration & Sitting Fees	348.70	292.70
Donations	2.45	16.41
Electricity Charges	20.61	28.23
Freight / Transportation (Net)	804.77	584.35
General Office Expenses	131.38	74.39
Insurance (Net)	42.95	36.05
Land Premium W/off	10.68	10.68
Legal & Licence Fees	392.99	27.53
Printing & Stationary Charges	26.09	32.45
Repair & maintenance	27.78	27.96
Proffesional Fees	285.41	216.89
Rent, Rates & Taxes	359.92	298.84
Sales Promotion Expenses	94.78	47.44
Travelling Expenses	150.49	134.00
Watch & Ward Exp.	66.51	61.89
Miscellaneous Expenses	141.16	187.47
TOTAL	**3,448.84**	**2,657.15**

Details of payments to auditors (included in Auditor's Remuneration)

(₹ In lacs)

a.	Statutory Audit Fees	10.11	6.62
b.	Tax Audit Fees	3.37	2.21
		13.48	**8.82**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27 VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS IN RESPECT OF:

(₹ In lacs)

	Particulars	F.Y. 2011-12	F.Y. 2010-11
a	Auxiliary Material	431.81	346.08
b	Capital Goods	1,594.62	7,004.95

NOTE 28 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:

(₹ In lacs)

	Particulars	F.Y. 2011-12	F.Y. 2010-11
a	Export Sales Commission	39.99	91.96
b	Interest	327.78	72.69
c	Foreign Travelling	48.03	51.56
d	Others	3.55	74.76

NOTE 29 EARNINGS IN FOREIGN CURRENCY ON ACCOUNT OF:

(₹ In lacs)

Particulars	F.Y. 2011-12	F.Y. 2010-11
Export of Goods calculated on FOB Value	15,824.85	14,174.88

NOTE 30 The quantum of dues to small scale industrial undertakings is not determined.

NOTE 31 DISCLOSURES IN RESPECT OF DERIVATIVE INSTRUMENTS.

(a) Derivatives instruments outstanding.

(Figures In lacs)

Sr. No.	ParticulAars	Currency	As at 31st March, 2012	As at 31st March, 2011	Type of contract
			Forward amount	Forward amount	
1	Against Exports	USD /INR	156.61	80.00	Sale
		EUR/USD	12.50	17.50	Sale
		EUR/INR	5.00	7.50	Sale
		GBP/INR	2.00	-	Sale

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

(c) Foreign currency exposures that are not hedged by derivative instruments:

(Figures In lacs)

	Particulars	Currency	As at 31st March, 2012	As at 31st March, 2011
	Secured Loans	USD	227.56	60.68
	Secured Loans	EURO	25.35	43.16
	Outstanding Capital Commitments (Import LC)	USD	Nil	2.45
		EURO	Nil	20.12

NOTE 32 RELATED PARTY DISCLOSURES

1.	**Relationship :-**	
a)	Key Management Personnel and their Relatives.	Relationship
	Shri Purushottam C. Mandhana	Chairman& Managing Director
	Shri Biharilal C. Mandhana	Executive Director
	Shri Manish B. Mandhana	Joint Managing Director

NOTES TO THE FINANCIAL STATEMENTS

	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 Indus Fila Ltd. Golden Seam Textile Pvt. Ltd. Mandhana Retail Vanture Pvt limited

2. Transactions with related parties :

(₹ In lacs)

Particulars	F.Y. 2011-12		F.Y. 2010-11	
	Referred in 1(a) Above	Referred in 1(b) Above	Referred in 1(a) Above	Referred in 1(b) Above
PURCHASES :				
Fabrics & Aux. Material		331.11		912.51
SALES :				
Fabrics & processing chgs.		84.79		421.45
EXPENSES :				
Directors Remuneration & Perquisites	344.00		291.24	
Rent To Directors & Relatives of Directors	81.38		33.50	
DEPOSITS AGAINST PREMISES:	2,021.25		2,002.00	
OUTSTANDING :				
Advances		3.74		8.08

NOTE 33 OPERATING LEASE

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

(₹ In lacs)

DUE	Total minimum lease payments outstanding	
	As at 31st March, 2012	As at 31st March, 2011
Not later than one year	317.44	251.87
Later than one year and not later than five year'	409.49	433.90
later than five year	NIL	NIL
Total	**726.93**	**685.77**
Operating lease rentals debited to profit and loss accounts (net)	330.79	283.26
Operating lease capitalised to Fixed Assets	NIL	NIL

NOTE 34 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 disclosers have been made as required by the Standard.

NOTES TO THE FINANCIAL STATEMENTS

A) Defined Contribution Plans

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

(₹ In lacs)

Particulars	F.Y. 2011-12	F.Y. 2010-11
Provident Fund	301.81	248.84

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 & loss account for contribution to state plans:

(₹ In lacs)

Particulars	F.Y. 2011-12	F.Y. 2010-11
Employee's State Insurance	79.38	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 as on 31-03-2011. Company has already framed Gratuity scheme through trust fund managed by LIC for certain class of employees and for other employees provisions has been made in the books and fund for the same shall be set up in due course of time.

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

(₹ In lacs)

Particulars	As at March 31,2012			As at March 31,2011		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Components of employer expenses						
1) Current Service Cost	4.41	49.41	53.81	4.41	47.05	51.46
2) Interest Cost	3.29	-	3.29	2.18	-	2.18
3)Expected Return on Plan Assets	(4.47)	-	(4.47)	(2.89)	-	(2.89)
4) Net Actuarial (Gain) /Loss	7.64	-	7.64	8.57	93.16	101.73
5)Total expense/(Gain) recognised in the Profit and Loss Account	10.87	49.41	60.28	12.28	140.21	152.49
Net Assets /Liability recognised in Balance Sheet						
1) Present Value of Defined benefit obligation	(54.41)	(189.61)	(244.02)	(41.10)	(140.20)	(181.30)
2) Fair Value of plan assets	59.88	-	59.88	38.88	-	38.88
3) Assets/ (Liability) recognised in Balance Sheet.	5.47	(189.61)	(184.14)	(2.22)	(140.20)	(142.42)
Change in Present Value of the Defined Benefit Obligation						
1) Opening Present Value of obligation	41.10	140.21	181.31	27.30	-	27.30
2) Interest Cost	3.29	-	3.29	2.18	-	2.18
3) Current Service Cost	4.41	49.41	53.81	4.41	47.05	51.46
4) Benefits Paid	(2.03)	-	(2.03)	(1.37)	-	(1.37)
5) Actuarial (Gain) /Loss	7.64	-	7.64	8.57	93.16	101.73
6) Closing Present Value of obligation.	54.41	189.61	244.02	41.10	140.21	181.31
Change in the fair value of plan Assets						
1) Opening Value of plan assets	38.88	-	38.88	26.10	-	26.10
2) Expected return on plan Assets	4.47	-	4.47	2.89	-	2.89
3) Actual Company Contribution	18.56	-	18.56	11.26	-	11.26
4) Benefits Paid	(2.03)	-	(2.03)	(1.37)	-	(1.37)
5) Closing Fair Value of plan assets	59.88	-	59.88	38.88	-	38.88

NOTES TO THE FINANCIAL STATEMENTS

	As at March 31,2012		As at March 31,2011	
	Funded	Unfunded	Funded	Unfunded
Actuarial Assumption				
Discount rate (per annum)	8.00%	8.50%	8.00%	8.50%
Expected rate of return on assets (per annum)	8.00%	8.50%	8.00%	8.50%
Salary escalation rate*	4.00%	5.00%	4.00%	5.00%
Mortality Rate	LIC (1994-96) Ultimate	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	1 %-5 % depending on age

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

NOTE 35 SEGMENTAL REPORTING FOR THE YEAR ENDED ON 31ST MARCH, 2012 IS AS UNDER.

(A) On the basis of Business Segments –

(₹ In lacs)

Particulars	F.Y. 2011-2012			F.Y. 2010-2011		
	Textiles	Garment	Total	Textiles	Garment	Total
External Revenues	80,973.02	15,925.26	96,898.28	69,245.37	13,538.62	82,783.99
Internal Segment Revenues	3,804.85	-	3,804.85	3,081.61	-	3,081.61
Other Allocable Income	43.49	1,073.04	1,116.53	14.02	1,031.28	1,045.30
TOTAL REVENUES	**84,821.36**	**16,998.30**	**101,819.66**	**72,341.00**	**14,569.90**	**86,910.90**
Less: Elimination	3,804.85	-	3,804.85	3,081.62	-	3,081.62
NET REVENUE	**81,016.51**	**16,998.30**	**98,014.81**	**69,259.38**	**14,569.90**	**83,829.28**
SEGMENT RESULT	**11,425.95**	**4,709.39**	**16,135.34**	**9,305.81**	**3,504.78**	**12,810.59**
Other Non-allocable Income / (Exps)						
Other Income			86.51			516.19
Interest Cost			5,904.12			3,386.90
Provision for Taxes			3,007.62			3,264.46
NET PROFIT			**7,310.11**			**6,675.41**
OTHER INFORMATION						
Segment Assets	92,598.81	30,037.84	122,636.65	73,429.58	26,335.14	99,764.72
Unallocable Corporate Assets			275.05			2,452.35
TOTAL ASSETS			**122,911.70**			**102,217.07**
Segment Liabilities	50,887.38	22,985.77	73,873.15	47,546.78	12,672.11	60,218.88
Unallocable Liabilities			7,292.21			6,792.00
TOTAL LIABILITIES			**81,165.36**			**67,010.88**
CAPITAL EXPENDITURE						
Segment Capital Expenditure	6,400.46	26.88	6,427.34	12,459.68	414.94	12,874.62
Unallocated Capital Expenses			880.62			1928.33
TOTAL CAPITAL EXPENDITURE			**7,307.96**			**14,802.95**
DEPRECIATION & AMORTISATION						
Segment Dep. & Amort.	2,051.44	292.72	2,344.16	1,641.38	297.02	1,938.40
Unallocated Dep. & Amort.			-			-
TOTAL DEPRECIATION & AMORTISATION			**2,344.16**			**1,938.40**

NOTES TO THE FINANCIAL STATEMENTS

(B) On the basis of Geographical Segments -

(₹ In lacs)

Particulars	F.Y. 2011-2012			F.Y. 2010-2011		
	Domestic	Export	Total	Domestic	Export	Total
Segment Revenues	80,955.86	17,058.95	98,014.81	68,627.62	15,201.67	83,829.28
Internal Segment Revenues	3,804.85		3,804.85	3,081.61		3,081.61
TOTAL REVENUES	**84,760.71**	**17,058.95**	**101,819.66**	**71,709.23**	**15,201.67**	**86,910.90**
Less : Elimination	3,804.85		3,804.85	3,081.61		3,081.61
NET REVENUES	**80,955.86**	**17,058.95**	**98,014.81**	**68,627.62**	**15,201.67**	**83,829.28**
SEGMENT RESULT	**11,317.47**	**4,817.87**	**16,135.34**	**9,105.51**	**3,705.08**	**12,810.59**
Carrying Cost of segment assets	92,833.47	29,803.18	122,636.65	73,777.55	25,987.16	99,764.72
Addition to Fixed Assets	6,400.33	27.01	6,427.34	12,459.85	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 organisation 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

NOTE 36 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

a) Export invoices backed by letter of credit purchased by the bank amounting to ₹ 584.39 lacs(Previous year ₹ 316.91 lacs)

b) Sales invoices Discounted with the bank amounting to ₹ 72.79 lacs. (Previous Year ₹ 88.36 lacs)

c) Claim against the Company not acknowledged as debts in respect of Income Tax demand amounting to ₹ 435.04 lacs (Previous Year ₹ 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 ₹ 485.20 lacs. (Previous Year ₹ 290.58 lacs) (Interest thereon not ascertainable at present.)

e) Bank guarantee given to Sales Tax , MSEB & Custom Department of ₹ 606.58 lacs. (Previous Year ₹ 516.09 lacs)

NOTE 37 CAPITAL COMMITMENTS:

The estimated amount of contracts remaining to be executed on capital account to the extent not provided for ₹ NIL. (Previous year ₹ 1479.17 lacs)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 38

THE PARTICULARS OF PROCEEDS RAISED FROM THE ISSUE AND ACTUAL UTILISATION FOR THE STATED PURPOSE IN PROSPECTUS AS ARE GIVEN BELOW :

(₹ 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	3,660.24
2	Expansion of Yarn Dyeing and Weaving Facility at C-2, MIDC, Tarapur, Boisar, Taluka Palghar, Thane in Maharashtra state.	10,279.46	5,644.76
3	Margin Money for Working Capital	3,550.00	412.44
4	Issue Related Expenses	1,072.56	1,072.56
	TOTAL ISSUE PROCEEDS	**21,811.42**	**10,790.00**

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

(₹ In lacs)

Issue Proceeds	10,790.00
Term Loans under TUFS from Banks	10,380.00
Internal Accruals	641.42
TOTAL	**21,811.42**

NOTE 39

The Income Tax Authorities carried out search and seizure operations on 11th and 12th January, 2012 on the premises of the Company. The Company co-operated with the authorities and has provided necessary details / information as and when asked by the tax authorities. No notice has been received by the Company for filing of tax return under Section 153A of the Income Tax Act, 1961.

NOTE 40

During the year, there was a fire incident at Company's Garment Sampling unit at Sewree. A part of inventory of finished fabrics and readymade garments at the unit was damaged in the fire. The Company has already lodged insurance claim with the insurance company after providing for salvage value of the fabrics and garments and the Company is confident of receiving the full claim. Hence, the Company has not provided for any losses on account of fire at this stage and suitable treatment will be given after the settlement of claim with the insurance company.

NOTE 41

The Financial Statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial Statements for the year ended 31st March, 2012 are prepared under Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

NOTE 42

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

ANNEXURE I

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(annexed to and forming part of the financial statements for the year ended 31st March, 2012)

A. BASIS OF ACCOUNTING

These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash equivalent the Company has ascertained its operating cycle to be less than 12 month.

B. RECOGNITION OF INCOME AND EXPENDITURE:

(i) Revenues/Income and costs/Expenditure are generally accounted on accrual, as they are earned or incurred.

(ii) Sale of Goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods.

C. USE OF ESTIMATES:

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

D. FIXED ASSETS

a. The Gross Block of Fixed asset is recorded at cost, which includes duties and other identifiable direct expenses up to the date of commissioning of the assets and wherever applicable is net of credits available under CENVAT and VAT schemes 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.

d. Intangible Assets are stated at cost of acquisition less accumulated amortisation.

E. 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.

iii) Depreciation on Factory Buildings, Plant and Machinery, Electrical Installations, Vehicles, Computers, Furniture & Fixture and Equipment is provided on the straight Line method (S.L.M.) in accordance with the provisions of Section 205 (2)(b) of the Companies Act, 1956.

iv) Computer Software is amortised over a period of five years. Amortisation is done on straight line basis.

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.

ANNEXURE I

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(annexed to and forming part of the financial statements for the year ended 31st March, 2012)

F. INVESTMENT

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary in the value of Long-term Investments. However, fixed income long term securities are stated at cost, less amortisation of premium/discount and provision for diminution to recognise a decline, other than temporary.

G. INVENTORIES

a. Finished goods are valued at cost or net realisable whichever 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 loss account in the year of purchase.

e. Stock of unsold flats is valued at cost.

H. FOREIGN CURRENCY TRANSACTION

a. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

b. Monetary items denominated in foreign currency are restated at the exchange rate prevailing at the year-end and the overall net gain / loss is adjusted to the profit & loss account.

c. In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expenses along with the exchange differences on the underlying assets/ liabilities on the reporting date. Further, in case of other contracts with committed exchange rates, the underlying is accounted at the rate so committed. Profit or loss on cancellations/renewals of forward contracts is recognised during the year.

I. 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 & 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 31st March gets lapsed and does not get accumulated.

ANNEXURE I

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(annexed to and forming part of the financial statements for the year ended 31st March, 2012)

J. BORROWING COST:

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

K. OPERATIONAL LEASE:

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

L. 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.

M. 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.

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 1st April, 2002, the differences that result between the profit offered for income tax and the profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted regulations.

O. 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,

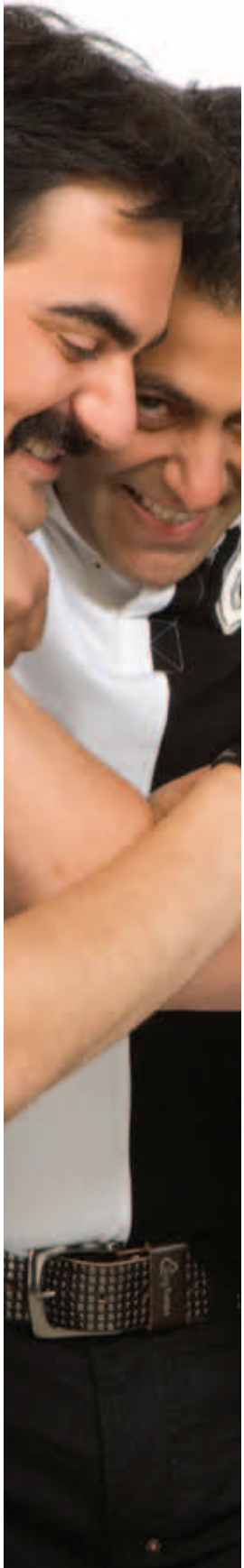
a) In the case of an individual asset, at the higher of the net selling price and the value in use.

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 deposal at the end of its useful life)

NOTES

NOTES



HOPE

HELP

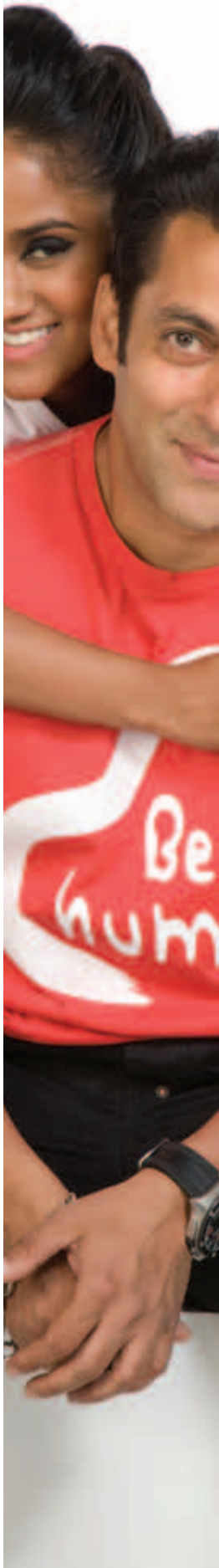
JOY

SHARE

CARE

LOVE

Being human



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