

**AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF  
Mafatlal Industries Limited**

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **Mafatlal Industries Limited** ("the Company") for the quarter and half year ended 31st December 2011 ("the Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 viz. Review of Interim Financial Information Performed by Independent Auditor of Entity, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.
3. Without qualifying our report, we draw your attention to the following note to the statement of Unaudited Standalone Financial Results:  
  
Note 2: regarding non availability of figures for the corresponding previous quarter and for the half year ended 31<sup>st</sup> December, 2010 and figures as on 31<sup>st</sup> December, 2010 for the reasons mentioned in the note.
4. Attention is invited to note 3.a of notes to the statement of Unaudited Standalone Financial Results regarding non-accounting of rent / recovery of expenses, if the same would have been considered the loss for the quarter ended 31st December, 2011 would have been Rs. 5124.11 lakhs as against the reported figure of Rs. 5304.94 lakhs and the loss for the half year ended 31<sup>st</sup> December, 2011 would have been Rs. 4975.43 lakhs as against the reported figure of Rs. 5156.26 lakhs.
5. The Company is in the process of implementing the Modified Rehabilitation Scheme (MS-09) approved by the Board of Industrial & Financial Reconstruction. In terms of MS-09 outstanding dues of the unsecured creditors are required to be paid during the rehabilitation period under the MS-09, which extends up to 2015-16. However, with the sale of surplus land at Mazagaon concluded in the previous accounting period, the Company has advanced the payments schedules. As payments have been released after duly reconciling the account balances and obtaining no dues certificates from the respective parties, in our opinion the residual amounts in the parties' accounts should be written off/written back. The Company, however, is of the view that since the process has just begun, it is rather premature for taking any comprehensive view in the matter and the same will be appropriately dealt with in due course. Since the amount to be written off/written back has not been ascertained, it is not possible to comment on the impact thereof on the results for the quarter and half year ended 31<sup>st</sup> December, 2011.



# Deloitte Haskins & Sells

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6. Based on our review conducted as stated above and the limited review reports received from the Branch Auditors for the Ahmedabad and Nadiad Branches / units read with para 3 above and *subject to our comments in paras (4) and (5) above*, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Registrars.

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



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

MUMBAI, 27<sup>th</sup> January, 2012



**UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE  
QUARTER AND HALF YEAR ENDED 31ST DECEMBER, 2011**

( RS IN LAKHS )

PARTICULARS	Quarter ended 31-Dec-2011 (Unaudited) (1)	Quarter ended 30-Sep-2011 (Unaudited) (2)	Half year ended 31-Dec-2011 (Unaudited) (3)	Previous accounting period ended 30-Jun-2011 (Audited) (4)
1 a Net sales/ income from operations	4,796.36	4,083.45	8,879.81	65,034.61
b Other Operating Income	670.79	789.62	1,460.41	3,449.40
Total income (1 a + 1 b)	5,467.15	4,873.07	10,340.22	68,484.01
2 Expenditure				
(a) ( Increase ) / Decrease in stock-in-trade and work-in-progress	(114.42)	110.89	(3.53)	(1,030.48)
(b) Consumption of raw materials	1,084.95	1,115.86	2,200.81	5,438.88
(c) Purchase of traded goods	1,878.34	693.06	2,571.40	2,303.48
(d) Cost of Land sold	-	-	-	0.52
(e) Employees cost	1,249.17	1,214.64	2,463.81	7,017.55
(f) Power and fuel	1,104.35	1,248.95	2,353.30	5,689.66
(g) Depreciation	51.07	50.23	101.30	252.48
(h) Provision for Diminution in value of investments	-	-	-	6,400.00
(i) Bad debts written off (net)	-	-	-	0.18
(j) Provision for doubtful advances/debts	-	-	-	475.29
(k) Other expenditure	1,296.04	1,144.08	2,440.12	8,201.50
Total	6,549.50	5,577.71	12,127.21	34,749.06
3 (Loss)/ Profit from Operations before Other Income, Interest & Exceptional Items ( 1 - 2 )	(1,082.35)	(704.64)	(1,786.99)	33,734.95
4 Other Income	9.87	44.20	54.07	1,599.38
5 (Loss)/ Profit before Interest & Exceptional items ( 3 + 4 )	(1,072.48)	(660.44)	(1,732.92)	35,334.33
6 Interest ( income ) / expense (net)	(663.33)	(751.93)	(1,415.26)	647.59
7 (Loss)/ Profit after Interest but before Exceptional items ( 5 - 6 )	(409.15)	91.49	(317.66)	34,686.74
8 Exceptional items	(4,895.69)	129.19	(4,766.50)	16,086.78
9 (Loss)/ Profit from ordinary activities before tax ( 7 + 8 )	(5,304.84)	220.68	(5,084.16)	50,773.52
10 Tax expense				
(a) Provision for Current tax	-	71.90	71.90	12,450.00
(b) Provision for Wealth tax	0.10	0.10	0.20	0.40
11 Net (loss)/ profit after tax from ordinary activities for the period ( 9 - 10 )	(5,304.94)	148.68	(5,156.26)	38,323.12
12 Short provision of Tax of earlier years	-	-	-	(267.12)
	(5,304.94)	148.68	(5,156.26)	38,056.00
13 Paid-up equity share capital (face value of Rs. 10/- per share)	981.39	981.39	981.39	981.39
14 Reserves excluding revaluation reserve as per Balance sheet of the previous accounting period				34,731.95
15 Earnings per share (EPS) - in Rupees Basic and diluted EPS for the period, for the year to date and for the previous period (not annualized)	(54.06)	1.52	(52.54)	387.78
16 Public shareholding				
- Number of shares	3,362,982	3,368,004	3,362,982	3,387,980
- Percentage of shareholding	34.27%	34.32%	34.27%	34.52%
17 Promoters and promoter group Shareholding				
a) Pledged/ Encumbered				
Number of shares	NIL	NIL	NIL	NIL
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL
Percentage of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL
b) Non-encumbered				
Number of shares	6,450,878	6,445,856	6,450,878	6,425,880
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
Percentage of shares (as a % of the total share capital of the company)	65.73%	65.68%	65.73%	65.48%



NOTES:

1. UNAUDITED STANDALONE ASSETS AND LIABILITIES

( RS IN LAKHS )

PARTICULARS	As on 31-Dec-2011 (Unaudited)	As on 30-Jun-2011 (Audited)
<b>Shareholders' fund</b>		
(a) Capital	6,981.32	6,981.32
(b) Reserves and Surplus	29,575.69	34,731.95
<b>Loan funds</b>	3,477.44	7,034.70
<b>Total</b>	<b>40,034.45</b>	<b>48,747.97</b>
<b>Fixed Assets ( including Capital work in Progress)</b>	<b>2,016.70</b>	<b>1,613.34</b>
<b>Investments</b>	<b>5,512.90</b>	<b>5,477.25</b>
<b>Current assets, loans and advances</b>		
(a) Inventories	2,760.61	2,679.55
(b) Sundry debtors	6,807.00	6,091.70
(c) Cash and bank balances	27,137.32	63,607.94
(d) Loans and Advances	7,254.93	3,515.70
	<b>43,959.86</b>	<b>75,894.89</b>
<b>Less: Current Liabilities and Provisions</b>		
(a) Liabilities	6,568.16	17,526.76
(b) Provisions	4,886.85	16,710.75
	<b>11,455.01</b>	<b>34,237.51</b>
<b>Net Current Assets</b>	<b>32,504.85</b>	<b>41,657.38</b>
<b>Total</b>	<b>40,034.45</b>	<b>48,747.97</b>



