



**KPND & Co.**  
(Chartered Accountants)

44, Ground floor, Shree Naman Plaza,  
S.V Road, Kandivali (W), Mumbai - 400067.

Email id : tokpndandco@gmail.com  
Telephone No : 022-28056291

**Independent Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended.**

To,  
**The Board of Directors**  
**Mandhana Industries Limited**  
204/214, Peninsula Centre,  
Dr. S. S. Rao Road, Parel,  
Mumbai – 400 012

Dear Sirs,

We have audited the Financial Results of **MANDHANA INDUSTRIES LIMITED** for the year ended **31<sup>st</sup> March, 2019 ("the statement")**, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. A Corporate Insolvency Resolution Process had been initiated in respect of the Company under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC) by the Hon'ble National Company Law Tribunal, pursuant to which, the powers of the Board of Directors stood suspended, and such powers vested with Resolution Professional (the "RP") appointed for the Company. Subsequently the Committee of Creditors (CoC) approved a Resolution Plan of Formation Textiles LLC on July 7, 2018 followed by approval from Hon'ble NCLT Mumbai on November 30, 2018. On 31 January, 2019 the Successful Resolution Applicant takes over control of the Company from RP. From the date of such NCLT approval, till 31st January, 2019 the affairs of the company were being managed by RP.

These quarterly financial results as well as the year to date financial results have been prepared on the basis of the Ind AS financial statements, which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial results based on our audit of such standalone Ind AS financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard, Financial Reporting ( Ind AS 34 ), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



In our opinion and to the best of our information and according to the explanations given to us, quarterly financial results as well as the year to date results;

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regards; and
- (ii) gives a true and fair view of the financial performance including other comprehensive income and other financial information for the quarter and year ended March 31,2019.

Attention is also invite to the following :

Note no 2 in the Statement, Which indicate that the Company has incurred a net loss of Rs.21.17 Crore and as of March 31, 2019 the Company's accumulated losses amounted to Rs. 1163.03 Crores. Total liabilities of the Company as on March 31, 2019 exceeded total assets by Rs. 825.66 Crores. However, no doubt can be cast on the going concern status of the company consequent to the approval of the Resolution plan by Hon'ble NCLT Mumbai on November 30, 2018 whereby the successful resolution applicant, Formation Textiles LLC, had taken over the ownership and control of the company and run the same as a going concern.

The Statement includes the results for the Quarter ended March 31, 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year, which were subject to limited review, by us.

Our Report is not modified in respect of the above matters.

**For KPND & Company**  
**CHARTERED ACCOUNTANTS**

*Dhamecha N.D.*

**Nilesh Dhamecha**  
**Proprietor**  
**Membership No: 143172**  
**FRN : 133861W**  
**Date : 23.05.2019**  
**Place : Mumbai**





## MANDHANA

MANDHANA INDUSTRIES LIMITED.  
BALANCE SHEET AS ON 31ST MARCH, 2019

Particulars	AS AT 31.03.19	AS AT 31.03.18
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment	52,502.70	56,419.95
(b) Intangible assets	26.61	24.89
(c) Financial Assets		
(i) Other Financial Assets	225.50	211.89
(d) Other non-current assets	-	221.28
<b>Sub-Total - Non-Current Assets</b>	<b>52,754.81</b>	<b>56,878.01</b>
<b>Current Assets</b>		
(a) Inventories	4,802.99	3,459.05
(b) Financial Assets		
(i) Trade Receivables	3,721.16	3,973.09
(ii) Cash and cash equivalents	11,238.44	2,270.99
(iii) Current Investments	0.25	0.25
(iv) Short Term Loans and Advances	154.38	95.55
(c) Other Current Assets	1,952.95	1,576.15
<b>Sub-Total - Current Assets</b>	<b>21,870.16</b>	<b>11,375.08</b>
<b>TOTAL ASSETS</b>	<b>74,624.98</b>	<b>68,253.08</b>
<b>EQUITIES AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	3,312.39	3,312.39
(b) Other Equity	(82,566.24)	(78,277.12)
<b>Sub-Total-Equity</b>	<b>(79,253.85)</b>	<b>(74,964.73)</b>
<b>Non-Current Liabilities</b>		
(a) Financial liabilities		
(i) Long Term Borrowings	-	-
(b) Long Term Provisions	413.76	469.95
(c) Deferred Tax Liabilities (Net)	6,086.77	6,647.23
<b>Sub-Total-Non-Current Liabilities</b>	<b>6,500.53</b>	<b>7,117.18</b>
<b>Current Liabilities</b>		
(a) Financial liabilities		
(i) Short Term Borrowings	73,360.16	73,360.41
(ii) Trade Payables	4,497.59	4,106.37
(iii) Other Current Financial Liabilities	53,099.34	53,047.08
(b) Other Current Liabilities	10,942.03	1,230.20
(c) Short Term Provisions	5,479.18	4,356.55
<b>Sub-Total-Current Liabilities</b>	<b>147,378.30</b>	<b>136,100.62</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,624.98</b>	<b>68,253.08</b>



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**MANDHANA**  
MANDHANA INDUSTRIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED

Sr. No	Particulars	(Rs. In Lacs)				
		For the Quarter Ended			For the Year ended	
		Audited 31.03.2019	UnAudited 31.12.2018	Audited 31.03.2018	Audited 31.03.2019	Audited 31.03.2018
	<b>Income:</b>					
I	Value of Sales & Services	8,558.88	8,159.09	7,933.66	29,236.74	32,783.87
	Less: GST Recovered					
	Revenue from Operations					
II	Other Income	30.05	43.57	308.53	462.99	562.28
III	<b>Total Revenue (I+II)</b>	<b>8,588.93</b>	<b>8,202.65</b>	<b>8,242.19</b>	<b>29,699.72</b>	<b>33,346.15</b>
	<b>Expenses :</b>					
	(a) Cost of materials consumed	2,806.61	3,204.69	1,824.26	9,204.84	12,858.54
	(b) Purchase of Stock in Trade					
	(c) Changes in inventories of Finished Goods, Work in Progress	(73.34)	(778.86)	1,099.26	(970.28)	13,572.33
	(d) Employee Benefit expense	1,882.40	1,789.09	2,011.90	6,919.15	7,367.59
	(e) Manufacturing Cost	2,821.36	3,015.47	2,528.83	10,562.18	9,963.52
	(f) Finance Costs	0.17	0.04	5,040.13	52.61	16,806.69
	(g) Depreciation and amortisation expenses	931.35	995.11	921.10	3,917.60	3,921.97
	(h) Impairment of Property, Plant and Equipment					1,973.81
	(i) Provision for Doubtful Debts, Advances & Deposits			(250.00)	(50.00)	44,317.56
	(j) Other expenses	1,302.95	794.26	918.30	3,897.69	3,281.63
	<b>Total Expenses</b>	<b>9,671.50</b>	<b>9,019.79</b>	<b>14,093.79</b>	<b>33,533.78</b>	<b>114,063.63</b>
V	Profit (+) / Loss (-) before exceptional and extraordinary item and tax (III-IV)	(1,082.57)	(817.14)	(5,851.60)	(3,834.06)	(80,717.48)
VI	Exceptional items					
VII	Profit (+) / Loss (-) before extraordinary item and tax (III-IV)	(1,082.57)	(817.14)	(5,851.60)	(3,834.06)	(80,717.48)
VIII	Extraordinary items					
IX	Profit Before Tax (VII-VIII)	(1,082.57)	(817.14)	(5,851.60)	(3,834.06)	(80,717.48)
X	Tax Expenses - Current Tax					
	- Deferred Tax (Assets)/Liability	81.52	(274.00)	(908.11)	(560.46)	(807.90)
XI	Profit / (Loss) for the period from continuing operations (IX-X)	(1,164.10)	(543.14)	(4,943.49)	(3,273.59)	(79,909.57)
XII	Income Tax paid of Earlier Year	963.86			963.86	
XIII	Net Profit (+)/Loss (-) (XI-XII)	(2,127.95)	(543.14)	(4,943.49)	(4,237.45)	(79,909.57)
XIV	Other Comprehensive Income	10.39	(14.65)		(51.68)	
XV	Total Comprehensive Income for the period (XIII+XIV)	(2,117.56)	(557.79)	(4,943.49)	(4,289.13)	(79,909.57)
XVI	Profit / (Loss) for the period from discontinuing operations					
XVII	Tax Expenses of discontinuing operations					
XVIII	Profit / (Loss) from discontinuing Operations (after Tax) (XVI-XVII)					
XIX	Profit / (Loss) for the period (XV+XVIII)	(2,117.56)	(557.79)	(4,943.49)	(4,289.13)	(79,909.57)
XX	Paid up equity share capital (Face value of Rs. 10/- each)	3,312.39	3,312.39	3,313.39	3,312.39	3,312.39
XXI	Reserves (excluding revaluation reserves & DRR)	(100,015.23)	(98,105.19)	(95,726.10)	(100,015.23)	(95,726.10)
XXII	Revaluation Reserve	16,023.99	16,023.99	16,023.99	16,023.99	16,023.99
XXIII	Debenture Redemption Reserve (DRR)	1,425.00	1,425.00	1,425.00	1,425.00	1,425.00
XXIV	Earning Per Share of Rs. 10/- each: Basis & Diluted (Rs.)	(6.39)	(1.68)	(14.92)	(12.95)	(211.24)
XXV	Debt Equity Ratio	(0.40)	(0.41)	(0.42)	(0.40)	(0.42)
XXVI	Debt Service Coverage Ratio (DSCR)	(0.14)	(0.10)	(0.08)	(0.12)	(1.68)
XXVII	Interest Service Coverage Ratio (ISCR)			(0.16)	(71.88)	(3.80)



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**MANDHANA**  
MANDHANA INDUSTRIES LIMITED

SEGMENT-WISE REVENUE, RESULTS, SEGMENT ASSETS AND SEGMENT LIABILITIES

(Rs. In Lacs)

Sr No.	Particulars	For the Quarter Ended			For the Year Ended	
		Audited	UnAudited	Audited	Audited	Audited
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
<b>1</b>	<b>Segment Revenue</b>					
	[a] Textiles	4,693.34	4,826.96	4,814.23	15,977.09	22,931.50
	[b] Garment	3,865.55	3,332.12	3,119.43	13,259.65	9,852.37
	<b>Total</b>	<b>8,558.88</b>	<b>8,159.09</b>	<b>7,933.66</b>	<b>29,236.74</b>	<b>32,783.87</b>
	Less: Inter-segment Revenue	-	-	-	-	-
	<b>Total Revenue</b>	<b>8,558.88</b>	<b>8,159.38</b>	<b>7,933.66</b>	<b>29,236.74</b>	<b>32,783.87</b>
<b>2</b>	<b>Segment Profit / (Loss) Before Tax &amp; Interest</b>					
	[a] Textiles	(1,600.95)	(899.08)	(444.14)	(4,924.75)	(61,423.55)
	[b] Garment	488.50	38.41	(675.86)	680.31	(3,049.52)
	<b>Total</b>	<b>(1,112.45)</b>	<b>(860.67)</b>	<b>(1,120.00)</b>	<b>(4,244.44)</b>	<b>(64,473.07)</b>
	Less: Interest	0.17	0.04	5,040.13	52.61	16,806.69
		<b>(1,112.62)</b>	<b>(860.71)</b>	<b>(6,160.13)</b>	<b>(4,297.04)</b>	<b>(81,279.76)</b>
	<b>Add: Unallocable Income</b>	<b>30.05</b>	<b>43.57</b>	<b>308.53</b>	<b>462.99</b>	<b>562.28</b>
	<b>Profit Before Tax</b>	<b>(1,082.57)</b>	<b>(817.14)</b>	<b>(5,851.60)</b>	<b>(3,834.06)</b>	<b>(80,717.48)</b>
<b>3</b>	<b>Segment Assets</b>					
	[a] Textiles	46,869.02	46,632.29	50,411.84	46,869.02	50,411.84
	[b] Garment	27,755.71	24,951.51	17,840.99	27,755.71	17,840.99
	[c] Other unallocable	0.25	0.25	0.25	0.25	0.25
	<b>Total</b>	<b>74,624.98</b>	<b>71,548.05</b>	<b>68,253.08</b>	<b>74,624.98</b>	<b>68,253.08</b>
<b>4</b>	<b>Segment Liabilities</b>					
	[a] Textiles	47,447.96	46,287.41	38,938.36	47,447.96	38,938.36
	[b] Garment	15,197.31	14,154.53	17,840.99	15,197.31	17,840.99
	[c] Other unallocable	11,979.71	11,142.11	11,473.73	11,979.71	11,473.73
	<b>Total</b>	<b>74,624.98</b>	<b>71,548.05</b>	<b>68,253.08</b>	<b>74,624.98</b>	<b>68,253.08</b>



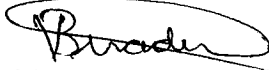
**Note:**

1. On September 29, 2017 the Hon'ble National Company Law Tribunal (NCLT) had admitted the petition for initiating the Corporate Insolvency Resolution (CIR) Process under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC). Further vide NCLT order copy dated October 11, 2017 pursuant to Section 17 of the IBC, the powers of the Board of Directors stand suspended, and such powers vest with the Interim Resolution Professional, Mrs. Charu Desai. Mrs. Desai's appointment was subsequently confirmed by the Committee of creditors (CoC) as the Resolution Professional (the "RP"). Mrs. Charu Desai in her capacity as RP took control and custody of the management and operations of the company from October 11, 2017. The Hon'ble NCLT Bench pronounced its order for approval of the successful Resolution Plan by Formation Textiles LLC, a Limited Liability Corporation set up in United States of America (Resolution Applicant) on November 30, 2018. On 31 January 2019 the Resolution Applicant took over control of the Company from Resolution Professional. From the date of such NCLT approval, until 31 January 2019 the affairs of the company were being managed by Resolution Professional.
2. During the quarter ended March 31, 2019, the Company has incurred a net loss of Rs.21.17 Crore and as of March 31, 2019 the Company's accumulated losses amounted to Rs. 1163.02 Crores. Total liabilities of the Company as on March 31, 2019 exceeded total assets by Rs. 825.66 Crores. In view of the resolution plan being approved by Hon'ble NCLT and the successful takes over the control by Resolution Applicant, the financial statements are presented on a "going concern" basis.
3. The Audit Committee has reviewed the above results and the Board of Directors have approved the above results as on date.
4. The total outstanding loans repayable to the Financial Creditors shown in the financial statement is Rs.1264.59 Crore. After the order of approval by NCLT of the resolution plan submitted by Formation Textiles LLC (resolution applicant), the total liability toward the financial creditors is Rs.480 crore and equity stake of upto 27% in the Company. However the implementation of the resolution plan is under process. Therefore the full liability of the financial creditors is reflected in the financial statements
5. During the quarter, the company has increased its authorized share capital from Rs.60.00 crore to Rs.110.00 crore as envisaged under resolution plan to increase the subscribed and paid up capital by the resolution application and the financial creditors, if any. The procedure for the same is under process.
6. Other current liabilities includes an amount of Rs. 50.00 crore received from the successful resolution applicant in lieu of the performance bank guarantee as part of the resolution process in terms of the process memorandum. Further, Rs. 5 crores of Earnest Money Deposit of Bank Guarantee given by the successful resolution applicant as per terms of the process memorandum was encashed upon expiry and the same is also shown under current liabilities. A corresponding Fixed Deposit of Rs.55 crores stands as Current Asset for the same. In addition to that during the quarter the Company has received an amount of Rs. 38 Crore from the successful resolution applicant toward equity contribution which is still lying in current Account with Bank of Baroda.



7. Contingent Liability - The Company has taken benefit of Export Promotion Capital Goods (EPCG) scheme under the Foreign Trade Policy to the tune of Rs. 31.51 crore. This could result into a liability if the export obligations under the scheme are not fulfilled by the Company. In addition to this, on 4<sup>th</sup> April, 2019 Company has received the VAT assessment order of FY 14-15 for the state of Maharashtra (VAT Demand of Rs. 47.11 Crore )and Delhi (VAT Demand of Rs. 0.17 Crore). The Company is under appeal with the Commissioner of Sales for the Same.
8. Company had received Income Tax demand order of Rs. 37.71 crore for FY 15-16 and Rs 15.37 crore for FY 14-15 (The Company has made additional provisions of Rs.9.64 crore in the this quarter as against the total provision for income tax of Rs.43.44 crore already in the books). The same is being appealed against in CIT (Appeals).
9. As per the IBC, the RP has to receive, collate and admit all the claims submitted by the creditors of the company. Such claims can be submitted to the RP during the CIR process, till the approval of a resolution plan by the CQC. The RP has verified the claims received and has published a list of admitted claims on the Company website. During the quarter, Company has made a provision for Pending CIRP expenses and Claim admitted by Resolution profession regarding Operation Creditors of an amount of Rs 3.70 Crore and have been considered in the preparation of financial statements.
10. The figures of the last quarter are the balancing figures between audited figure in respect of full financial year and published year to date figures up to 3rd quarter of the respective financial year.
11. Previous period figures have been regrouped/rearranged, wherever necessary.

**For MANDHANA INDUSTRIES LIMITED**



**Piyush Viradia**  
(Non-Executive Chairman)

