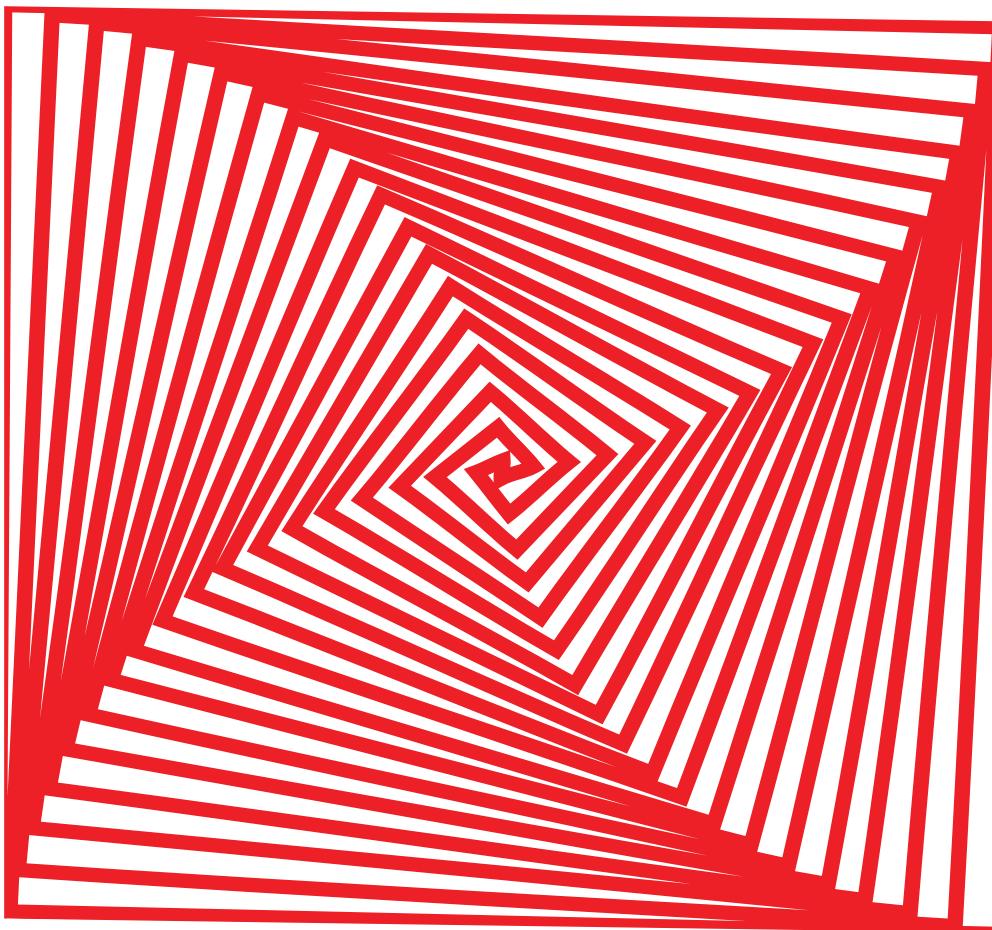




MAFATLAL INDUSTRIES LIMITED

Annual Report 2012-13



Weaving a sustainable  
textiles success story



ARVIND MAFATLAL GROUP  
The ethics of excellence

### Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Mafatlal Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Mafatlal Industries Limited annual report 2012-13.

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### Board of Directors

Shri H. A. Mafatlal	<i>Chairman</i>
Shri P. R. Amin	<i>Director</i>
Shri P. J. Desai	<i>Director</i>
Shri V. K. Balasubramanian	<i>Director</i>
Shri N. K. Parikh	<i>Director</i>
Shri A. K. Srivastava	<i>Director</i>
Shri V. R. Gupte	<i>Director (w.e.f. 30.05.2013)</i>
Shri P. N. Kapadia	<i>Director (w.e.f. 30.05.2013)</i>
Shri V. P. Mafatlal	<i>Vice-Chairman</i>
Shri Rajiv Dayal	<i>Managing Director &amp; Chief Executive Officer</i>

### Company Secretary

Shri Rasesh Shah

### Auditors

M/S. Deloitte Haskins & Sells  
*Chartered Accountants*

### Solicitors

M/S. Vigil Juris

### Corporate Office:

6th Floor, Kaledonia Building,  
Sahar Road, Off: Western Express Highway,  
Andheri (East), Mumbai-400 069.  
Phone : 91 22 6771 3800  
Fax : 91 22 6771 3924 / 3925  
Website: www.mafatlals.com

### Registered Office:

Asarwa Road, Ahmedabad-380 016  
Phone : 91 79 2212 3944 / 3945  
Fax : 91 79 2212 3045

### Unit / Factories:

(Only Nadiad and Navsari Units are operational)

#### Nadiad Unit:

Kapadvanj Road, Nadiad-387 001

#### Navsari Unit and Denim Unit:

Vejalpore Road, Navsari-396 445

#### Mazgaon Unit, Mumbai:

Rambhau Bhogale Marg, Mumbai 400 010

### Registrar & Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.  
Samhita Warehousing Complex, 2nd Floor,  
Gala No.52 to 56, Bldg. No.13 A-B,  
Near Sakinaka Telephone Exchange,  
Andheri-Kurla Road, Sakinaka,  
Mumbai-400 072.

Tel : 91 22 6772 0300 / 6772 0400

Fax : 91 22 2859 1568 / 2850 8927

E-mail: sharepro@shareproservices.com

### Investor Relations Centre

- 1) 912, Raheja Centre, Free Press Journal Road  
Nariman Point,  
Mumbai-400 021.  
Tel : 91 22 6613 4700  
Fax : 91 22 22825484
- 2) Devnandan Mega Mall  
Office no. 416-420, 4th Floor,  
Opp. Sanyas Ashram, Ashram Road,  
Ahmedabad 310 006  
Tel: 91 79 2658 2381 / 2384

### SHAREHOLDERS' INFORMATION

1. Trading in Equity Shares of the Company is permitted only in dematerialised form as per notification issued by SEBI.  
Demat Code of Mafatlal Industries Limited  
ISIN: INE270B01027
2. The Shares of the Company are listed on the Ahmedabad and Bombay Stock Exchanges and the Listing Fees for both the Exchanges have been paid by the Company for the year 2013-14.
3. The Shareholders are requested to notify change in address, if any, immediately to the Registrar & Transfer Agents at the above address mentioning their Folio Numbers.

### 99th Annual General Meeting on

Wednesday, the 31st July, 2013

at 10.30 a.m.

at Thakorebhai Desai Hall,  
Near Law Garden, Ellisbridge,  
Ahmedabad-380 006.

1. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
2. Shareholders are requested to bring their copy of the Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.

# Mafatlal Industries Limited

## is a large, growing and respected Indian textiles company.

### Amalgamation

In a major initiative, Mafatlal Industries Limited amalgamated Mafatlal Denim Limited (unlisted group company) and Mishapar Investments Limited (unlisted wholly-owned subsidiary) with itself with effect from 1 April 2012, to benefit from integration synergies.

### Business

Mafatlal Industries Limited is one of India's largest textile companies. The company possesses an extensive range of products comprising cumulative sales of over 80 million metres per annum.

### Presence

The Company is headquartered in Mumbai with a pan-India sales coverage comprising 400 dealers, 35,000 retail points, several institutional customers and buying houses (domestic and international).

### Products

The Company offers a wide range of fabrics (suiting and shirtings, twills, voiles, prints, poplins, cambrics, fine lawns, school uniforms, corporate and institutional wear, bed and bath linen, among others, in polyester / viscose and polyester wool blends), speciality and fashion denims and readymade garments. The Company produces some of the finest fabrics in the country in a count range of 7's to 140's, addressing the needs of some of the most demanding customers in India and abroad.

### Brands

The Company's products are marketed principally under the 'Mafatlal' brand.

### Assets

The company's manufacturing facilities are located in Navsari (near Surat) and Nadiad (near Ahmedabad). Both units are equipped with modern technology (open end and ring spinning frames, shuttle-less looms, combi-bleaching range, continuous dyeing range and modern rotary printing machines) coupled with customer-accredited quality assurance laboratories and environment certifications.

### Listing

Mafatlal Industries Limited shares are listed on the Bombay and Ahmedabad Stock Exchanges.

### Highlights, 2012-13

- Significant increase in revenues to ₹840.38 crores, following the amalgamation
- A financial turnaround with an operating profit (EBITDA) of ₹89.99 crores
- Cash profit of ₹51.60 crores and a net profit of ₹37.16 crores
- Capital expenditure in FY 13 will increase fabric capacity at Nadiad and Navsari



MAFATLAL INDUSTRIES LIMITED

## Financial highlights, 2012-13\*

3

Mafatlal Industries Limited is one of India's largest textile companies. The company possesses an extensive range of products comprising cumulative sales of over 80 million metres per annum.

Revenue  
₹ **840.38** crs

EBIDTA  
₹ **89.99** crs

Cash profit  
₹ **51.60** crs

Net profit  
₹ **37.16** crs

EBIDTA margin	Net margin	RONW	ROCE
11%	4%	10%	18%

\* Figures for 2011-12 (pre-amalgamated entity) are not provided as they are not comparable with those of 2012-13 (post-amalgamated entity)

# The whole > The sum of the parts

## Mafatlal Denim Limited

- **Plant:** Navsari, Gujarat
- State-of-the-art manufacturing facilities
- **Entrenched sales presence:** North, South and West India and exports
- Fashion and value-added denims for Indian and global brands

## Mafatlal Industries Limited

- **Plants:** Navsari and Nadiad, Gujarat
- **Entrenched sales presence:** Pan-India and exports
- **Network strength:** 400 dealers and 35,000 retailers
- Shirlings, voiles, bleached whites, school uniform fabrics, institutional wear, prints and fine cottons

## Mishapar Investments Limited

- Wholly-owned subsidiary company and investment arm of the Arvind Mafatlal Group

## Mafatlal Industries Limited

- **Plants:** Navsari and Nadiad, Gujarat
- State-of-the-art composite manufacturing facilities
- **Entrenched sales presence:** Pan-India and exports
- **Institutional customers:** Reputed global clientele
- Revenue, 2012-13: ₹ 840.38 crs
- Wide canvas of products

### Amalgamation highlights

- Amalgamation of Mafatlal Denim Limited (an unlisted Group company) and Mishapar Investments Limited (wholly-owned subsidiary) into Mafatlal Industries Limited; ratio of one share of Mafatlal Industries Limited for every ten shares of Mafatlal Denim Limited
- Reinforced the company's positioning as a one-stop textiles hub
- Marketing and distributing a very wide and diverse range of products to an ever-growing distribution network
- Consistently building the Mafatlal brand
- Strengthened asset efficiency with a combined capacity utilisation
- Optimised labour costs through manpower reallocation and increased human resource efficiency through sharing of technical and managerial best practices
- Reduced overheads by centralising the production planning, sales and marketing functions as well as by combining the administrative and finance functions

“Following amalgamation, capacity expansion across our denim and fabric divisions will strengthen our sectoral position.”

H. A. Mafatlal

*Dear Shareholders,*

It is a matter of pride that our company is the owner of one of India's most cherished and widely recalled textile brands, and that we are an integral part of our customers' lives.

Leveraging the rich legacy of the over-100 year-old Mafatlal brand, we made product additions, extensions and launches; we widened our sales and distribution networks; we integrated our value-chain and optimised cost structures; we emerged a quicker opportunity-centric enterprise.

In a major initiative, we amalgamated Mafatlal Denim Limited and Mishapar Investments Limited into Mafatlal Industries Limited with effect from 1 April 2012. The post-amalgamated entity of Mafatlal Industries Limited now represents the flagship of our Group, with 2012-13 revenues of ₹840.38 crs and net profit of ₹37.16 crs.

At Mafatlal Industries, we believe that these financials, combined with

a portfolio encompassing multiple products across multiple price points, serving the interest of multiple demographics (discerning individuals to fashionable women to corporates to school children), represent the fundamentals of a solid and sustainable textiles enterprise.

### **The product-market convergence**

The rejuvenated Mafatlal Industries has added denim to its comprehensive fabric and textile range. The addition enjoys attractive prospects: almost half of India's 1.2-billion-strong population is in the 20-35 year age bracket and yet, India's per capita denim consumption of 0.3 pairs compares poorly with a figure of about two pairs in the US.

At Mafatlal Industries, we are well-placed to capitalise on this correcting under-consumption. We have a wide range of fashion denim products suitable for men, women and children; we also address the demanding needs

At Mafatlal Industries, we believe that the amalgamation will create a whole that is larger than the sum of its constituents



of an international clientele. In line with this optimism, we are expanding our denim and fabric capacities. We expect that this expansion will widen our portfolio, strengthen our brand and enrich client relationships.

### Amalgamation impact

At Mafatlal Industries, we believe that the amalgamation will create a whole that is larger than the sum of its constituents through the following realities:

- **Positioning:** The amalgamation will reinforce our positioning as a one-stop textiles shop
- **Operations:** Our two manufacturing facilities (Navsari and Nadiad) are vertically-integrated composite mills with a value chain that extends from spinning, weaving, dyeing, processing to finishing, using some of the world's best equipment. Our responsiveness to customer requirements will make it possible to address market demand in India and abroad resulting in high capacity utilisation, minimal asset idling and better cost coverage
- **Scale:** Our combined operations will leverage benefits derived from scale and strengthen procurement economies among raw material and other resource suppliers
- **Innovation:** Technical competencies and increasing knowledge-sharing will make it possible to adapt to ever-evolving trends
- **Distribution:** We possess a strong distribution network wherein our products are available pan-India and internationally
- **Productivity:** The amalgamation will enable a superior sharing of technical and managerial resources, enabling us to enhance productivity and optimise manpower costs while ensuring cross-training and career advancement for employees
- **Balance Sheet:** A strong Balance Sheet will make it possible to raise relatively cheap funds, if and when required, especially on the back of low leverage
- **Expansion:** Land is available in our existing manufacturing complexes, enabling us to scale capacities at relatively low costs

### Our blueprint

Going ahead, we expect to strengthen our working through conscious value-addition, re-establishing our relationships with Mafatlal Family Shops to strengthen our direct retail presence, focusing on the growing markets of Tier-III and IV Indian towns and key global markets, focusing on governmental / institutional requirements and starting new initiatives in e-commerce.

In view of these realities and initiatives, we expect to enhance value for those who work with us and depend upon us.

Sincerely,

H. A. Mafatlal

Chairman

Dated: 30th May, 2013

# Our business model

Eight ways in which we have evolved our business model, positioning us as one of the most exciting integrated textile plays



## Objective

- At Mafatlal, we are driven by the purpose to be an increasingly profitable and sustainable textiles company
- Our business will be driven by a sense of integrity, quality, customer focus, agility, partnerships and performance

## Positioning

- At Mafatlal, we own and operate large composite textile manufacturing units
- The integrated nature of our business comprises the manufacture of yarn spinning, dyeing, processing and finishing (for denims and textiles)
- Mafatlal Denim Limited and Mishapar Investments Limited amalgamated with Mafatlal Industries Limited (from 1 April 2012)
- Post-amalgamation, we are one of the handful Indian players to manufacture denim and non-denim products, enabling us to capture a larger customer share and climb the value chain

## Wide-scale consumption

- At Mafatlal, our product portfolio is integrated from cotton and man-made fibres yarn to fabric to processing house to home textiles
- The Company invested in scale; we possess one of the industry's largest

fashion and value-added denim ranges catering to the growing needs of brand-enhancing customers

- We also possess one of the largest textile portfolios comprising suittings, shirtings, twill fabrics, voiles, prints and school uniforms, some of which are niche and under-represented segments
- We enjoy a strong presence in the manufacture of value-added textiles comprising linens, modal, special dobbies, structured fabrics, lycra and tencil, among several others
- We specialise in corporate and institutional garments
- Mafatlal is among the largest players in the school uniform fabric segment in India
- The Company reported a sales volume of over 80 million meters per annum

## Enterprising

- Mafatlal has a creative design and development studio that works closely with customers to develop innovative products (complete collections and ensembles)
- The Company reconciles promoter entrepreneurship with manager-driven control

## Distribution network

- Mafatlal's near-400 dealer network (who reach more than 35,000

retailers) makes the company's brands available pan-India

- The Company supplies products to leading institutional customers and international buying houses
- Our marketing joint venture with Al-Fahim Group will provide us with an access to the UAE and GCC markets
- The Company is exploring e-commerce to enhance sales

## Manufacturing strengths

- The Company operates state-of-the-art manufacturing facilities at Navsari and Nadiad in Gujarat
- The amalgamation of Mafatlal Denim into Mafatlal Industries has enhanced operational flexibility, cost-effective supplies, minimal asset idling, high resource utilisation and improved 'speed-to-market'

## Branding associations

- The Company has consistently invested in brand building
- As we possess a diversified range of textile products, we have created a 'brand pull' from many leading brands within India and the world over

## Strong fiscal management

- The Company enjoys a low leverage, a competitive advantage in a capital-intensive business



## Statutory Section



# Notice

NOTICE IS HEREBY GIVEN THAT the 99th Annual General Meeting of the Members of the Company will be held on **Wednesday, the 31st July, 2013 at 10.30 a.m.** at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006 to transact the following business:

## ORDINARY BUSINESS

- 1) To consider and adopt the Directors' Report and the Audited Financial Statements including Statement of Profit & Loss for the year ended 31st March, 2013 and the Balance Sheet as at that date and the Auditor's Report thereon.
- 2) To declare Dividend for the year 2012-13 on Equity Shares.
- 3) To appoint a Director in place of Shri P. J. Desai, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **ORDINARY RESOLUTION**:  
  

"RESOLVED THAT the vacancy caused by the retirement by rotation of Shri V. K. Balasubramanian, who is not seeking re-election, be not filled-up at this Meeting."
- 5) To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

- 6) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **ORDINARY RESOLUTION**:  
  

"RESOLVED THAT the accounts of the Company's Branch Offices at Ahmedabad and Nadiad, be audited by such persons other than the Company's Auditors as are qualified for appointment as Auditors of the Company under Section 226 of the Companies Act, 1956 and the Board of Directors

is hereby authorised to appoint such Branch Auditors in consultation with the Company's Auditors on such terms and conditions and on such remuneration as may be fixed by the Board."

- 7) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Shri P. N. Kapadia who was appointed by the Board of Directors as an Additional Director on the Board of Directors of the Company on 30th May, 2013 and who holds Office up to the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as the Director of the Company, liable to retire by rotation."

- 8) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Shri V. R. Gupte who was appointed by the Board of Directors as an Additional Director on the Board of Directors of the Company on 30th May, 2013 and who holds office up to the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as the Director of the Company, liable to retire by rotation."

- 9) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded to the appointment of Shri Vishad P. Mafatlal as the Executive Vice-Chairman of the Company for a period of five years from 28th May, 2013,

on the terms and conditions and remuneration mentioned in the draft Letter of Appointment, laid before the Meeting with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement from time to time within the scope of Schedule XIII of the Companies Act, 1956 or any amendment thereto or any re-enactment thereof and as may be agreed between the Board of Directors and Shri Vishad P. Mafatlal."

"**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay to Shri Vishad P. Mafatlal, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to the limits prescribed herein and in Schedule XIII of the Companies Act, 1956."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

- 10) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded to the appointment of Shri Rajiv Dayal as the Managing Director and Chief Executive Officer of the Company for a period of five years from 28th May, 2013, on the terms and conditions and remuneration mentioned in the draft Letter of Appointment, laid before the Meeting with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said

appointment and/or agreement from time to time within the scope of Schedule XIII of the Companies Act, 1956, or any amendment thereto or any re-enactment thereof and as may be agreed between the Board of Directors and Shri Rajiv Dayal."

"**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay to Shri Rajiv Dayal, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to the limits prescribed herein and in Schedule XIII of the Companies Act, 1956."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

- 11) To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 309(4) of the Companies Act 1956, consent of the Company be and is hereby accorded for the payment to the Non-Executive Directors of the Company, commission, as may be decided by the Board of Directors from time to time, at the rate not exceeding 1% of the net profits of the Company computed in the manner laid down in Section 198(1), 349 and 350 and other provisions, if any, of the Companies Act, 1956, in addition to the sitting fees being paid by the Company for attending the Board/Committee Meetings of the Company, for each financial year over a period of 5 (five) years commencing from the financial year ending on 31st March, 2013 up to and including financial year ending as on 31st March, 2017."

## Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos.6 to 11 mentioned in the above Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 22nd July, 2013 to Friday, the 26th July, 2013 (both days inclusive) for the purpose of payment of dividend.
4. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on 5th August, 2013. In order to enable the Company, directly credit the dividend amount in the bank accounts:
  - a) Shareholders holding shares in demat accounts are requested to update their Bank Account details with their respective Depository Participants.
  - b) Shareholders holding shares in physical form are requested to provide the following details along with an authorisation letter allowing the Company to directly credit the dividend in their bank accounts: Name of first account holder (as appearing in the bank account records), bank name, branch name, branch address, account type and account number, IFSC code and MICR code and copy of cancelled cheque.
5. The shareholding of the Non-Executive Independent Directors seeking reappointment at this Annual General Meeting is as under:
  - a) Shri P. J. Desai - Nil
  - b) Shri P. N. Kapadia - 138
  - c) Shri V. R. Gupte - 2
6. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by the Company and has issued circulars allowing service of notices/documents including annual report by e-mail to its members. To support this green initiative of the government in full measure, members who have not registered their e-mail addresses so far, are

requested to register the same in respect of electronic holdings with the depository through their depository participants. Members who are holding shares in physical form are requested to get their e-mail addresses registered with the Registrar and Share Transfer Agent.

7. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 2.00 p.m. to 4.00 p.m. on any working day except Saturdays and holidays upto the date of the Annual General Meeting.

## Annexure to Notice

### Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts in respect of Item Nos. 6 to 11 mentioned in the accompanying Notice dated 30th May, 2013.

### In respect of Item No. 6

The Resolution is being moved in conformity with the provisions of Section 228 of the Companies Act, 1956 for the appointment of Branch Auditors for the audit of the accounts of the Company's Branch Offices at Ahmedabad and Nadiad for the year 2013-14. It is desirable to give authority to the Board of Directors to appoint Branch Auditors in consultation with the Statutory Auditors and to fix their remuneration and terms and conditions.

Your Directors recommend passing of the above resolution.

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

### In respect of Item No. 7

The Board of Directors at their meeting held on 30th May, 2013 has appointed Shri P. N. Kapadia as an Additional Director of the Company with effect from that date. Shri P. N. Kapadia is a graduate in Arts and Law. He is a partner of Vigil Juris, Advocates and Solicitors, Mumbai. He is an Advocate and Solicitor and has experience of more than 35 years in the legal field. His presence on the Board will be immensely beneficial to the Company. Shri P. N. Kapadia holds 138 shares in the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956, from a member along with deposit of ₹500/- proposing his appointment as a Director of the Company.

Your Directors recommend the resolution for your approval.

Except Shri P. N. Kapadia, none of the other Directors of the Company is concerned or interested in the Resolution.

### In respect of Item No. 8

The Board of Directors at their meeting held on 30th May, 2013 has appointed Shri V. R. Gupte as an Additional Director of the Company with effect from that date. Shri V. R. Gupte is Graduate in Commerce and a Chartered Accountant. He has experience of more than 41 years at various companies in financial, legal and commercial matters. His presence on the Board will be immensely beneficial to the Company. Shri V. R. Gupte holds 2 shares in the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956, from a member along with deposit of ₹500/- proposing his appointment as a Director of the Company.

Your Directors recommend the resolution for your approval.

Except Shri V. R. Gupte, none of the other Directors of the Company is concerned or interested in the Resolution.

### In respect of Item No. 9

Shri Vishad P. Mafatlal has been appointed as a Director on the Board of Directors of the Company w.e.f. 10th October, 2012. He is also one of the Promoters of the Company. Shri Vishad P. Mafatlal was also holding the statutory position of Joint Managing Director of Mafatlal Denim Limited.

As per the Scheme of Arrangement and Amalgamation sanctioned by the Hon'ble High Court of Gujarat and the Hon'ble High Court of judicature at Bombay vide Orders dated 8th April, 2013 and 26th April, 2013 respectively, all the employees of Mafatlal Denim Limited were to be transferred to Mafatlal Industries Limited with effect from the date, the amalgamation becomes effective. Since Shri Vishad P. Mafatlal was holding the statutory position of Joint Managing Director of Mafatlal Denim Limited, his services are transferred to Mafatlal Industries Limited in the capacity of an employee with continuity of service.

Shri Vishad P. Mafatlal is a Bachelor of Science in Economics from the Wharton School, University of Pennsylvania, USA. He is an Industrialist having business experience of more than 16 years in Textiles, Chemicals, etc. He is on the Board of Navin Fluorine International Limited, NOCIL Limited and various other Arvind Mafatlal Group (AMG) Companies.

The Board of Directors of the Company at their Meeting held on 28th May, 2013, has appointed Shri Vishad P. Mafatlal as the Executive Vice-Chairman of the Company for a period of five years with effect from 28th May, 2013, subject to the approval of the shareholders on the following terms and conditions:

1. **Period of appointment:** Five years from 28th May, 2013.

#### 2. Remuneration:

I a) **Basic Salary:** ₹60 lacs per annum i.e. ₹5 lacs per month or such higher amount as may be decided by the Board of Directors from time to time.

#### b) **Perquisites, allowances and others:**

₹55.90 lacs per annum or such higher amount as may be decided by the Board of Directors from time to time which may include, inter alia,

(i) Subject to overall ceilings laid down under Sections 198 and 309 of the Companies Act, 1956, Shri Vishad P. Mafatlal shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for servants, utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for themselves and their family, club(s) fees, medical insurance / medical benefit for the appointee and his family, personal accident insurance, overseas medical cover for self and family, leave and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri Vishad P. Mafatlal.

(ii) Free use of the Company's car(s) with driver for official duties, Company's telephone at residence (including payment for local calls and long distance official calls) and mobile phone and reimbursement of expenses actually and properly incurred by him for the business of the Company.



Perquisites will be valued as per the Income Tax Rules, wherever applicable, and in the absence of such Rules, the perquisites will be valued at the actual cost to the Company.

**c) Payments and Provisions which shall not be included in the Computation of the remuneration or perquisites as aforesaid, subject to Schedule XIII of the Companies Act, 1956**

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or together are not taxable under the Income Tax Act, 1961; Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and Encashment of Leave at the end of the tenure.

**II Commission:**

Commission at the rate of up to 1% (One Percent) of the Net Profit of the Company for each completed financial year, as the Board may determine from time to time, computed in the manner provided in Section 309(5) of the Companies Act, 1956, subject to the ceiling laid down in Sections 198 and 309 of the Companies Act, 1956 on the total remuneration. Provided further that the amount of such commission shall not exceed the amount equal to 2 (Two) times of the annual basic salary.

**III Minimum Remuneration:**

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of the tenure of Shri Vishad P. Mafatlal as Executive Vice-Chairman of the Company, if the Company has no profit or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to restrictions set out in Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

Shri Vishad P. Mafatlal shall not be entitled to receive sitting fees for attending the meetings of the Board of Directors or any Committees thereof.

Subject to the provisions of Section 255 of the Companies Act, 1956, Shri Vishad P. Mafatlal shall not be liable to retire by rotation.

A draft of the letter recording the terms of his appointment

referred to in the resolution is available for inspection by the Members between 2.00 p.m. to 4.00 p.m. at the Registered Office of the Company.

Other particulars pertaining to the Company which are required to be disclosed as required under Section II of Part II of Schedule XIII are given in Annexure A to the Explanatory Statement.

Shri Vishad P. Mafatlal is the nephew of Shri H. A. Mafatlal, Chairman of the Company. Except Shri H. A. Mafatlal and Shri V. P. Mafatlal, none of the other Directors of the Company is concerned or interested in the Resolution.

The Notice convening ensuing Annual General Meeting of the members of the Company along with the above Explanatory Statement may be treated as an abstract of the terms of the Agreement relating to the appointment of Shri Vishad P. Mafatlal as Executive Vice-Chairman of the Company as required by Section 302 of the Companies Act, 1956.

The Board of Directors recommend passing of the Special Resolution at Item No. 9 of the Notice.

**In respect of Item No. 10**

Shri Rajiv Dayal has been appointed as a Director on the Board of Directors of the Company w.e.f. 10th October, 2012. He was also holding the statutory position of Managing Director and Chief Executive Officer of Mafatlal Denim Limited and in accordance with the Scheme of Amalgamation referred to in Item No. 9, his services are also transferred to Mafatlal Industries Limited in the capacity of an employee with continuity of service.

Shri Rajiv Dayal is a chemical engineer from I.I.T - Delhi. Shri Rajiv Dayal has been with Mafatlal Denim Limited for 15 years since April, 1998. He was the Chief Executive Officer and Manager till 31st March, 2006 and was appointed as Managing Director & Chief Executive Officer w.e.f. 1st April, 2006. He has a total work experience of 37 years and prior to joining the Company, had worked with Hindustan Lever Ltd. [a subsidiary of Unilever plc] and with Arvind Mills Limited.

The Board of Directors of the Company at their Meeting held on 28th May, 2013, has appointed Shri Rajiv Dayal as the Managing Director and Chief Executive Officer of the Company



for a period of five years with effect from 28th May, 2013, subject to the approval of the Shareholders on the following terms and conditions:

**1. Period of appointment:** Five years with effect from 28th May, 2013.

**2. Remuneration:**

I a) **Basic Salary:** ₹60 lacs per annum i.e. ₹5 lacs per month or such higher amount as may be decided by the Board of Directors from time to time.

b) **Perquisites, allowances and others:**

₹47.20 lacs per annum or such higher amount as may be decided by the Board of Directors from time to time which may include, inter alia,

(i) Subject to overall ceilings laid down under Sections 198 and 309 of the Companies Act, 1956, Shri Rajiv Dayal shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for servants, utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for themselves and their family, club(s) fees, medical insurance / medical benefit for the appointee and his family, personal accident insurance, overseas medical cover for self and family, leave and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri Rajiv Dayal.

(ii) Free use of the Company's car(s) with driver for official duties, Company's telephone at residence (including payment for local calls and long distance official calls) and mobile phone and reimbursement of expenses actually and properly incurred by him for the business of the Company.

Perquisites will be valued as per the Income Tax Rules, wherever applicable, and in the absence of such Rules, the perquisites will be valued at the actual cost to the Company.

c) **Payments and Provisions which shall not be included in the Computation of the remuneration or perquisites as aforesaid, subject to Schedule XIII of the Companies Act, 1956**

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or together are not taxable under the Income Tax Act, 1961; Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and Encashment of Leave at the end of the tenure.

**II Commission:**

Commission at the rate of up to 1% (One Percent) of the Net Profit of the Company for each completed financial year, as the Board may determine from time to time, computed in the manner provided in Section 309(5) of the Companies Act, 1956, subject to the ceiling laid down in Sections 198 and 309 of the Companies Act, 1956 on the total remuneration. Provided further that the amount of such commission shall not exceed the amount equal to 2 (Two) times of the annual basic salary.

**III Minimum Remuneration:**

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of the tenure of Shri Rajiv Dayal as Managing Director and Chief Executive Officer of the Company, if the Company has no profit or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above subject to restrictions set out in Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

Shri Rajiv Dayal shall not be entitled to receive sitting fees for attending the meetings of the Board of Directors or any Committees thereof.

Subject to the provisions of Section 255 of the Companies Act, 1956, Shri Rajiv Dayal shall not be liable to retire by rotation.

A draft of the letter recording the terms of his appointment referred to in the resolution is available for inspection by the Members between 2.00 p.m. to 4.00 p.m. at the Registered Office of the Company.

Other particulars pertaining to the Company which are required to be disclosed as required under Section II of Part II of Schedule XIII are given in Annexure A to the Explanatory Statement.

None of the Directors of the Company, except Shri Rajiv Dayal is concerned or interested in the Resolution

The Notice convening ensuing Annual General Meeting of the members of the Company along with the above Explanatory Statement may be treated as an abstract of the terms of the Agreement relating to the appointment of Shri Rajiv Dayal as the Managing Director and Chief Executive Officer of the Company as required by Section 302 of the Companies Act, 1956.

The Board of Directors recommend passing of the Special Resolution at Item No. 10 of the Notice.

#### **In respect of Item No. 11**

Section 309(4) of the Companies Act 1956 provides that, in case of a Director who is neither a Managing Director nor in whole time employment, the Company may, by Special Resolution, authorise the payment of commission for a period of five years in addition to the fees for attending the Meetings of the Board or any Committees thereof.

The contribution from the Non-Executive Directors has been significant on various strategic decisions as well as operational issues. The Board of Directors are of the opinion that, in order to remunerate the Non-Executive Directors of the Company for the responsibilities entrusted upon them under the law particularly with the requirements of the Companies Act, 1956 and Corporate Governance norms, the current trends and

commensurate with the time devoted and the contribution made by them, subject to such statutory approvals as may be necessary, commission in terms of Section 309 of the Companies Act, 1956, be paid to the Non-Executive Directors of the Company.

The Board of Directors of the Company have approved payment of commission to Non-Executive Directors of the Company, within the maximum limit of 1% percent of net profits of the Company computed in the manner laid down under Section 198(1), 349 and 350 and other provisions, if any, of the Companies Act, 1956 for each financial year, over a period of five years from the financial year commencing from the financial year ended 31st March, 2013 up to 31st March, 2017. In addition to the Commission on the net profits as aforesaid, each Non-Executive Director of the Company is presently entitled to a fee of ₹10,000/- per attended meeting of the Board and Committees.

Section 309 of the Companies Act, 1956 requires approval of members of the Company by passing a Special Resolution in General Meeting for payment of remuneration by way of commission to Non-Executive Directors of the Company.

All the Non-Executive Directors of the Company are interested in the Resolution to the extent commission is payable to them in accordance with the proposed resolution.

The Board of Directors recommend passing of the Special Resolution at Item No. 11 of the Notice.

Regd. Office:  
Asarwa Road,  
Ahmedabad-380 016  
Mumbai  
Dated: 30th May, 2013

By Order of the Board

**Rasesh Shah**  
Company Secretary

## Annexure A to the Explanatory Statement

Statement as required under Section II of Part II of Schedule XIII of the Companies Act, 1956 giving details in respect of appointments of Shri Vishad P. Mafatlal as the Executive Vice-Chairman and Shri Rajiv Dayal as the Managing Director and Chief Executive Officer.

### I GENERAL INFORMATION:

1. Nature of industry: Textiles industry
2. Date of commencement of commercial production: The Company started its operations in the year 1913.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.
4. Financial performance based on given indicators:

(Amount ₹ in lacs)

	Current Year	Previous Period
Turnover (Net)	79749.07	14374.88
Profit / (Loss) after Tax	3715.93	(5185.99)

5. Export performance and net foreign exchange earnings:

(Amount ₹ in lacs)

	Current Year	Previous Period
A) FOB value of exports	6551.86	2558.68
B) Others	-	-
Net Foreign Exchange Earnings	1138.87	2351.96

6. Foreign investments or collaborators, if any: 147 Equity Shares of AED 1000/- each of Al Fahim Mafatlal Textile LLC amounting to ₹ 22.73 lacs.

### II INFORMATION ABOUT THE APPOINTEES

1. Background details

Shri Vishad P. Mafatlal, 39 years of age, is a Bachelor of Science in Economics from the Wharton School, University of Pennsylvania, USA. He is an Industrialist having business experience of more than 16 years in Textiles, Chemicals, etc.

Shri Rajiv Dayal, 57 years of age, is a chemical engineer from I.I.T - Delhi. Shri Dayal has been with Mafatlal Denim

Limited for 15 years since April, 1998. He has a wide cross-functional experience in the areas of manufacturing, marketing, product development, projects and factory operations.

2. Past remuneration

During the year ended 31st March, 2012, Shri Vishad P. Mafatlal and Shri Rajiv Dayal were not drawing any remuneration from the Company.

However, Shri Vishad P. Mafatlal in his capacity as the Joint Managing Director of erstwhile Mafatlal Denim Limited had a basic salary of ₹44.85 lacs p.a. plus perquisites of ₹5.61 lacs p.a. apart from commission on net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956. Further, he was also entitled to the benefits as are granted to the senior executives of the Company in accordance with the Company's practice, rules and regulations in force from time to time.

Shri Rajiv Dayal in his capacity as the Managing Director and Chief Executive Officer of erstwhile Mafatlal Denim Limited had a basic salary of ₹57.04 lacs p.a. plus perquisites of ₹17.97 lacs p.a. apart from commission on net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956 or performance bonus. Further, he was also entitled to the benefits as are granted to the senior executives of the Company in accordance with the Company's practice, rules and regulations in force from time to time.

3. Job profile

Shri Vishad P. Mafatlal is a Promoter-Director. Looking at the overall exposure and experience of Shri Vishad P. Mafatlal in diversified areas and responsibilities to be shouldered by him, he is suitable for the position.

Shri Rajiv Dayal was the Managing Director and Chief Executive Officer of the erstwhile Mafatlal Denim Limited. He has experience of over two decades in the textiles industry. Looking at the overall exposure and experience of Shri Rajiv Dayal and the responsibilities to be shouldered by him, he is suitable for the position.

## 4. Remuneration proposed

As mentioned in the Explanatory Statement in respect of Item Nos. 9 and 10.

## 5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of his origin)

Considering the size of the Company, the industry benchmarks, experience of the appointees and the responsibilities to be shouldered by them, the proposed remuneration is commensurate with the remuneration paid to similar appointees in other companies.

## 6. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Shri Vishad P. Mafatlal is the nephew of Shri H. A. Mafatlal, Chairman of the Company. Besides the proposed remuneration, Shri Vishad P. Mafatlal does not have any pecuniary relationship with the Company except as mentioned under the heading 'Related Party Transactions' in the Notes to the Accounts.

Besides the proposed remuneration, Shri Rajiv Dayal does not have any pecuniary relationship with the Company and its managerial personnel except as mentioned under the heading 'Related Party Transactions' in the Notes to the Accounts.

## III OTHER INFORMATION

1. Reasons of loss or inadequate profits – N.A.
2. Steps taken or proposed to be taken for improvement – N.A.
3. Expected increase in productivity and profits in measurable terms – N.A.

**Particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.**

Name, Age and Qualification of the Director	Date of Appointment	Expertise in functional Areas	Names of the Companies in which he holds Directorships and Memberships of Committee of the Board
Shri P. J. Desai (78 Years) B.Com., FCA, FCS	28.03.2003	Experience of over 53 years in the fields of finance, law and corporate affairs.	<b>Director in:</b> Mafatlal Industries Limited <b>Committee Membership:</b> Audit Committee Investors' Grievance Committee and Remuneration Committee of Mafatlal Industries Limited
Shri P. N. Kapadia (61 Years) B.A., LL.B	30.5.2013	Advocate & Solicitor Experience of more than 35 years in the legal field. He is a partner of Vigil Juris, Advocates & Solicitors, Mumbai.	<b>Director in:</b> Afcons Infrastructure Limited Sumangala Investments Pvt. Limited HTA Marketing Services Pvt. Ltd Mafatlal Industries Limited Hindustan Thompson Associates Pvt. Limited Gokak Textiles Limited C3 Advisors Pvt. Limited Navin Fluorine International Limited Hungama Digital Services Pvt. Limited <b>Committee Membership:</b> <b>Audit Committee:</b> Afcons Infrastructure Limited Navin Fluorine International Limited <b>Shareholders'/Investors' Grievance Committee:</b> Afcons Infrastructure Limited Navin Fluorine International Limited <b>Remuneration Committee:</b> Afcons Infrastructure Limited

Name, Age and Qualification of the Director	Date of Appointment	Expertise in functional Areas	Names of the Companies in which he holds Directorships and Memberships of Committee of the Board
Shri V. R. Gupte (68 Years) B.Com., Chartered Accountant	30.5.2013	Experience of more than 41 years at various companies in financial, legal and commercial matters.	<b>Director in:</b> Nocil Limited WTS India Pvt. Limited Mafatlal Industries Limited
Shri Vishad P. Mafatlal (39 Years) Graduate in Economics from Wharton School	10.10.2012	An industrialist with an experience of over 16 years in the senior management.	<b>Director of:</b> Mafatlal Industries Limited Mafatlal Services Limited Tropical Clothing Company Pvt. Ltd. Cebon Apparel Private Limited Eyeindia.com Pvt. Limited Techergo Solutions Limited Sarvamangala Holdings Private Ltd. Mafatlal Fabrics Private Limited Myrtle Chemtex Trading Private Limited Navin Fluorine International Limited Mayflower Chemtex Trading Private Ltd. NOCIL Limited Mafatlal Exim Private Limited Arvi Associates Private Limited Shripad Associates Private Limited Mafatlal Impex Private Limited Altamount Products & Services Private Ltd. Mafatlal Global Apparel Limited Sukarma Investments Private Limited Manchester Organics Limited., UK <b>Committee Membership:</b> Share Transfer and Investor Grievance Committee of NOCIL Limited
Shri Rajiv Dayal (57 Years) B.Tech (IIT)	10.10.2012	Experience of over 35 years in the field of manufacturing and marketing of textile products.	<b>Director of:</b> Mafatlal Industries Limited Mafatlal Global Apparel Limited

## SUMMARISED FINANCIAL DATA

Particulars				
	2002-03	2003-04	2004-05	
	1	2	3	
<b>STATEMENT OF PROFIT AND LOSS</b>				
Total Income	17369.10	19533.62	20540.27	
Profit before Depreciation, Interest, Exceptional Items and Tax	(3370.01)	(322.29)	3148.54	
Exceptional Items	-	-	-	
Finance costs	(2785.27)	(2933.38)	(3242.36)	
Depreciation, Amortisation and Impairment	(1428.10)	(1108.90)	(920.71)	
Profit before Tax	(7583.38)	(4364.57)	(1014.53)	
Profit after Tax	(7583.88)	(4365.07)	(1029.77)	
Dividend (₹ per share)	-	-	-	
Earning per share (EPS) ₹	(151.68)	(87.31)	(20.60)	
<b>BALANCE SHEET</b>				
Net Fixed Assets	10095.10	8698.33	5516.76	
Investments	19619.33	19576.77	19574.71	
Current Assets (Net)*	(23373.96)	(29557.94)	(15200.17)	
Miscellaneous Exps not W/Off	1070.66	6544.11	4987.58	
Total Application	7411.13	5261.27	14878.88	
Borrowings	42269.24	44484.45	46389.93	
Net Worth:				
Share Capital	499.94	499.94	9499.94	
Reserves	(35358.05)	(39723.12)	(41010.99)	
	(34858.11)	(39223.18)	(31511.05)	
Total Sources	7411.13	5261.27	14878.88	
Book value per Equity Share (₹)	-	-	-	
(Face value - ₹10 per Share)				
Debt/ Equity Ratio	-	-	-	
Operating EBITDA ( % )	-19%	-2%	15%	
Profit After Tax ( % )	-44%	-22%	-5%	
Return on Net Worth ( % )	-	-	-	
Return on Capital Employed	-46%	-23%	22%	

\* Current Assets (Net) are net of Current & Non Current Assets and Liabilities.

+ Including A Special Centenary dividend of Rs. 2/- per Equity Share.

(Amount ₹ in lacs)

Financial Year						
2005-06	2006-08 (18 months)	2008-09	2009-10 (14 months)	2010-11 (13 months)	2011-12 (9 months)	2012-13
4	5	6	7	8	9	10
16699.56	41273.38	54998.06	30913.02	86608.46	18069.79	84038.13
(1849.89)	6689.72	35183.24	7164.51	36025.11	(1096.70)	8999.05
-	-	-	-	16086.77	(5040.76)	697.74
(3867.58)	(2929.12)	(1014.50)	(557.56)	(1085.88)	(245.11)	(3199.92)
(780.94)	(807.08)	(402.02)	(332.51)	(252.48)	(203.42)	(1444.05)
(6498.41)	2953.52	33766.72	6274.44	50773.52	(6585.99)	5052.82
(6521.01)	2930.31	33750.72	5176.30	38056.00	(5185.99)	3715.93
-	-	-	-	-	-	+5.00
(130.42)	58.61	675.01	71.16	387.78	(52.84)	26.71
4673.74	3797.80	3373.55	1975.17	1613.34	2003.60	15648.04
19433.95	16609.00	16567.45	12477.61	5477.25	5009.80	4871.58
(17316.17)	(5322.26)	(11407.63)	(3499.36)	41657.38	27067.95	24293.87
3474.16	1279.69	0.75	-	-	-	-
10265.68	16364.23	8534.12	10953.42	48747.97	34081.35	44813.49
48297.74	51633.98	10053.15	7296.15	7034.70	554.07	8997.04
9499.94	9499.94	9499.94	6981.32	6981.32	3981.32	4391.22
(47532.00)	(44769.69)	(11018.97)	(3324.05)	34731.95	29545.96	31425.23
(38032.06)	(35269.75)	(1519.03)	3657.27	41713.27	33527.28	35816.45
10265.68	16364.23	8534.12	10953.42	48747.97	34081.35	44813.49
-	-	-	50.30	425.04	341.63	257.43
-	-	-	1.99	0.17	0.02	0.25
-11%	16%	64%	23%	42%	-6%	11%
-39%	7%	61%	17%	44%	-29%	4%
-	-	-	-	168%	-14%	10%
-21%	44%	279%	70%	174%	-15%	18%

# Directors' Report

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To,  
The Members,

Mafatlal Industries Limited

Your Directors are pleased to present the 99th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2013.

## 1. Financial Results:

The Financial Results of the Company are as under:

(Amount ₹ in lacs)

	Current Year <sup>1</sup> 2012-13 (12 months) 1st April, 2012 to 31st March, 2013	Previous Period <sup>2</sup> 2011-12 (9 Months) 1st July, 2011 to 31st March, 2012
Revenue from Operations	79749.07	14374.88
Other Income	4289.06	3694.91
<b>EBIDTA</b>	<b>8999.05</b>	<b>(1096.70)</b>
Less: Depreciation	1444.05	203.42
Finance Costs	3199.92	245.11
Profit before Exceptional Items	4355.08	(1545.23)
Exceptional Items (Net)	697.74	(5040.76)
Profit before Taxes	5052.82	(6585.99)
Tax (Expense) / Benefits	(1336.89)	1400.00
<b>Profit after Taxes</b>	<b>3715.93</b>	<b>(5185.99)</b>
Add: Surplus brought forward from previous year	3768.28	11954.27
Add: Pursuant to Scheme of Amalgamation	(1908.71)	-
Amount available for appropriation	5575.50	6768.28
Appropriation		
Transfer to Capital Redemption Reserve	-	3000.00
Transfer to General Reserve	375.00	-
Proposed Final Dividend	695.64	-
Corporate Dividend Tax	118.22	-
	1188.86	3000.00
Surplus carried to Balance Sheet	4386.64	3768.28

<sup>1</sup> The figures for the financial year 2012-13 include the figures of erstwhile Mafatlal Denim Limited and erstwhile Mishapar Investments Limited which have been amalgamated with the Company with effect from 1st April, 2012.

<sup>2</sup> The Board of Directors had changed the financial year 2011-12 to end on 31st March, 2012 instead of 30th June, 2012. Hence, the previous financial year was for a period of nine months.



In view of the above, the financial results for the financial year 2012-13 are not comparable with those for the financial year 2011-12.

## 2. Dividend:

Though the Arvind Mafatlal Group has been in the textile business since 1905, Mafatlal Industries Limited was incorporated on 20th January, 1913. To mark this 'Centenary Year', in addition to the normal dividend of ₹3/- per share (@ 30%), a Special Centenary Dividend of ₹2/- per share (@ 20%) aggregating to ₹5/- per Equity Share (@ 50%) on 1,39,12,886 Equity Shares of face value of ₹10 each has been recommended by the Board.

## 3. Year in Retrospect:

The year under review was a historic year for the Company in many ways. The Company completed 100 years of its existence and also took a major decision in amalgamating Mafatlal Denim Limited and Mishapar Investments Limited with itself as per the Scheme of Amalgamation sanctioned by Hon'ble High Courts of Gujarat and Mumbai with effect from the appointed date of 01.04.2012.

The benefits of the amalgamation are reflected in the increase in Revenue to ₹840.38 crores, PBITD to ₹89.99 crores and PAT to ₹37.16 crores for FY 12-13.

The general business environment continued to be challenging due to the uncertain global economic scenario and the deceleration of India's GDP growth. Your Company has fine-tuned its business strategy by focusing on capital investments, cost reduction initiatives through VRS, improvement in product mix and creating a visibility for further strengthening Mafatlals brand.

## 4. Amalgamation of Mishapar Investments Limited and Mafatlal Denim Limited with the Company:

The Scheme of Arrangement and Amalgamation of Mishapar Investments Limited (Wholly-Owned Subsidiary Company) and

Mafatlal Denim Limited (Promoter Group Company) with the Company has been sanctioned by the Hon'ble High Court of Gujarat and Hon'ble High Court of Judicature at Bombay vide Orders dated 8th April, 2013 and 26th April, 2013 respectively, with effect from 1st April, 2012 (Appointed Date). The Company has filed a copy of the above referred Orders with the Registrar of Companies, Gujarat and the Registrar of Companies, Maharashtra and the said Scheme has become effective w.e.f. 28th May, 2013.

The Company has issued and allotted 40,99,415 Equity Shares of face value of ₹10/- each fully paid-up to the shareholders of Mafatlal Denim Limited on 30th May, 2013 in ratio of 1:10 as per the Scheme. The Company has submitted applications for listing of 40,99,415 Equity Shares of face value of ₹10/- each to BSE Limited (BSE) and Ahmedabad Stock Exchange Limited (ASE).

## 5. Project Promotion Division:

### NOCIL Limited (NOCIL):

The year experienced one of the most challenging business environments which the rubber chemicals industry has ever faced. Most major customers of NOCIL undertook significant production cuts to align their production with the decline in the demand from the automobile sector. This in turn, resulted in lower demand for Rubber Chemicals.

Despite this, NOCIL's turnover for the year under review, touched ₹527 crore as compared to ₹511 crore in the previous year, representing an increase of about 3%. The net profit was ₹42.49 crores as compared to ₹33.99 crores in the previous year.

As reported last year, one of the major initiatives undertaken by NOCIL's management, was to set-up a new manufacturing facility at Dahej in Gujarat, with a much improved process technology, to produce a key intermediate for an important product in the range of rubber chemicals. The said facility commenced commercial production from early March 2013.

## 6. Energy, Absorption and Foreign Exchange Earnings and out go:

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

## 7. Particulars of Employees:

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms a part of this report and will be sent on demand to the shareholders. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary.

## 8. Industrial Relations:

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

## 9. Directorate:

Shri P. J. Desai, Director of the Company will retire by rotation at the ensuing 99th Annual General Meeting of the Company and being eligible, offers himself for re-appointment. Shri V. K. Balasubramanian retires by rotation but has shown his unwillingness for re-appointment on retirement. The Board places on record its sincere appreciation of the valuable services and co-operation extended by Shri V. K. Balasubramanian during his tenure as Director of the Company.

The Board of Directors of the Company has appointed Shri P. N. Kapadia and Shri V. R. Gupte as Additional Directors on the Board of Directors of the Company with effect from 30th May, 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri P. N. Kapadia and Shri V. R. Gupte shall hold office up to the date of the ensuing 99th Annual General Meeting of the Company. The Company has received notices under Section 257 of the Companies Act, 1956, alongwith the deposit of ₹500/- each from the Members of the Company signifying their intention to propose at the ensuing 99th Annual General Meeting, Shri P. N. Kapadia and Shri V. R. Gupte as candidates for the office of the Directors of

the Company, liable to retire by rotation. Considering the varied experience and expertise of the said Directors, your Board of Directors recommends their appointment as Directors of the Company at the ensuing Annual General Meeting.

The Board of Directors of the Company at their Meeting held on 28th May, 2013, has appointed Shri V. P. Mafatlal and Shri Rajiv Dayal as the Executive Vice-Chairman and Managing Director & Chief Executive Officer of the Company respectively with effect from 28th May, 2013 on terms and conditions and remuneration as stated under Item Nos. 9 & 10 of the Explanatory Statement of the Notice convening the 99th Annual General Meeting of the Company subject to the approval of the Shareholders of the Company. Your Board of Directors recommend their appointment as Executive Vice-Chairman and Managing Director & Chief Executive Officer of the Company respectively at the ensuing 99th Annual General Meeting of the Company. Shri Hrishikesh A. Mafatlal has stepped down from the position of Managing Director of the Company w.e.f. 28th May, 2013 and continues as the Chairman of the Company.

## 10. Subsidiary Companies:

During the year, Mafatlal Global Apparel Limited and Silvia Apparel Limited have ceased to be subsidiaries of the Company. Further, the Hon'ble High Court of Gujarat pursuant to an Order dated 27th February, 2013 directed Sunanda Industries Limited to be wound up under Sections 433 and 434 of the Companies Act, 1956. During the year, Mishapar Investments Limited, wholly-owned subsidiary has been amalgamated with the Company with effect from 1st April, 2012. In view of the above, the following companies continue to be subsidiaries of the Company:

1. Mafatlal Services Limited
2. Myrtle Textiles Pvt. Limited
3. Mayflower Textiles Pvt. Limited
4. Repal Apparel Pvt. Limited

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

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

The Annual Accounts and related information of the subsidiary companies are open for inspection by any member at the Registered Office of the Company on any working day between 2.00 p.m. and 4.00 p.m. and the Company will make available these documents upon request by any member of the Company who may be interested in obtaining the same.

### 11. Insurance:

The properties and insurable interests of your Company like buildings, plant and machinery, stocks among others are adequately insured.

### 12. Directors' Responsibility Statement:

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors report as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures,
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit of the Company for the period under review,
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- (iv) that the directors have prepared the annual accounts on a 'going concern' basis.

### 13. Auditors:

At the Annual General Meeting, Members are requested to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants,

Vadodara, as Auditors for the current year and to fix their remuneration. The specific notes forming part of the Accounts referred to in the Auditors' Report are self-explanatory and give complete information.

### 14. Cost Audit:

As per the requirement of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, the audit of the cost accounts relating to the product 'Textiles' is required to be carried out every year. The Company has appointed Cost Auditors viz. Shri I. V. Jagtiani, Mumbai and Shri B. C. Desai, Ahmedabad, to audit the cost accounts for the Financial Year 2012-13 ended 31st March, 2013. The erstwhile Mafatlal Denim Limited had also appointed Shri I. V. Jagtiani, Mumbai to audit the cost accounts for the Financial Year 2012-13 ended 31st March, 2013. Approval from the Central Government has been received for all the above referred appointments. The Cost Audit Report in respect of the financial year 2012-13 will be filed on or before due date i.e. 27th September, 2013.

### 15. Corporate Governance & Management Discussion & Analysis Report:

As required under the Listing Agreement with Stock Exchanges, Reports on 'Corporate Governance' as well as 'Management Discussion and Analysis Report' are attached and forms part of the Directors' Report. Further, during the period under review, the Company has complied with all the mandatory requirements of the Corporate Governance. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the Listing Agreement is annexed to the Report on Corporate Governance.

### 16. Appreciation:

The Directors wish to place on record their appreciation of the devoted services of the workers, staff and the officers who have largely contributed to the improved results of your Company. The Directors place on record their appreciation for the continued support of the shareholders of the Company.

For and on behalf of the Board,

Mumbai,  
Dated: 30th May, 2013

H. A. MAFATLAL  
Chairman

## Annexure To The Directors' Report -2012-13

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Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988.

### (1) CONSERVATION OF ENERGY:

#### (A) Energy conservation measures taken:

- a) Stop Motion Sensors installed in 6 Speed Frame Machines.
- b) Energy Saving SITRA fan replaced in 61 Nos. Ring Frame Machine.
- c) Energy efficiency of Air Compressors improved by reducing air leakages by using CAMP Programme by 'SYSTEL'
- d) Ring frame locations rationalised to save on humidification costs.
- e) Atlas Copco Compressor cooling tower water circulation pump motor capacity reduced from 11 KW to 5.5 KW.
- f) Power trading from IEX.
- g) Installed 2HA2QT Kirloskar Reciprocating Compressor of 90 KW Motor in place of Atlas Copco Lubricating Compressor of 132 KW Motor.
- h) 20 HP Pump set in Bore well replaced by 10 HP.
- i) A system for water recovery from cooling system of Sanforiser was installed.
- j) Air Dryers of compressors have been modified resulting in lower consumption of Power.
- k) Power consumption in effluent treatment plant was reduced by adopting bubbling system in place of surface aeration technology.
- l) Systems and equipment at DM water plant were modified to recover water and reuse.

#### (B) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Humidification system in spinning plant will be modified to make it more energy-efficient.

#### (C) Impact of the measures at (a) & (b) above for reduction of the energy consumption and consequent impact on the cost of production of goods:

- i) Through planned energy conservation, the Company was able to reduce the cost of energy bills.
- ii) The overall cost of production is reduced.

#### (D) Total energy consumption and energy consumption per unit of production:

The above information is furnished in the prescribed Form A annexed hereto.

### (2) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption are furnished in the prescribed Form B annexed hereto.

### (3) FOREIGN EXCHANGE EARNING AND OUTGO:

#### (A) Activity relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans:

The efforts are on to enter into new markets of the Middle East, Europe and the US.

The Company has been successful to some extent in increasing the export of processed fabrics to those countries.

#### (B) Total Foreign Exchange used and earned:

(Amount ₹ in lacs)

	Current Year 2012-13 (12 months)	Previous Period 2011-12 (9 Months)
Total Foreign Exchange used	5412.99	206.72
Total Foreign Exchange earned	6551.86	2558.68

## FORM-A

### TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

#### A. POWER AND FUEL CONSUMPTION

			Current Year* 2012-13 (12 months)	Previous Period 2011-12 (9 Months)
1	<b>Electricity:</b>			
	a)	Purchased: Units lacs KWH	608.97	344.61
		Total Cost (lacs ₹)	3720.17	2306.69
		Rate / KWH	6.11	6.69
	b)	Own Generation:		
	i)	Through Diesel Generator:		
		Units	5670	756
		Unit per litre of diesel oil (KWH)	1.98	1.26
		Cost / Unit (Only Diesel) (₹)	24.63	32.84
	ii)	Through Gas Generator		
		Units lacs KWH	3.31	-
		Cost / Unit (Only Natural Gas)(₹)	9.04	-
	iii)	Through Steam Turbine/Generator		
		Units lacs KWH	193.95	-
		Cost / Unit (Only Coal /Lignite/Baggas) (₹)	4.87	-
2	<b>Coal / Lignite : (Specify quality and where used)</b>			
		Steam Coal and Lignite used for Steam Generation in Boilers for Departmental use.		
		Quantity (Tonnes)	54952	26166
		Total Cost (₹ lacs)	1811.35	884.52
		Average Rate / Tonne (₹)	3296.23	3380.45
3	<b>Furnace Oil:</b>			
		Quantity (KLtrs.)	-	-
		Total Amount (₹ in lacs.)	-	-
		Average Rate (₹/Ltr.)	-	-
4	<b>Others / Internal Generation:</b>		-	-

**FORM-A****TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION****A. CONSUMPTION PER UNIT OF PRODUCTION:**

		Current Year* 2012-13 (12 months)	Previous Period 2011-12 (9 Months)
1	<b>Electricity:</b>		
	Purchased and Generation		
	KWH/Metre of Grey Production*	1.97	2.23
	KWH/Metre of Wet Production	0.26	0.40
	Chemicals	NIL	NIL
2	<b>Furnace Oil:</b>		
	Litre/KWH of Grey Production	-	-
	KWH/Metre of Wet Production	-	-
3	<b>Coal / Lignite : (Specify quality - Steam Coal)</b>		
	Kgs. of Coal/Metre of Grey Production	0.58	0.58
	Kgs. of Coal/Metre of Wet Production	1.26	1.47
	(Finished Production)		
4	<b>Others</b>	N.A.	N.A.

\*Note: Current Year data are inclusive of Mafatlal Denim Division on account of merger with the Company w.e.f. 1st April, 2012

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

- Successful in seeking in-house R&D Recognition from the Government of India. Certification is valid till March, 2014.
- Due to increasing competitive global business environment, expensive dyes were replaced with economical good quality dyes.
- Being an eco-friendly process, bio-scouring is introduced for bleaching at yarn stage. This process also improved handling of yarn.
- Cool comfort finish was developed in Polyester / Cotton and Cotton Fabrics.
- Natural stretch fabric cotton, polyester/viscose (high twist), Polyester/Modal, Linen and Cotton/Linen blends were developed in White, Yarn Dyed and Solid-dyed fabrics.

- Anti microbial finishes were developed in Polyester/Cotton and Cotton fabrics.
- Laboratory Accreditation Certificate from Mark & Spencer and NEXT (UK-based customer).
- Renewal of OEKO TEX 100 Certification.
- Research carried out to manufacture new differentiated denim fabrics which can meet the current trends and also forecast the trends for the forthcoming seasons.

**2. Benefit derived as a result of the above R&D:**

- New business and new customers.
- Improved customer service and customer satisfaction.
- Energy conservation.
- Quality Improvement.
- Realisations and the contributions have improved.

### 3. Future plan of action:

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

### 4. Expenditure on R&D.:

(Amount ₹ in lacs)

	Current Year 2012-13 (12 months)	Previous Period 2011-12 (9 Months)
(a) Capital Expenditure:	Nil	Nil
(b) Recurring Expenditure:	58.30	38.01
(c) Total:	58.30	38.01
(d) Total R&D Expenditure as a percentage of Total Turnover:	0.07%	0.26%

## B) TECHNOLOGY ABSORPTION AND INNOVATION :

### 1. Efforts in brief made towards technology absorption, adaptation and innovation:

- Technology absorption is a continuous process and technologies are upgraded to make new type of yarns like stretch yarns, new finishes among others.

### 2. Benefits derived as a result of the above efforts:

- Upgradation of products.
- Development of new products.
- Improvement in product quality.

### 3. Information regarding technology imported during last 5 years:

- (a) Technology Imported : NIL
- (b) Year of Import : N.A.
- (c) Has technology been fully absorbed : N.A.
- (d) If not fully absorbed, not taken place : N.A.

# Management Discussion and Analysis

## Economy review

Global economic scenario remained turbulent in the year under review, especially in Europe. The uncertainties continued to remain in the current year as well. India's GDP growth decelerated for the second year in succession due to abysmal performance in all the sectors, specially in the manufacturing sector.

## Textiles sector highlights 2012-13

The Indian textiles sector rebounded after a poor 2011-12, growing about 7.5% on higher volumes and improved realization. Total yarn production increased about 6.8% while total fabric production grew about 7.1% in 2012-13.

Exports remained sluggish, order sizes declining for apparel exporters even as realisations increased due to rupee depreciation. The year was marked by a restoration of operating margins for textile players across the value chain led by steady cotton prices and positive liquidity. After trending upwards over June-August 2012, raw cotton prices declined in September 2012 due to higher-than-expected domestic cotton arrivals.

## Industry outlook

The Indian textiles market is expected to grow attractively for the following reasons:

- Increasing retail penetration: Textiles and clothing retail comprise 40% of organised retailing in India; an increase in the share of organised retail from about 5% to about 24% by FY 2020 could increase retail clothing offtake.
- Higher disposable incomes: India's per capita income is estimated at USD 1200 per annum and rising.
- Favorable demographic profile: The proportion of India's economically productive population (15-60 years) in its total population is rising; almost 50% of its population below 26 catalyses textile consumption.

- Higher urban growth: India's urban population (and related incomes) is rising rapidly, strengthening apparel consumption.
- Rising rural disposable incomes and aspirations are driving the offtake of textile products.

## Indian textiles industry growth

India's domestic textile and apparel market is estimated at about USD 58 billion with the potential to grow at a 9.5% CAGR to a size of USD 141 billion by 2021. India's share of the world's textile and apparel exports stands at 4.5%. With an increasing shift of textile and apparel production to Asia and declining Chinese competitiveness, this figure is expected to increase to 8% by 2020 with a corresponding export value of USD 82 billion. Mafatlal Industries is cautiously optimistic of its prospects for FY14 on account of a stronger product mix, wider distribution network and amalgamation benefits.

## Denim industry

Denim acceptance is rising in India, the fabric being accepted as comfort and fashion wear in urban and rural India. The Indian denim market is estimated at about 300 mn pairs of jeans and projected to grow to 550-600 million pairs by 2015-16.

Half of India's population is less than 26 years of age. Nearly 80% of India's denim is consumed by men, but women's denim wear is projected to grow faster and account for more than 25% of the total market by 2015.

## Mafatlal Industries analysis

A 100 year old reputed textile company continues to counter its weaknesses arising out of old equipments, rising labour and utility costs by capital investments in technology and expanding its product portfolio to cater to large customer base.

The significant opportunities for the company are an ever growing demand for its quality products in India and for expanding its global business due to window arising out of gradual decline in China's competitiveness. The threats to



the company, closely monitored and addressed, comprise of fluctuating raw material costs, volatile exchange rates and competition from global and Indian low cost producers.

## Operational review

The period under review saw the implementation of the company's business strategy objectives comprising of continued capital investments in the latest processing equipment, cost reduction initiatives and improvement of the product mix.

An amount of ₹43 crores was spent on capex in the Nadiad and Navsari factories during the year. State-of-the-art machines for process house and for product development were ordered and some of them have been installed and commissioned during the year. Procurement and installation of the balance machines is in progress and will be completed by June 2013. The captive power co-generation plant of 3 MW capacity was ordered during the year and will be operational by March 2014. This will reduce cost of power and increase process house production capacity. These facilities will improve the Company's competitiveness in the domestic and international markets in terms of cost and quality as well as focus on higher value added products resulting in improved profitability.

The VRS scheme, which was started in the previous period, was continued in the current year as well. A total of 1,145 employees (37% of the total workforce) have accepted VRS up to March 2013.

With the availability of working capital and refurbishment of retained old machinery as well as installation of new machines, the production levels witnessed a substantial increase during the current year.

During the year, several initiatives were taken to create a visibility for further strengthening Mafatlal's brand and towards this end, the dealer and distribution network was significantly increased Pan India. Several new products were also launched including a range of home furnishing products, premium suitings and linen fabrics. The Company is now amongst the largest suppliers of School Uniforms in India. The corporate business and institutional wear business was also buoyant.

The denim plant at Navsari continues to run at full capacity. An additional capex of ₹28 crores was spent during the year to further increase the denim capacity. The denim fall-winter 2012 collection was well accepted by our customers.

The cotton scenario during the year was quite stable. The Indian Cotton prices moved in a narrow range and the level of price volatility reduced compared to the previous year.

## Analysis of our financial statements

Following the amalgamation, the Company's financial highlights (not strictly comparable with the previous year) are mentioned below:

- Total Revenue of ₹840.38 crores
- Profit before tax of ₹50.53 crores
- Profit after tax of ₹37.16 crores

## Human resources

Mafatlal Industries values its people talent as a key driver of growth. The Company had 3,407 employees as of 31 March 2013, enriched through continuous training and development.

## Internal controls

The Company has an adequate internal audit system commensurate with its size and nature of operations. Regular internal audits and checks are carried out and the management also reviews the internal control systems and procedures to ensure efficient conduct of the business. An independent firm of Chartered Accountants carries out Internal Audit across the organization. The Internal Auditors periodically interact with the Audit Committee of the Board of Directors of the Company to discuss various internal controls / internal audit issues.

## Risk management

At Mafatlal Industries, the objective of risk management is to ensure that it is adequately estimated and controlled to enhance shareholder value. Risk is pertinent to virtually all business activities though in varying degrees and forms. It is the constant endeavor of the Company to identify, assess, prioritise and manage existing as well as emerging risks in a planned and cohesive manner.

# Corporate Governance Report

This Corporate Governance Report for the year ended 31st March, 2013, forms part of the Directors' Report and the same has been prepared on the basis of the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

## COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

The system of Corporate Governance especially through the Audit Committee has been followed by the Company for several years, even before any such requirement was legislated.

The Company's philosophy of Corporate Governance is intended to bring about –

- Transparency, accountability and integrity in the organisation.
- Implementation of policies and procedures prescribed by the Company to ensure high ethical standards in all its business activities and responsible and responsive management.

## 1. Board of Directors:

### Composition of the Board

The Board of Directors consisted of eight directors as at the end of the year. The Board comprised of one Executive Promoter Director, one Non-Executive Promoter Director, two Non-Executive Non-Independent Directors and four Non-Executive

Independent Directors. The Board of Directors is headed by Shri Hrishikesh A. Mafatlal who was the Chairman and Managing Director of the Company as on 31st March, 2013. The composition of the Board is in conformity with the requirements of the Listing Agreements with the Stock Exchanges.

All the relevant and necessary information such as Capital Expenditure and Operating Budget, Financial Results, Production, Sales, Exports, Imports, Segment reporting, Cost Audit Reports, Financial Plans are as a matter of routine placed before the Board for their approval / noting.

### Number of Board Meetings held and the dates of the Board Meetings

During the year under review viz. 1st April, 2012 to 31st March, 2013, 7 (seven) Meetings of the Board of Directors were held.

The dates on which the said meetings were held are as follows:

14th May, 2012
3rd August, 2012
31st August, 2012
10th October, 2012
5th November, 2012
19th November, 2012
30th January, 2013

**Attendance of the Director at the Board Meetings and at the last AGM and Number of other Companies in which the Director is a Director / Committee Member:**

Sr. No.	Names of Directors	Category	No. of Board Meetings attended	Whether last AGM held on 19.11.2012 attended	Other directorship held (including private companies) at the year end	No. of Committee <sup>5</sup> Membership / Chairmanship in other domestic companies at the year end	
						As Chairman	As Member
1.	Shri H. A. Mafatlal ^	Promoter Executive	7	Yes	13*	1	1
2.	Shri P. R. Amin ^	Non-Executive Independent	6	Yes	1	Nil	Nil
3.	Shri P. J. Desai	Non-Executive Independent	6	Yes	1	Nil	Nil
4.	Shri V. K. Balasubramanian	Non-Executive Independent	4	No	1	Nil	Nil
5.	Shri N. K. Parikh	Non-Executive Independent	7	Yes	Nil	Nil	Nil
6.	Shri A. C. Gandhi +	Non-Executive Independent	2	Yes	8**	2	9
7.	Shri V. P. Mafatlal ++ ^ (Note 1)	Promoter Non-Executive	3	Yes	20***	Nil	1
8.	Shri A. K. Srivastava ++ ^	Non-Executive Non-Independent	4	Yes	2	Nil	2
9.	Shri Rajiv Dayal ++ ^ (Note 1)	Non-Executive Non-Independent	4	Yes	2	Nil	Nil

+ Shri A. C. Gandhi ceased to be a Director w.e.f. 19th November, 2012.

++ Shri V. P. Mafatlal, Shri A. K. Srivastava and Shri Rajiv Dayal were appointed as Directors w.e.f. 10th October, 2012.

<sup>5</sup>Under this column, memberships/chairmanships of Audit Committee and Investors'/Shareholders' Grievance Committee in all Public Limited Companies (excluding Mafatlal Industries Limited), are only considered as required to be disclosed under the amended provisions of Clause 49 of Listing Agreement with the Stock Exchanges.

\* In four Private Limited Companies, one association not carrying on business for profit and one Foreign Company.

\*\* In one association not carrying on business for profit.

\*\*\* In thirteen Private Limited Companies and one Foreign Company

^ Includes directorship in erstwhile Mafatlal Denim Limited, which has been since amalgamated into the Company.

Note 1 : As on 31st March, 2013, Shri V. P. Mafatlal and Shri Rajiv Dayal held the positions of Non-Executive Directors in the Company. However, during the year 2012-13, Shri V. P. Mafatlal and Shri Rajiv Dayal held the statutory positions of Jt. Managing Director and Managing Director, respectively in erstwhile Mafatlal Denim Limited (MDL) and with effect from the date, the Scheme of Amalgamation became effective (i.e., 28th May, 2013), they have been appointed as the Executive Vice-Chairman and Managing Director & Chief Executive Officer respectively of the Company with continuity of service. Since, the appointed date of the Scheme of Amalgamation was 1st April, 2012, MDL was conducting business in trust for the Company. Hence, in accordance with their terms of service in MDL, Shri V. P. Mafatlal and Shri Rajiv Dayal have been paid commission for the services rendered as Jt. Managing Director and Managing Director respectively of MDL for the year 2012-13.

## Compensation/Remuneration of Non-Executive Directors

The Company paid sitting fees to each Non-Executive Director for attending the meetings of the Board of Directors and for Committees thereof @ ₹5,000/- per meeting held upto 19th November, 2012 and @ ₹10,000/- per meeting with effect from 30th January, 2013. In addition, the Company paid

travelling / conveyance expenses and diem allowances to the outstation directors.

## Other service contracts, notice period, severance fees etc. relating to Directors

As on 31st March, 2013, there are no contracts / agreements except letter of appointment issued to the Managing Director, Shri H. A. Mafatlal.

### Shareholding of Non-Executive Directors as at 31st March, 2013 is as follows

Name of the Directors	Number of Equity Shares as at the year end
Shri P. R. Amin	211
Shri P. J. Desai	Nil
Shri V. K. Balasubramanian	Nil
Shri N. K. Parikh	Nil
Shri A. K. Srivastava	Nil
Shri Rajiv Dayal	Nil
Shri V. P. Mafatlal	12,11,581

### 2. Audit Committee:

During the year under review, the Audit Committee consisted

of five Directors viz., Shri P. R. Amin, Shri P. J. Desai, Shri V. K. Balasubramanian, Shri N. K. Parikh and Shri A. C. Gandhi. Shri A.C. Gandhi ceased to be a Director and Member of the Audit Committee of the Company with effect from 19th November, 2012. All members of the Audit Committee are non-executive independent directors. Shri P. R. Amin, who is a Chartered Accountant, is the Chairman of the Audit Committee and was present at the last Annual General Meeting held on 19th November, 2012.

During the year under review, total six meetings of the Audit Committee of the Board of Directors of the Company were held viz., on 14th May, 2012, 3rd August, 2012, 10th October, 2012, 5th November, 2012, 19th November, 2012 and 30th January, 2013. The attendance of the members were as follows:

Sr. No.	Date of Audit Committee Meeting	Shri P.R. Amin	Shri P.J. Desai	Shri V.K. Balasubramanian	Shri N. K. Parikh	Shri A.C. Gandhi
1.	14th May, 2012	No	Yes	Yes	Yes	No
2.	3rd August, 2012	Yes	Yes	Yes	Yes	No
3.	10th October, 2012	Yes	Yes	Yes	Yes	Yes
4.	5th November, 2012	Yes	Yes	Yes	Yes	Yes
5.	19th November, 2012	Yes	Yes	No	Yes	-
6.	30th January, 2013	Yes	No	No	Yes	-

Yes – attended; No – Not attended.

The terms of reference of the Audit Committee is as mentioned in the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges as amended from time to time. The Statutory Auditors, Internal Auditors, Cost Auditors, Finance / Accounts Heads and Chief Executive officer usually attend the meetings of the Audit Committee. The Company Secretary of the Company, Shri R. R. Patel acts as Secretary to the Committee.

### 3. Subsidiary Companies:

The minutes of the Board Meetings as well as statements of all significant transactions and investments made by the unlisted

subsidiary companies are placed before the Board of Directors.

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

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

### 4. Remuneration Committee:

The Remuneration Committee consists of Shri P. R. Amin who is the Chairman of the Committee, Shri P. J. Desai and

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

Terms of Reference: The Remuneration Committee has been constituted to review and recommend to the Board of Directors of the Company for approval, remuneration of Executive

Director(s) based on their performance and defined assessment criteria.

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

### Sitting fees paid to Directors

Sr. No.	Names of Directors	Category (Executive/Non-Executive)	* Sitting fees ₹
1	Shri H. A. Mafatlal**	Promoter - Executive	NIL
2	Shri P. R. Amin	Non-Executive Independent	75,000/-
3	Shri P. J. Desai	Non-Executive Independent	55,000/-
4	Shri V. K. Balasubramanian	Non-Executive Independent	40,000/-
5	Shri N. K. Parikh	Non-Executive Independent	75,000/-
6	Shri A. C. Gandhi	Non-Executive Independent	20,000/-
7	Shri Vishad P. Mafatlal	Promoter – Non-Executive	20,000/-
8	Shri A. K. Srivastava	Non-Executive Non-Independent	25,000/-
9	Shri Rajiv Dayal	Non-Executive Non-Independent	25,000/-

\* Sitting fees paid for attending Board Meetings, Audit Committee Meetings and Shareholders' / Investors' Grievance Committee Meeting.

\*\* Shri H. A. Mafatlal, Managing Director of the Company (Designated as Chairman and Sr.President) has not been paid any remuneration since his appointment is without remuneration. Shri H. A. Mafatlal is not paid any fees for attending the meetings of the Board of Directors of the Company or any Committees thereof in which he is a member.

Shri Vishad P. Mafatlal in his capacity as the Joint Managing Director of erstwhile Mafatlal Denim Limited and Shri Rajiv Dayal in his capacity as the Managing Director & CEO of erstwhile Mafatlal Denim Limited have been paid a total remuneration (including commission) of ₹83.42 lacs and ₹113.15 lacs respectively, for the year 2012-13.

The Board has also proposed the following commission to Non-Executive Directors for the year 2012-13 which shall be paid subject to and within the limit approved by the members

of the Company at the ensuing Annual General Meeting.

(₹ In lacs)

Name of the Directors	Commission
Shri P. R. Amin	3.00
Shri P. J. Desai	3.00
Shri N. K. Parikh	3.00
Shri V. K. Balasubramanian	3.00
Shri A. K. Srivastava	1.50
Total	13.50

## 5. Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee consists of Shri H. A. Mafatlal (Executive Director), Shri P. R. Amin (Chairman) and Shri P. J. Desai (both are Non-Executive Independent Directors). During the year under report, the Committee duly met on 30th January, 2013, which was attended by Shri H. A. Mafatlal and Shri P. R. Amin. The meetings of the Committee are not regularly held as the Board of Directors of the Company itself reviews the shareholders' / Investors' Grievances, if any, at the end of every quarter.

The terms of reference of the Committee is as mentioned in the listing agreement with the Stock Exchanges including looking into the complaints of the Investors / Shareholders relating to non-receipt of shares after transfer, non receipt of dividends, Annual Reports among others. During the year ended on 31st March, 2013, Shri R. R. Patel, Company Secretary, was the Compliance Officer.

No. of complaints received from Shareholders from 1st April, 2012 to 31st March, 2013, comprising:

Non-receipt of shares after transfer	: Nil
Non-receipt of Dividend warrants (old)	: Nil
Non-receipt of Annual Reports	: 14
Non-receipt of demat confirmation	: Nil
Total	: 14

No. of Complaints resolved from 1-04-2012 to 31-03-2013: 14

No. of Complaints pending as on 31-03-2013 :NIL

## 6. Disclosure:

- (i) Disclosure on materially significant related party transactions which have taken place during the year ended 31st March, 2013, that may have potential conflict with the interest of the Company at large:

None of the transactions with any of the related parties were in conflict with interest of the Company. Transactions with the related parties are disclosed in Note No. 31.5 in 'Notes forming part of financial statements' annexed to the financial statements for the year.

The details of the related party transactions are placed before the Audit Committee on quarterly basis.

- (ii) Details of non-compliance by the Company, penalties, strictures imposed by Stock Exchange/ SEBI or any statutory authority, on any matter related to the capital markets, during the last three years:

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

- (iii) Though there is no formal whistle blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

- (iv) The Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures including risk mitigation mechanisms, which are periodically reviewed and reported to the Board of Directors by the senior executives.

- (v) Disclosure of accounting treatment different from Accounting Standard in respect of rent of certain ex-tenants which has not been accounted, on legal advice.

Note No. 30.8 forming part of the financial statements, are self explanatory and give complete information in this regard.

## 7. Code of Conduct for Board Members and Senior Management:

The Board of Directors has at their meeting held on 27th January, 2006, laid down the Code of Conduct for all Board Members and Members of the Senior Management of the Company. The said Code is also placed on the website of the Company viz. [www.mafatlals.com](http://www.mafatlals.com) The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Managing Director of the Company has given declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The declaration by the Managing Director to that effect forms part of this Report.

## 8. MD/CEO and CFO Certification:

The Managing Director/CEO and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial result to the Board in terms of Clause 41.

## 9. General Body Meetings:

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

AGM	Location	Date	Time	No. of Special Resolutions passed
96th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	28th October, 2010	10.30 a.m.	-
97th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	23rd September, 2011	10.30 a.m.	1
98th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	19th November, 2012	10.30 a.m.	-

Whether special resolutions:

- a) Were put through postal ballot last year : No  
 Details of voting pattern : N.A.  
 Person who conducted the postal ballot : N.A.  
 exercise
- b) Are proposed to be conducted through postal : N.A.  
 ballot this year  
 Procedure for postal ballot : N.A.

## 10. Means of communication:

The financial results of the Company are reported to as mentioned below:

- Half-year report sent to shareholders : No  
 Quarterly Results normally published in : In English-The Economic  
 which newspapers Times  
 In Gujarati- The Economic  
 Times
- Any website : www.mafatlals.com  
 Whether it also displays official news : Yes  
 release and the presentation made to  
 institutional investors or to the analysts
- Whether Management Discussion & : Yes  
 Analysis Report is a part of the Annual  
 Report

## 11. General Shareholders Information:

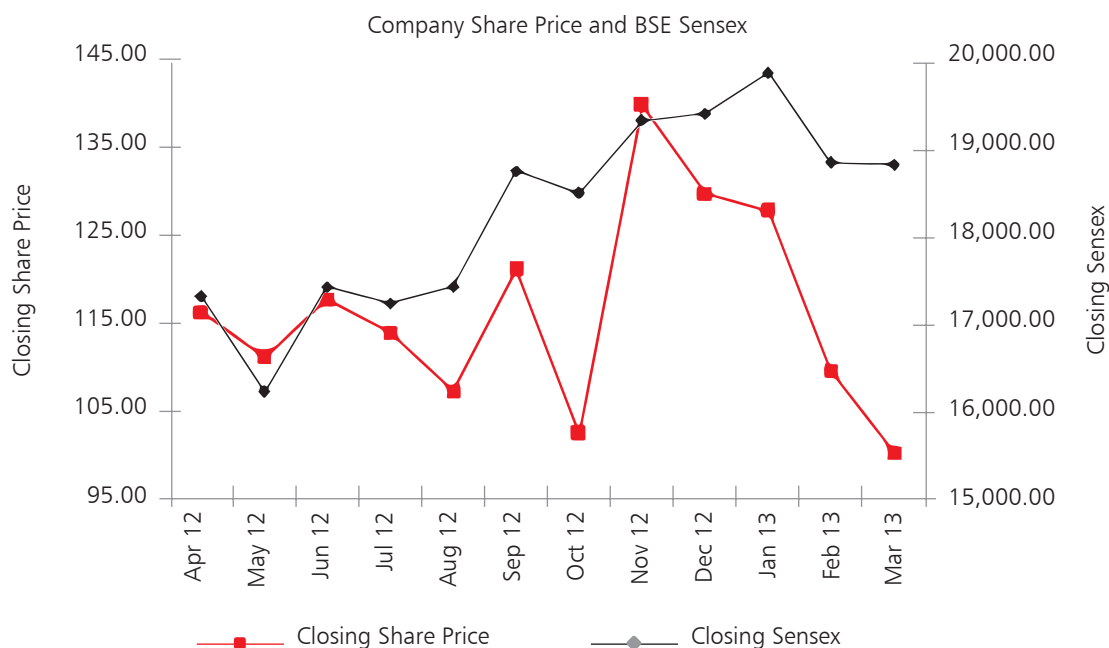
- A) 99th Annual General Meeting  
 Date : 31st July, 2013  
 Time : 10.30 a.m.  
 Venue : Thakorebhai Desai Hall, Nr. Law  
 Garden, Ellisbridge, Ahmedabad -  
 380006.
- B) Financial Calendar : 1st April, 2013 to 31st March, 2014  
 First Quarterly Results : By 14th August, 2013  
 Second Quarterly Results: By 15th November, 2013  
 (Half-yearly)  
 Third Quarterly Results : By 14th February, 2014  
 Fourth Quarter / Audited: By 15th / 30th May, 2014  
 yearly Results
- C) Date of Book Closure : 22nd July, 2013 to 26th July, 2013  
 (Both days inclusive)
- D) Dividend Payment date : 5th August, 2013
- E) Listing : BSE Limited (BSE)  
 (Security Code: 500264)  
 Ahmedabad Stock Exchange  
 Limited (ASE)  
 (Security Code: 34100)

### F) Monthly high & low of the shares in the last financial year:

Market prices of the Equity Shares of ₹10/- each of the Company on BSE are as under:

Month	Highest (₹)	Lowest (₹)	BSE Sensex Highest	BSE Sensex Lowest	No. of Trades
April, 2012	123.50	113.10	17,664.10	17,010.16	522
May, 2012	127.50	108.05	17,432.33	15,809.71	556
June, 2012	130.00	110.10	17,448.48	15,748.98	475
July, 2012	135.00	108.50	17,631.19	16,598.48	569
August, 2012	124.50	105.85	17,972.54	17,026.97	455
September, 2012	132.50	103.05	18,869.94	17,250.80	1,121
October, 2012	132.90	101.20	19,137.29	18,393.42	1,540
November, 2012	142.60	101.50	19,372.70	18,255.69	2,594
December, 2012	144.50	127.00	19,612.18	19,149.03	603
January, 2013	136.50	118.00	20,203.66	19,508.93	546
February, 2013	128.00	107.00	19,966.69	18,793.97	329
March, 2013	116.90	89.20	19,754.66	18,568.43	655

### Performance in comparison to broad based indices:



Market prices of the Equity Shares of ₹10/- each of the Company on BSE are as under:

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
BSE Sensex	17,319	16,219	17,430	17,236	17,430	18,763	18,505	19,340	19,427	19,895	18,862	18,836
MIL Share Price	116.35	111.15	117.80	114.05	107.25	121.25	102.35	140.20	130.00	128.00	109.65	100.25



**G) Registrar & Share Transfer Agents :** M/s. Sharepro Services (India) Pvt. Ltd.  
Samhita Warehousing Complex, 2nd Floor,  
Gala No.52 to 56, Bldg. No.13A-B,  
New Sakinaka Telephone Exchange,  
Andheri-Kurla Road, Sakinaka,  
Mumbai- 400 072.  
Tel: 91 22 67720300, 67720400  
Fax: 91 22 28591568/28508927  
Email:sharepro@shareproservices.com

#### Investor Relations Centre

Sharepro Services (India) Pvt. Ltd.

- |   |  |
|---|--|
| 1. 912 Raheja Centre<br>Free Press Journal Road<br>Nariman Point<br>Mumbai 400021<br>Tel: 91 22 6613 4700<br>Fax: 91 22 2282 5484 | 2. Devnandan Mega Mall<br>Office No.416-420 4th floor<br>Opp. Sanyas Ashram<br>Ashram Road<br>Ahmedabad 380006<br>Tel: 079 26582381 / 2384 |
|---|--|

#### H) Share Transfer System:

The Registrar & Transfer Agents of the Company viz. M/s. Sharepro Services (India) Pvt. Ltd., Mumbai are undertaking all the shares related work. The Share Transfer Committee of the Company is comprised of Shri H. A. Mafatlal, Shri P. R. Amin and Shri P. J. Desai. In order to expedite the share transfer, transmission, split-up, consolidation, demat, remat among others, the necessary statements for approval relating thereto are regularly approved and signed by two Directors (who are members of the Share Transfer Committee) and thereafter the same are placed before the meeting of the Board of Directors of the Company for their noting. The share transfers are registered and returned within 15 days from the date of receipt if relevant documents are complete in all respects. The shareholders' / investors' grievances are also taken up by our R&T Agent.

#### I) Distribution of shareholding as on 31.03.2013:

(Slab)	No. of shareholders		Holdings	
	Folios	%	No of shares	%
Upto 50	1,09,658	97.17	5,25,990	5.35
51-500	2,642	2.34	4,37,136	4.45
501-1,000	260	0.23	1,97,290	2.01
1,001-2,000	102	0.09	1,52,871	1.56
2,001-3,000	31	0.03	77,126	0.79
3,001-4,000	19	0.02	64,855	0.66
4,001-5,000	32	0.03	1,48,074	1.51
5,001-10,000	29	0.03	2,01,811	2.06
10,001-above	64	0.06	80,08,706	81.61
<b>TOTAL</b>	<b>1,12,837</b>	<b>100.00</b>	<b>98,13,859</b>	<b>100.00</b>

**Shareholding pattern as on 31.03.2013**

Sr.No.	Category	No. of shares held	% holding
1.	Promoters Holding	63,20,878	64.41
2.	Mutual Fund	9,165	0.09
3.	Banks, Financial Institutions, Insurance Companies, UTI, Central/State Governmental Institutions	3,64,471	3.72
4.	FII(Foreign Institutional Investors)	-	-
5.	Private Corporate Bodies	4,35,507	4.44
6.	Indian Public / Trust	26,31,593	26.81
7.	NRI /OCBs / Foreign National	52,245	0.53
	<b>Total</b>	<b>98,13,859</b>	<b>100.00</b>

**J) Dematerialisation details:**

The shares of the Company are under compulsory trading in demat form. The demat code of the Equity Shares of the Company is INE270B01027. As on 31st March, 2013, 17,960 shareholders holding 92,82,891 Equity Shares have dematerialized their shares which constitutes 94.59% of the total Equity Share Capital of the Company.

**K) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity:**

Not applicable

**L) Plants / Factories:**

**Textiles Units** : (Nadiad and Navsari Units are operational)

1) Nadiad Unit : Kapadvanj Road, Nadiad 387 001.

2) Navsari Unit : Vejalpore Road, Navsari 396 445

3) Mazgaon Unit : Rambhau Bhogale Marg, Mumbai 400 010.

**Denim Unit** : Vejalpore Road, Navsari-396 445.

**M) Address for correspondence:****Mafatlal Industries Limited****a) Registered Office:**

Asarwa Road,  
Ahmedabad - 380 016.  
Tel: 079 22123944-45  
Fax: 079 22123045  
Email: rasesh@mafatlals.com

**b) Corporate Office:**

Kaledonia Office No.3, 6th floor  
Opp. Vijay Nagar Society  
Sahar Road, Andheri (E)  
Mumbai - 400069  
Tel: 91 22 6771 3800  
Fax: 91 22 6771 3924

**N) Corporate Identity Number:**

L17110GJ1913PLC000035

The Company has complied with all the mandatory requirements of Clause 49 and has also complied with one of the non-mandatory requirement viz. setting up of the Remuneration Committee.

# Annexure To Corporate Governance Report

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## Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2013

Mumbai, 30th May, 2013

RAJIV DAYAL  
Managing Director & Chief Executive Officer

## Auditor's Certificate

To,

**THE MEMBERS OF  
MAFATLAL INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Mafatlal Industries Limited for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of abovementioned Listing Agreements.

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

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

R. SALIVATI  
Partner  
(Membership No. 34004)

Mumbai, 30th May, 2013

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAFATLAL INDUSTRIES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **MAFATLAL INDUSTRIES LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Ahmedabad and Nadiad Units / Branches audited by other auditors.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by

the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

1. *Attention is invited to Note no. 30.8 which was also the subject matter of our report similarly qualified in the previous period, regarding non - accounting of rent/recovery of expenses for the reasons stated therein which constitutes a departure from the Accounting Standard (AS) 1 'Disclosure of Accounting Policies' and Accounting Standard (AS) 9 'Revenue Recognition' referred to in Section 211(3C) of the Act; if the same is considered, rental income from investment property would be higher by aggregate amount of ₹ 186.29 lacs (aggregate upto 31st March 2012 ₹ 754.11 lacs), income tax, net profit and shareholder's funds would have been increased by ₹ 60.45 lacs, ₹ 125.84 lacs and by ₹ 125.84 lacs respectively (previous period ended 31st March 2012: increased by ₹ 244.71 lacs, ₹ 509.40 lacs and ₹ 509.40 lacs respectively).*
2. *Attention is invited to Note no. 32.1(a) to the financial statement, in the earlier year, the erstwhile Mafatlal Denim Limited (the Amalgamating Company) had made representation to the ministry of Corporate Affairs against the rejection of application under sections 269, 198, 309 and 310 of the Act, relating to re-appointment and payment of remuneration with effect from 1st April 2011 for two whole-time directors. Total remuneration of ₹ 281.85 lacs was paid to the said directors during the period 1st April, 2011 to 31st March, 2013. The said approval is pending from the Ministry Of Corporate Affairs and accordingly, we are unable to comment on the impact, if any arising out of the same in these financial statements.*

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter described in para 1 of the Basis for Qualified Opinion paragraph above and possible effect of the matter described in para 2 of the Basis for Qualified Opinion paragraph above*, and based on the consideration of the report of the other auditors on the financial statements of an amalgamating company referred to below in the Other Matter paragraph, the aforesaid financial statements give the information required by the Act

in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Emphasis of Matter

We draw attention to the Note no. 30.3 (1e) to the financial statements regarding the write-off of Goodwill of ₹ 3,931.71 lacs arising on amalgamation of Mishapar Investments Ltd. with the Company and adjustment thereof from the Securities Premium Account, in accordance with the approved Scheme of Amalgamation as no specific accounting treatment has been prescribed in the Accounting Standards (AS) notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956.

Our opinion is not qualified in respect of this matter.

#### Other Matter

We did not audit the financial statement of erstwhile Mafatlal Denim Limited ("the amalgamating company"), which reflect total assets of ₹ 21,946.56 lacs as at 31st March 2013, total revenue of ₹ 29,679.11 lacs and net profit before tax of ₹ 3,919.52 lacs for the year ended on that date, as considered in the financial statements pursuant to amalgamation with the Company (refer Note no. 30.3). These financial statements and other financial information have been audited by other auditors whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this amalgamating company, is solely based on the reports of other auditors.

Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, 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 purposes of our audit.
- (b) *Except for the effects of the matter described in sub-para 1 of the Basis for Qualified Opinion paragraph*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and audited returns adequate for the purposes of our audit have been received from the branches audited by the branch auditors.
- (c) The reports on the accounts of the Ahmedabad and Nadiad branches audited by branch auditors appointed under section 228 have been forwarded to us and have been properly dealt with by us in preparing this report.
- (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns from the branches audited by the branch auditors.
- (e) *Except for the effect of the matter described in sub-para 1 of the Basis for Qualified Opinion paragraph above*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (f) On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

R. SALIVATI  
Partner  
(Membership No. 34004)

MUMBAI, 30th May, 2013

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- 44
- (i) Having regard to the nature of the Company's business/activities/ results during the year, clauses (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable.
  - (ii) In respect of its fixed assets:
    - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
    - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
    - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
  - (iii) In respect of its inventories:
    - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
    - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
  - (iv) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

    - (a) The Company has granted loans aggregating ₹ 330.00 lacs to one party during the year. Including balances transferred from the amalgamating companies, at the year-end, the outstanding balances of such loans granted aggregated ₹ 1,096.00 lacs (seven parties) and the maximum amount involved during the year was ₹ 1207.29 lacs (seven parties).
    - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
    - (c) The receipts of principal amounts and interest have been as per stipulations.
  - (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
  - (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
    - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
    - (b) Where each of such transaction is in excess of ₹ 5 lacs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available and in respect of which we are, therefore, unable to comment.
  - (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
  - (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
  - (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (x) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Investor Education and Protection Fund, Income-tax, Wealth Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities and has not been regular in depositing interest on Provident Fund, interest on Employees' State Insurance, Sales Tax, Value Added Tax, Excise Duty, Gratuity, Interest on Electricity charges, Interest on Water charges and Service Tax.
    - (b) There were no undisputed amounts payable in respect of Investor Education and Protection Fund, Income-tax, Wealth Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable. As at the year end, the arrears of statutory dues outstanding for a period of more than six months aggregate to ₹ 486.92 lacs in respect of interest on Provident Fund, ₹ 85.66 lacs in respect of interest on Employees' State Insurance Dues, ₹ 12.46 lacs in respect of Sales Tax (inclusive of Interest), ₹ 0.33 lacs in respect of Value Added Tax, ₹ 9.90 lacs in respect of Excise Duty, ₹ 555.69 lacs in respect of Gratuity, ₹ 296.88 lacs in respect of Interest on Electricity Charges, ₹ 758.06 lacs in respect of Interest on Water Charges and ₹ 0.02 lacs in respect of Service Tax.
    - (c) Details of dues of Excise Duty, Customs Duty, Labour dues, Sales Tax, Property Tax, Income Tax, Service Tax and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount Relates	Amount involved (₹ in lacs)
Central Excise Act 1944	Excise Duty	Assistant Commissioner	1989-90 to 2003-04	251.80
Central Excise Act 1944	Excise Duty	Assistant Commissioner	2006-07 to 2010-11	1.42
Central Excise Act 1944	Excise Duty	Commissioner	1989-90 to 2003-04	2,224.25
Central Excise Act 1944	Excise Duty	Commissioner (A)	1989-90 to 2003-04	54.92
Central Excise Act 1944	Excise Duty	CESTAT	1989-90 to 2003-04	54.10
Central Excise Act 1944	Excise Duty	High Court	1989-90 to 2003-04	14.99
Central Excise Act 1944	Excise Duty	Supreme Court	1989-90 to 2003-04	13.42
Central Excise Act 1944	Excise Duty	Commissioner of Central Excise	2007-08 to 2009-10	1,453.27
Customs Act, 1962	Custom Duty	Joint Director General of Foreign Trade	1989-90 to 1999-00	4.79
Bombay Industrial Relations Act, 1946	Labour Dues	Labour Court	1993 to 2008	1,191.61
Maharashtra Value Added Tax	Sales Tax ( Including interest of ₹ 70.55 lacs)	Joint Commissioner of Sales Tax (Appeals) - II	1999 - 2000	90.94
Central Sales Tax Act, 1956	Sales Tax ( Including interest of ₹15.35 lacs)	Joint Commissioner of Sales Tax (Appeals) – II	1999 - 2000	21.74
Mumbai Municipal Corporation	Property Tax(Refer Note no. 30.1(b)(ix))	Assessor and Collector (City), Assessment and Collection Department	2009-2013	3,827.21
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax	Assessment Years 1997-98 to 1998-99, 2002-03 to 2003-04 and 2009-10	175.29
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	Assessment Year 2004-05 to 2007-08	322.40
Service Tax Rules	Service Tax	CESTAT (Ahmedabad)	Year 1997-99	0.70

- (xi) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred any cash loss during the current financial year but has incurred cash loss during the preceding period.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks except that there were delays upto 48 months in repayment of dues of term loans and interest thereon to a financial institution to the extent of ₹ 2,775.50 lacs and ₹ 1,338.55 lacs respectively by an amalgamating company. The duration of delay spanned from period prior to amalgamation on 1st April 2012 to July 2012. The Company has not issued debentures.
- (xiii) In our opinion, the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. No such secured loans and advances are outstanding as at the year end.
- (xiv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company. (Refer Note no. 30.1(b) on guarantee given for a subsidiary).
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

R.SALIVATI  
Partner  
(Membership No. 34004)

MUMBAI, 30th May, 2013



## Balance Sheet as at 31st March, 2013

₹ in lacs

	Note No.	As at 31st March, 2013	As at 31st March, 2012
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	4,391.22	3,981.32
(b) Reserves and surplus	4	31,425.23	29,545.96
		<b>35,816.45</b>	<b>33,527.28</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	5,303.04	-
(b) Deferred tax liabilities (net)	6	425.00	-
(c) Other Long term liabilities	7	816.34	462.25
(d) Long-term provisions	8	496.36	219.86
		<b>7,040.74</b>	<b>682.11</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	9	3,694.00	554.07
(b) Trade payables	10	10,142.62	2,630.33
(c) Other current liabilities	11	4,957.35	1,552.76
(d) Short-term provisions	12	1,559.23	89.20
		<b>20,353.20</b>	<b>4,826.36</b>
<b>Total</b>		<b>63,210.39</b>	<b>39,035.75</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	13(a)	9,309.59	1,639.23
(ii) Intangible assets	13(b)	8.08	-
(iii) Capital work-in-progress		6,248.53	364.37
(iv) Intangible assets under development		81.84	-
(v) Fixed assets held for sale	13(c)	-	-
		<b>15,648.04</b>	<b>2,003.60</b>
(b) Non-current investments	14	4,871.58	5,009.80
(c) Long-term loans and advances	15	3,133.38	2,450.82
(d) Other non-current assets	16	69.34	10.79
		<b>23,722.34</b>	<b>9,475.01</b>
<b>2 Current assets</b>			
(a) Inventories	17	10,663.20	2,877.33
(b) Trade receivables	18	12,216.63	5,181.99
(c) Cash and bank balances	19	14,140.27	18,922.84
(d) Short-term loans and advances	20	2,329.06	2,444.85
(e) Other current assets	21	138.89	133.73
		<b>39,488.05</b>	<b>29,560.74</b>
<b>Total</b>		<b>63,210.39</b>	<b>39,035.75</b>

Significant accounting policies

2

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Registration No. 117364W

R. Salivati

Partner

Membership No. 34004

Mumbai, Dated: 30th May, 2013

H. A. Mafatlal

Chairman

V.P.Mafatlal

Vice chairman

Rasesh Shah

Company Secretary

Mumbai, Dated: 30th May, 2013

Rajiv Dayal

Managing Director &

Chief Executive Officer

P. R. Amin

P. J. Desai

N. K. Parikh

V. K. Balasubramanian

A. K. Srivastava

V. R. Gupte

P. N. Kapadia

Directors



**Statement of Profit and Loss** for the year ended 31st March, 2013

₹ in lacs

Particulars	Note no.	Current year	Previous period (1st July, 2011 to 31st March, 2012)
1) Revenue from operations	22	79,749.07	14,374.88
2) Other income	23	4,289.06	3,694.91
<b>3) Total revenue ( 1 + 2 )</b>		<b>84,038.13</b>	<b>18,069.79</b>
<b>4) Expenses</b>			
(a) Cost of materials consumed	24(a)	20,269.64	3,528.93
(b) Purchases of stock-in-trade (Trading Activity)	24(b)	29,567.17	2,638.88
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24(c)	(2,571.68)	(63.84)
(d) Employee benefits expense	25	7,274.48	3,742.98
(e) Finance costs	26	3,199.92	245.11
(f) Depreciation and amortization expense (including impairment ₹ NIL, Previous period ₹ 46.87 lacs )	27	1,444.05	203.42
(g) Other expenses	28	20,499.47	9,319.54
<b>Total expenses</b>		<b>79,683.05</b>	<b>19,615.02</b>
<b>5) Profit/ (Loss) before exceptional items and tax (3 - 4)</b>		<b>4,355.08</b>	<b>(1,545.23)</b>
<b>6) Exceptional items</b>	29		
(a) Write off of Goodwill arising on amalgamation of Mishapar Investments Ltd.		3,931.71	-
Less: Adjusted from Securities Premium Account (Refer Note no. 30.3)		(3,931.71)	-
(b) Other Exceptional items		697.74	(5,040.76)
<b>7) Profit/ (Loss) before tax (5+6)</b>		<b>5,052.82</b>	<b>(6,585.99)</b>
<b>8) Tax (expense) / benefit :</b>			
(a) Current tax expense		(825.00)	-
(b) (Short)/ Excess provision for tax relating to prior years		(86.89)	1,400.00
(c) Net Current tax (expense) (a+b)		(911.89)	1,400.00
(d) Deferred tax		(425.00)	-
Net tax (expense)/ benefit (c+d)		<b>(1,336.89)</b>	<b>1,400.00</b>
<b>9) Profit/ (Loss) for the year/ period (7+8)</b>		<b>3,715.93</b>	<b>(5,185.99)</b>
<b>10) Earnings per share (on face value of ₹ 10 each) - (Refer Note 31.2)</b>			
(a) Basic		26.71	(52.84)
(b) Diluted		26.71	(52.84)
Significant accounting policies	2		

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Registration No. 117364W

**R. Salivati**

Partner

Membership No. 34004

Mumbai, Dated: 30th May, 2013

**H. A. Mafatlal**

Chairman

**V.P.Mafatlal**

Vice Chairman

**Rasesh Shah**

Company Secretary

**Rajiv Dayal**

Managing Director &  
Chief Executive Officer

**P. R. Amin**

**P. J. Desai**

**N. K. Parikh**

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**A. K. Srivastava**

**V. R. Gupte**

**P. N. Kapadia**

Directors

Mumbai, Dated: 30th May, 2013

## Cash Flow Statement for the year ended 31st March, 2013

₹ in lacs

	Year Ended 31st March 2013	Period Ended 31st March 2012
Cash flow from operating activities		
Net Profit / (Loss) before tax	5,052.82	(6,585.99)
adjustments for,		
Depreciation and amortization expense (including impairment of ₹ NIL , Previous Period ₹ 46.87 lacs )	1,444.05	203.42
(Profit) on sale/ disposal of fixed assets (net)	(363.21)	(129.48)
(Profit) / Loss on sale of Long Term investments (net)	(768.53)	(31.26)
Investments written off (net)	-	2.36
Finance costs on Borrowings	1,991.00	-
Finance Cost on other than Borrowings	1,208.92	245.11
Interest income	(1,535.74)	(2,211.07)
Dividend income	(303.11)	(22.81)
Loss on sale of fixed assets sold/scrapped / written off	33.22	9.77
Liabilities/ Provisions no longer required	(675.96)	(1,173.15)
Debit balances in creditors account written off	4.89	897.99
Bad trade and other receivables/ Loans and advances written off (net)	76.88	620.39
Provision for doubtful debts/ advances	32.84	1.46
Net unrealised exchange (gain)/ loss	(255.86)	(109.20)
Provision for diminution in long term investments	-	500.00
<b>Operating profit /(loss) before working capital changes</b>	<b>5,942.21</b>	<b>(7,782.46)</b>
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(2,132.49)	(197.79)
Trade receivables	(3,243.78)	601.60
Short term Loans and advances	2,378.92	(1,394.42)
Long term Loans and advances	(800.37)	-
Other current assets	12.00	63.62
Other non current assets	6.52	-
Adjustments for increase / ( decrease ) in operating liabilities:		
Short Term Provisions	808.99	-
Long Term Provisions	103.92	-
Interest accrued and due on other than borrowings	52.06	(245.11)
Other Current Liability	(14.54)	-
Other Long Term Liability	354.09	-
Trade and other payables	1,548.15	(16,123.63)
	(926.54)	(17,295.72)
<b>Cash generated from / (used in) Operations</b>	<b>5,015.67</b>	<b>(25,078.18)</b>
Direct taxes paid (net)	(1,081.39)	(12,103.57)
<b>A Net Cash generated from / (used in) Operating activities</b>	<b>3,934.28</b>	<b>(37,181.75)</b>
Cash flow from investing activities		
Purchase and Sales of Tangibles and Intangibles (Net)	(793.80)	126.72
Capital expenditure on fixed assets ( including capital advances)	(5,965.19)	(599.80)
Sales/(Purchase) of Non Current Investments (Including investment property)	1,239.55	(5.53)
Dividend received - others	303.11	22.81
Interest received - others	1,535.74	2,211.08
Other Bank Balances (Refer note below)	4,578.74	50,314.20
Balances with Banks in Earmarked accounts (Other Non Current Assets)	(45.39)	-
<b>B Net cash (used in) / generated from investing activities</b>	<b>852.76</b>	<b>52,069.48</b>
Cash flow from financing activities		
Finance Cost	(3,102.08)	-
Short Term Borrowings	(269.16)	(6,026.48)

₹ in lacs

	Year Ended 31st March 2013	Period Ended 31st March 2012
Long Term Borrowings	(2,953.61)	(86.87)
Redemption of Preference Shares	-	(3,000.00)
<b>C Net cash (used in) financing activities</b>	<b>(6,324.85)</b>	<b>(9,113.35)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,537.81)</b>	<b>5,774.38</b>
Cash and cash equivalents at the beginning of the year/period	8,620.08	2,845.70
Add: Pursuant to Scheme of Amalgamation (Refer note no. 30.3)	1,327.99	-
<b>Cash and cash equivalents at the end of the year/period (Note no. 19)</b>	<b>8,410.26</b>	<b>8,620.08</b>

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**Notes:**

Components of Cash and Cash equivalents excludes deposits with original maturity more than 3 months and earmarked balances. Consequently, cash flow from investing activities is higher by ₹ 4,578.74 lacs (Previous period by ₹ 50,314.20 lacs).

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Registration No. 117364W

**R. Salivati**

Partner

Membership No. 34004

Mumbai, Dated: 30th May, 2013

**H. A. Mafatlal**

Chairman

**V.P.Mafatlal**

Vice Chairman

**Rasesh Shah**

Company Secretary

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**V. K. Balasubramanian**

**A. K. Srivastava**

**V. R. Gupte**

**P. N. Kapadia**

Directors

Mumbai, Dated: 30th May, 2013

## ■ Notes forming part of the financial statements

### 1. Corporate Information

Mafatlal Industries Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Mumbai and Ahmedabad stock exchanges. The Company belongs to the reputed industrial house of Arvind Mafatlal Group in India, established in 1905. The Company is engaged in textile manufacturing and trading, having its units at Nadiad and Navsari.

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### 2. Significant Accounting Policies

#### a. Basis of accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous period.

#### b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### c. Inventories

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

Stores, spares and raw materials - Weighted average

Process stock and finished goods - Material cost plus appropriate value of overheads

Trading goods – Weighted average cost

Others (land) - At cost on conversion to stock-in trade

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

#### d. Depreciation on tangible fixed assets

Depreciation is provided using the Straight Line Method, pro-rata to the period of use, as per the useful life of the assets estimated by the management or at the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher, as follows:

Non-Factory Buildings	1.63%	Factory Building	3.34%
Plant & Machinery	10.34%	Computers	25.00%
Furniture & Fixtures	12.50%	Office Equipments	12.50%
Vehicles	9.50%		

Individual assets acquired for less than ₹ 5,000/- are entirely depreciated in the year of acquisition.

#### e. Revenue recognition

Revenue including Other Income is recognized when no significant uncertainty as to determination or realization exists.

#### f. Export Benefits

Export Benefit available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of the scheme is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate realization / utilization of such benefits.

## ■ Notes forming part of the financial statements

### g. Tangible fixed assets

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation, amortization and impairment loss, if any.

Capital Work-in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

### h. Foreign currency transactions and translations

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization/ payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains/ losses on settlement of transactions arising on cancellation/ renewal of forward exchange contracts are recognized as income or expense.

### i. Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Tangible Assets.

### j. Employee benefits

a. The Company contributes towards Provident Fund, Family Pension Fund and Superannuation Fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required under the rules.

b. Gratuity liability, a defined benefit scheme, and provision for compensated absences are accrued and provided for on the basis of actuarial valuations made at the year / period end.

### k. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### l. Operating Lease

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as Operating Lease. Operating Lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of Profit and Loss account on a straight-line basis over the lease term.

### m. Taxes on income

Tax expenses comprise both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using the tax rates and tax laws that have been enacted or are substantively enacted by the balance sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized

## ■ Notes forming part of the financial statements

only to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### **n. Impairment of tangible assets**

Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

### **o. Provisions and contingencies**

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed in the financial statement.

### **p. Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the credits.

### **q. Operating Cycle**

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### **r. Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

The grant or subsidy that relates to interest expenses is recognized as income over the periods necessary to match them on a systematic basis to the interest costs, which it is intended to compensate. The grant or subsidy relating to the fixed assets is deducted in arriving at the carrying amount of the related fixed asset.

## ■ Notes forming part of the financial statements

### 3. SHARE CAPITAL

	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	1,01,46,054	1,014.61	1,01,46,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Unclassified Shares of ₹ 10 each	2,98,53,946	2,985.39	2,98,53,946	2,985.39
<b>Total</b>		<b>10,000.00</b>		<b>10,000.00</b>
(b) Issued				
Equity shares of ₹ 10 each with voting rights	1,01,46,054	1,014.61	1,01,46,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each	3,00,00,000	3,000.00	3,00,00,000	3,000.00
<b>Total</b>		<b>4,014.61</b>		<b>4,014.61</b>
(c) Subscribed and fully paid up				
(i) Equity shares of ₹ 10 each with voting rights (net of 389 Equity shares of ₹ 10 each cancelled/other adjustments during the year pursuant to scheme of Amalgamation (Refer Note No. 30.3)	98,13,471	981.34	98,13,860	981.38
Less: Allotment money / Calls in arrears		0.06		0.06
		981.28		981.32
(ii) Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each	3,00,00,000	3,000.00	3,00,00,000	3,000.00
		3,981.28		3,981.32
(d) Equity Share Capital Suspense account	40,99,415	409.94	-	-
(Equity shares of ₹ 10 each to be issued as fully paid-up pursuant to merger of Mafatlal Denim Limited with the Company under the scheme of amalgamation without the payment being received in cash) (Refer Note no.30.3)				
<b>Total</b>		<b>4,391.22</b>		<b>3,981.32</b>

#### a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year period(excluding Equity Share Capital Suspense)

Particulars	Opening balance	Allotment money / Calls in arrears	Cancelled pursuant to Scheme of Amalgamation/other adjustment (Refer Note no.30.3)	Closing balance
(i) Equity shares with voting rights				
Year ended 31st March, 2013				
- Number of shares	98,13,860	-	389	98,13,471
- Amount (₹ In lacs)	981.38	0.06	0.04	981.28
Period ended 31st March, 2012				
- Number of shares	98,13,860	-	-	98,13,860
- Amount (₹ In lacs)	981.38	0.06	-	981.32

## ■ Notes forming part of the financial statements

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Particulars	Opening balance	Redemption	Closing balance
(ii) Fully Redeemable Non-Cumulative Preference Shares			
Year ended 31st March, 2013			
- Number of shares	3,00,00,000	-	3,00,00,000
- Amount (₹ In lacs)	3,000.00	-	3,000.00
Period ended 31st March, 2012			
- Number of shares	6,00,00,000	3,00,00,000	3,00,00,000
- Amount (₹ In lacs)	6,000.00	3,000.00	3,000.00

b. (i) Terms / rights attached to Equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, the amount of dividend, per share, recognized as distributions to equity shareholders is ₹ 5 (Previous period ended 31st March, 2012 ₹ NIL).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

(ii) Terms / rights attached to Preference shares:

In terms of Modified Scheme (MS) approved by BIFR in June 2009, 600,00,000 Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each are redeemable over a period of eight years as a subordinated liability to the dues of workers, statutory agencies and the secured creditors. 50% of the shares were redeemed during the period ended 31st March, 2012 and remaining 50% of the shares have since been redeemed in April 2013. Upon, declaration these shares carry a rate of dividend of 1% from the financial year commencing on or after 1st January, 2014.

c. Details of shareholders holding more than 5% shares in the company:

Equity shares of ₹ 10 each fully paid Name	31st March, 2013		31st March, 2012	
	Nos.	% holding	Nos.	% holding
Vishad Padmanabh Mafatlal	12,11,581	12.35	12,11,581	12.35
Rupal Vishad Mafatlal	12,03,465	12.26	12,03,465	12.26
Hrshikesh Arvind Mafatlal	8,26,067	8.42	8,20,793	8.36
Rekha Hrshikesh Mafatlal	8,04,283	8.20	8,04,283	8.20
NOCIL Limited	5,66,320	5.77	5,66,320	5.77
Priyavrata Hrshikesh Mafatlal	5,54,232	5.65	5,54,232	5.65
Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each fully paid	31st March, 2013		31st March, 2012	
	Nos.	% holding	Nos.	% holding
Navin Fluorine International Limited	3,00,00,000	100	3,00,00,000	100

d. During the period of five years immediately preceding the reporting date:

	Nos.	As at 31st March, 2013	Nos.	As at 31st March, 2012
Preference shares redeemed by the company	30,00,000	30,00,000	30,00,000	30,00,000



## ■ Notes forming part of the financial statements

### e. Calls unpaid (by other than officers and directors)

	₹ in lacs	
	As at	As at
	31st March, 2013	31st March, 2012
Calls Unpaid	0.06	0.06

f. During 1987-88, 535,000 shares (of ₹ 100 each) were allotted on rights basis subject to the result of suit nos. 3181 and 3182 of 1987 filed by three shareholders against the Company and Others in the Ahmedabad City Civil Court. The suits are pending disposal.

g. During the year 2010-11, 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each were converted into 48,13,860 Equity shares of ₹ 10 each of the Company at a premium of ₹ 52.32 per equity share.

### 4. RESERVES AND SURPLUS

	₹ in lacs	
	As at	As at
	31st March, 2013	31st March, 2012
(a) Capital Reserve no. 1		
Opening balance	61.16	61.16
(b) Capital Reserve no. 2		
Opening balance	35.00	35.00
(c) Capital Reserve on Amalgamation		
Opening balance	-	-
Addition pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	3,634.48	-
Closing balance	3,634.48	-
(d) Capital Redemption Reserve		
Opening balance	4,200.00	1,200.00
Addition pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	1,183.14	-
Add: Transferred from Surplus in Statement of Profit and Loss	-	3,000.00
Closing balance	5,383.14	4,200.00
(e) Securities Premium Account		
Opening balance	21,383.78	21,383.78
Deduction pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	(3,931.71)	-
Closing balance	17,452.07	21,383.78
(f) Capital Investment Reserve		
(Non-taxable excess of sale proceeds over book value)		
Opening balance	75.96	75.96
(g) Investment Reserve		
(Taken over from Mafatlal Gagalbhai and Company Private Limited as from 01-04-1972 on Amalgamation)		
Opening balance	1.78	1.78
(h) Export Profit Reserve		
(Taken over from erstwhile The Mafatlal Fine Spinning and Manufacturing Co. Ltd on amalgamation)		
Opening balance	20.00	20.00

## ■ Notes forming part of the financial statements

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
(i) General Reserve		
Opening balance	-	-
Transferred from Statement of Profit and Loss	375.00	-
Closing balance	375.00	-
(j) Surplus in the Statement of Profit and Loss		
Opening balance	3,768.28	11,954.27
Addition pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	(1,908.71)	-
Add: Profit / (Loss) for the year/ period	3,715.93	(5,185.99)
	5,575.50	6,768.28
Less: Appropriations		
Transferred to Capital Redemption Reserve on Redemption of Preference Shares	-	(3,000.00)
Transfer to General Reserve	(375.00)	-
Dividend Proposed to be distributed to equity share holders	(695.64)	-
[Dividend per Share ₹ 5 (Previous period ₹ NIL)]		
Tax on Dividend	(118.22)	-
Total appropriations	(1,188.86)	(3,000.00)
Closing balance	4,386.64	3,768.28
Total	31,425.23	29,545.96

### 5. LONG-TERM BORROWINGS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Term Loans		
From Banks - Secured [Refer Note no.(ii)]	3,750.48	-
From Banks - Secured - Loan for Vehicles [Refer Note no.(iii)]	42.18	-
From Others - Secured[Refer Note no.(iv)]	1,510.38	-
Total	5,303.04	-

(i) For Current maturities of Long Term Borrowings; Refer Note No.11(a) - Other Current Liabilities.

(ii) (a) Term loans of ₹ 4,158.15 lacs from a bank are repayable in quarterly installments till March 2018. These Loans are secured by a pari passu mortgage / hypothecation charge on the Fixed Assets, including leasehold land and hypothecation charge on all current assets of erstwhile Mafatlal Denim Limited. The loans carry interest linked to the lenders' Prime Lending Rates. The effective rate of interest for the year was @ 15.75% p.a.

(b) Term loan of ₹ 750.00 lacs from a bank is repayable in monthly installments till October 2014. The Loan is secured by a pari passu mortgage / hypothecation charge on the Current Assets of erstwhile Mafatlal Denim Limited. The loans carry interest linked to the lenders' Base Rates. The effective rate of interest for the year was @ 13.75% p.a.

(iii) Loan for Vehicles from Banks is secured by hypothecation of respective vehicles. The Loan carries interest @ 11% p.a.

(iv) (a) Term loan of ₹ 1094.25 lacs from a Financial Institution is repayable in quarterly installments till March 2018. The Loan is secured by a pari passu mortgage / hypothecation charge on the Company's Fixed Assets, including leasehold land and hypothecation charge on all current assets of erstwhile Mafatlal Denim Limited. The loan carry an interest linked to the lenders' Prime Lending Rates. The effective rate of interest for the year was in the range 16.50% to 16.75% p.a.

(b) Term loan of ₹ 743.65 lacs from a Financial Institution is repayable in quarterly installments till March 2018. The Loan is secured by a hypothecation charge on the current assets of erstwhile Mafatlal Denim Limited. The loan carries interest @ 12.25% p.a.

## ■ Notes forming part of the financial statements

### 6. DEFERRED TAX LIABILITIES (NET)

	₹ in lacs	
	As at	As at
	31st March, 2013	31st March, 2012
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	1,419.56	(445.62)
<b>Tax effect of items constituting deferred tax liability</b>	<b>1,419.56</b>	<b>(445.62)</b>
Tax effect of items constituting deferred tax assets		
Provision for doubtful debts / advances	176.94	333.80
Disallowances under Sections 35DDA, 40(a)(i), 43B of the Income Tax Act, 1961 (For previous period restricted to the extent of deferred tax liability on depreciation.)	817.62	111.82
<b>Tax effect of items constituting deferred tax assets</b>	<b>994.56</b>	<b>445.62</b>
<b>Net deferred tax (liability) / asset</b>	<b>(425.00)</b>	<b>-</b>

### 7. OTHER LONG-TERM LIABILITIES

	₹ in lacs	
	As at	As at
	31st March, 2013	31st March, 2012
(a) Trade Payables - Other than acceptances ( Refer Note no. 30.7 )	-	4.55
(b) Others		
(i) Trade/ Security deposits received	204.60	249.42
(ii) Contribution to Gratuity Fund (Refer Note no. 31.4 )	608.83	205.03
(iii) Others - advances	2.91	3.25
<b>Total</b>	<b>816.34</b>	<b>462.25</b>

### 8. LONG-TERM PROVISIONS

	₹ in lacs	
	As at	As at
	31st March, 2013	31st March, 2012
Provision for employee benefits		
(i) Provision for Compensated absences (Refer Note no.31.4)	496.36	219.86
<b>Total</b>	<b>496.36</b>	<b>219.86</b>

## ■ Notes forming part of the financial statements

### 9. SHORT-TERM BORROWINGS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Loans repayable on demand		
(i) From Banks		
Secured * - Overdraft facility from Banks	2,760.18	544.73
Secured ** - Cash credit from Banks	933.82	-
Unsecured ***	-	9.34
(ii) From Other Parties		
Unsecured	-	-
<b>Total</b>	<b>3,694.00</b>	<b>554.07</b>

\* Secured against Fixed Deposits of ₹ 3,008.94 lacs, date of maturity 15th March, 2014. (Previous period: ₹ 2,580.95 lacs, date of maturity 14th March, 2013).

\*\* Cash credit from bank is secured by pari passu charge on the current assets and a Second Mortgage/ Hypothecation charge of the Fixed assets of erstwhile Mafatlal Denim Ltd. The cash credit is repayable on demand and carry an interest @ 14.5% p.a.

\*\*\* Short term loan from bank is obtained by placing fixed deposit of Mafatlal Industries Employees' Co-operative Credit Society at Nadiad as Collateral.

### 10. TRADE PAYABLES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Other than acceptances ( Refer Note no. 30.7)	10,142.62	2,630.33
<b>Total</b>	<b>10,142.62</b>	<b>2,630.33</b>

### 11. OTHER CURRENT LIABILITIES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
(a) Current maturities of long-term debt (Refer Note No.5 Long Term Borrowings for details of Securities)		
(i) From Banks - Secured	1,157.67	-
(ii) From Banks - Secured - Loans for Vehicles	16.04	-
(iii) From Others - Secured	327.52	-
(b) Interest accrued but not due on borrowings	308.81	-
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	480.06	752.36
(ii) Contractually reimbursable expenses	0.39	0.02
(iii) Interest accrued on other than borrowings	1,639.17	378.19
(iv) Trade / security deposits received	24.34	24.91
(v) Advances from customers	287.35	60.36
(vi) Contributions to Gratuity Fund (Refer Note no. 31.4)	235.06	200.66
(vii) Others includes Voluntary Retirement Scheme, electricity dues.	480.94	136.26
<b>Total</b>	<b>4,957.35</b>	<b>1,552.76</b>

## ■ Notes forming part of the financial statements

### 12. SHORT-TERM PROVISIONS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Provision for employee benefits</b>		
Provision for Compensated absences (Refer Note no.31.4)	132.88	80.63
	132.88	80.63
<b>(b) Provisions - Others</b>		
(i) Provision for tax (net of advance tax ₹ 1,804.90 lacs ( As at 31st March, 2012 ₹ 1,541.43 lacs) )	612.09	8.57
(ii) Provision for Fringe Benefit Tax (net of advance tax ₹ 39.05 lacs)	0.40	-
(iii) Provision for Proposed Equity dividend	695.64	-
(iv) Provision for tax on Proposed dividend	118.22	-
	1,426.35	8.57
<b>Total</b>	<b>1,559.23</b>	<b>89.20</b>

### 13 (a). Fixed assets

₹ in lacs

Tangible assets	Gross block							
	Balance as at 1st April, 2012	Additions	Disposals / Write off	Acquisitions through business combinations	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments (Refer Note No. 30.6)	Balance as at 31st March 2013
<b>(a) Land</b>								
Freehold	21.08	-	-	-	-	-	-	21.08
(Previous period)	(32.27)	-	(11.19)	-	-	-	-	(21.08)
Leasehold	0.08	-	-	-	-	-	-	0.08
(Previous period)	(0.08)	-	-	-	-	-	-	(0.08)
	21.16	-	-	-	-	-	-	21.16
(Previous period)	(32.35)	-	(11.19)	-	-	-	-	(21.16)
<b>(b) Buildings</b>								
Own use	1,551.04	15.63	-	2,471.05	-	-	-	4,037.72
(Previous period)	(1,552.45)	-	(1.41)	-	-	-	-	(1,551.04)
Given under operating lease	63.60	-	-	-	-	-	-	63.60
(Previous period)	(63.60)	-	-	-	-	-	-	(63.60)
	1,614.64	15.63	-	2,471.05	-	-	-	4,101.32
(Previous period)	(1,616.05)	-	(1.41)	-	-	-	-	(1,614.64)
<b>(c) Plant and Equipment</b>								
Owned	17,389.46	866.67	2,590.00	19,633.26	-	-	0.82	35,300.21
(Previous period)	(17,202.59)	(187.22)	(0.35)	-	-	-	-	(17,389.46)
<b>(d) Furniture and Fixtures</b>								
Owned	211.57	43.07	37.78	83.59	-	-	24.22	276.23
(Previous period)	(228.30)	(1.56)	(18.29)	-	-	-	-	(211.57)
<b>(e) Vehicles</b>								
Owned	124.67	85.74	30.04	80.39	-	-	-	260.75
(Previous period)	(88.98)	(36.38)	(0.70)	-	-	-	-	(124.67)

## Notes forming part of the financial statements

₹ in lacs

Tangible assets	Gross block							Balance as at 31st March 2013
	Balance as at 1st April, 2012	Additions	Disposals / Write off	Acquisitions through business combinations	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments (Refer Note No. 30.6)	
<b>(f) Office equipment</b>								
Owned	695.43	120.70	139.27	113.59	-	-	23.40	813.86
(Previous period)	(715.20)	(25.59)	(45.36)	-	-	-	-	(695.43)
<b>(g) Leasehold improvements</b>								
Owned	-	256.82	-	-	-	-	-	256.82
(Previous period)	-	-	-	-	-	-	-	-
<b>(h) Railway sidings</b>								
Owned	2.70	-	-	-	-	-	-	2.70
(Previous period)	(2.70)	-	-	-	-	-	-	(2.70)
<b>Total</b>	<b>20,059.63</b>	<b>1,388.63</b>	<b>2,797.09</b>	<b>22,381.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,033.05</b>
<b>Previous period</b>	<b>(19,886.18)</b>	<b>(250.75)</b>	<b>(77.30)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,059.63)</b>

### 13 (a). Fixed assets (Contd...)

₹ in lacs

Tangible assets	Accumulated depreciation and impairment					Net block		
	Balance as at 1st April, 2012	Depreciation / Impairment expense for the year/ period *	Eliminated on disposal/ Write off of assets	Acquisitions through business combinations	Other adjustments (Refer Note No. 30.6)	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
<b>(a) Land</b>								
Freehold	-	-	-	-	-	-	21.08	
(Previous period)	-	-	-	-	-	-	(21.08)	(21.08)
Leasehold	-	-	-	-	-	-	0.08	
(Previous period)	-	-	-	-	-	-	(0.08)	(0.08)
	-	-	-	-	-	-	21.16	
(Previous period)	-	-	-	-	-	-	(21.16)	(21.16)
<b>(b) Buildings</b>								
Own use	880.38	114.12	-	898.94	-	1,893.44	2,144.28	
(Previous period)	(851.84)	(29.05)	(0.51)	-	-	(880.38)	(670.66)	(670.66)
Given under operating lease	13.23	1.04	-	-	-	14.27	49.33	
(Previous period)	(12.45)	(0.78)	-	-	-	(13.23)	(50.37)	(50.37)
	893.61	115.16	-	898.94	-	1,907.71	2,193.61	
(Previous period)	(864.28)	(29.83)	(0.51)	-	-	(893.61)	(721.03)	(721.03)
<b>(c) Plant and Equipment</b>								
Owned	16,697.53	1,242.17	2,530.97	13,469.98	0.78	28,879.50	6,420.71	
(Previous period)	(16,603.00)	(94.65)	(0.31)	-	-	(16,697.34)	(692.11)	(692.11)
<b>(d) Furniture and Fixtures</b>								
Owned	193.33	4.74	28.69	75.66	22.97	222.08	54.14	
(Previous period)	(203.11)	(3.62)	(13.40)	-	-	(193.33)	(18.24)	(18.24)
<b>(e) Vehicles</b>								
Owned	55.45	19.62	21.03	31.78	-	85.82	174.93	
(Previous period)	(49.89)	(6.06)	(0.50)	-	-	(55.45)	(69.22)	(69.22)

## ■ Notes forming part of the financial statements

₹ in lacs

Tangible assets	Accumulated depreciation and impairment					Net block		
	Balance as at 1st April, 2012	Depreciation / Impairment expense for the year/ period *	Eliminated on disposal/ Write off of assets	Acquisitions through business combinations	Other adjustments (Refer Note No. 30.6)	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
<b>(f) Office equipment</b>								
Owned	577.91	37.77	119.11	88.27	22.18	607.02	206.84	
(Previous period)	(599.96)	(17.40)	(39.26)	-	-	(578.10)	(117.33)	(117.33)
<b>(g) Leasehold improvements</b>								
Owned	-	18.76	-	-	-	18.76	238.06	
(Previous period)	-	-	-	-	-	-	-	-
<b>(h) Railway sidings</b>								
Owned	2.57	-	-	-	-	2.57	0.13	
(Previous period)	(2.57)	-	-	-	-	(2.57)	(0.13)	(0.13)
<b>Total</b>	<b>18,420.40</b>	<b>1,438.22</b>	<b>2,699.79</b>	<b>14,564.63</b>	<b>-</b>	<b>31,723.46</b>	<b>9,309.59</b>	<b>-</b>
<b>Previous period</b>	<b>(18,322.81)</b>	<b>(151.57)</b>	<b>(53.98)</b>	<b>-</b>	<b>-</b>	<b>(18,420.40)</b>	<b>(1,639.23)</b>	<b>(1,639.23)</b>

Note: Building include ₹ 12.86 lacs (Previous period ₹ NIL) being the cost of ownership premises in a co-operative society, including cost of shares received for the face value of ₹ 2500/-, under the bye-laws of the society.

### 13 (b). Fixed assets

₹ in lacs

Intangible assets	Gross block			
	Balance as at 1st April 2012	Additions	Disposals	Balance as at 31st March 2013
(a) Computer software	-	12.80	-	12.80
<b>Total</b>	<b>-</b>	<b>12.80</b>	<b>-</b>	<b>12.80</b>
<b>Previous period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 13 (b). Fixed assets (contd.)

₹ in lacs

Intangible assets	Accumulated amortisation				Net block	
	Balance as at 1st April, 2012	Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
(a) Computer software	-	4.72	-	4.72	8.08	-
<b>Total</b>	<b>-</b>	<b>4.72</b>	<b>-</b>	<b>4.72</b>	<b>8.08</b>	<b>-</b>
<b>Previous period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ■ Notes forming part of the financial statements

### 13 (c). Fixed assets held for sale

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Assets held for sale		
Balance as per last Balance Sheet	-	123.45
Add : Additions	-	-
	-	123.45
Less : Accumulated depreciation	-	76.58
Less : Accumulated impairment	-	46.87
Net block	-	-

### 14 Non-current investments

₹ in lacs

Particulars	As at 31st March, 2013				As at 31st March, 2012			
	No. of shares	Quoted	Unquoted	Total	No. of shares	Quoted	Unquoted	Total
Investments ( At cost )								
I Trade								
(a) Investment in equity instruments (Fully paid)								
Associates								
Equity shares of ₹ 100 each of Mafatlal Engineering Industries Ltd ###	146,364		(1.00)	(1.00)	146,364		(1.00)	(1.00)
Equity shares of ₹ 10 each of Mafatlal V K Intex Ltd	580,000		(1.00)	(1.00)	580,000		(1.00)	(1.00)
(i) Associates			-	-			-	-
Joint Ventures								
Equity shares of AED 1000/- each of Al Fahim Mafatlal Textile LLC	147		22.73	22.73			-	-
(ii) Joint Ventures			22.73	22.73			-	-
Other entities								
Equity shares of ₹ 10 each of Matcon Export Enterprises Ltd ###	13,350		(1.00)	(1.00)	13,350		(1.00)	(1.00)
Equity shares of ₹ 1 each (Previous period ₹ 10 each) of Integra Engineering India Ltd (formerly known as Schlafhorst Engineering (India) Ltd)	20		(286.00)	(286.00)	20		(286.00)	(286.00)
(iii) Other entities			-	-			-	-
Total Trade Investments - (I)			22.73	22.73			-	-
II Other Investments								
a Investment Properties ( Refer Note 1 below )								
Immoveable Property (net of accumulated depreciation)			64.21	64.21	-		69.41	69.41
b Investment in equity instruments (Fully paid)								
Subsidiaries								
Equity shares of ₹ 100 each of Mafatlal Services Ltd	272,800		272.80	272.80	272,800		272.80	272.80
Equity shares of ₹ 100 each of Mishapur Investments Ltd.	7,800,000		12,300.10	12,300.10	7,800,000		12,300.10	12,300.10
Cancelled pursuant to the Scheme of Amalgamation (Refer Note No. 30.3)	(7,800,000)		(12,300.10)	(12,300.10)	-		-	-
	-		-	-	7,800,000		12,300.10	12,300.10
Equity shares of ₹ 10 each of Ibiza Industries Limited *** ##	1,350,000		(1.00)	(1.00)	1,350,000		(1.00)	(1.00)
Addition pursuant to the Scheme of Amalgamation (Refer Note No.30.3)	1,266,670		(1.00)	(1.00)	-		-	-



## ■ Notes forming part of the financial statements

₹ in lacs

Particulars	As at 31st March, 2013				As at 31st March, 2012			
	No. of shares	Quoted	Unquoted	Total	No. of shares	Quoted	Unquoted	Total
Equity shares of ₹ 10 each of Sunanda Industries Ltd. *	3,576,002		(1.00)	(1.00)	-		-	-
Addition pursuant to the Scheme of Amalgamation (Refer Note No.30.3)	400,000		(1.00)	(1.00)	-		-	-
Equity shares of ₹ 10 each of Mayflower Textiles Private Limited ^ \$	10,000		(1.00)	(1.00)	-		-	-
Equity shares of ₹ 10 each of Myrtle Textiles Private Limited. ^ \$	10,000		(1.00)	(1.00)	-		-	-
Equity shares of ₹ 10 each of Repal Apparel Private Limited ^ \$	25,000		(1.00)	(1.00)	-		-	-
<b>(i) Subsidiaries</b>			272.80	272.80			12,572.90	12,572.90
<b>Associates</b>								
Equity shares of ₹ 10 each of Sunanda Industries Ltd. *	-		-	-	3,576,002		(1.00)	(1.00)
Equity shares of ₹ 10 each of Mafatlal Ltd, UK. ##	14,700		(1.00)	(1.00)	14,700		(1.00)	(1.00)
Addition pursuant to the Scheme of Amalgamation (Refer Note No.30.3)	9,000		(1.00)	(1.00)	-		-	-
Equity shares of ₹ 10 each of Sushmita Engineering and Trading Ltd.	153,000		(1.00)	(1.00)	153,000		(1.00)	(1.00)
Equity shares of ₹ 10 each of Repos Trading Co. Limited ^ \$	30,000		(1.00)	(1.00)	-		-	-
Equity shares of ₹ 10 each of Mafatlal Global Apparel Limited ^ (including pursuant to scheme of amalgamation - refer note no. 30.3)	1,240,000		124.00	124.00	-		-	-
<b>(ii) Associates</b>			124.00	124.00			-	-
<b>Other entities</b>								
Equity shares of ₹ 10 each of Anil Products Limited	2,320		(1.00)	(1.00)	2,320		(1.00)	(1.00)
Equity shares of ₹ 10 each of Anil Biochem Limited	116		(1.00)	(1.00)	116		(1.00)	(1.00)
Equity shares of ₹ 10 each of Arlabs Ltd	100		(1.00)	(1.00)	100		(1.00)	(1.00)
Equity shares of ₹ 10 each of Cama Hotels Ltd.	45,000		5.95	5.95	45,000		5.95	5.95
Equity shares of ₹ 10 each of Cellulose Products of India Ltd.	15,000		(1.00)	(1.00)	15,000		(1.00)	(1.00)
Equity shares of ₹ 25 each of Universal Dyestuff Industries Ltd.	10		(430.00)	(430.00)	10		(430.00)	(430.00)
Equity shares of ₹ 100 each of SLM - Maneklal Industries Ltd	5,870		(1.00)	(1.00)	5,870		(1.00)	(1.00)
Equity shares of ₹ 2 each of Housing Development Finance Corporation Ltd.	92,100	3.69		3.69	92,100	3.69		3.69
Equity shares of ₹ 10 each of Stanrose Mafatlal Investments and Finance Ltd.	79,920	24.98		24.98	79,920	24.98		24.98
Equity shares of ₹ 10 each of TAK Machinery and Leasing Ltd.	13,950	1.50		1.50	13,950	1.50		1.50
Equity shares of ₹ 2 each of Ultramarine and Pigments Ltd.	9,600	0.02		0.02	9,600	0.02		0.02
Equity shares of ₹ 10 each of NOCIL Limited	61,880	16.97		16.97	61,880	16.97	-	16.97
Add: Acquired pursuant to the Scheme of Amalgamation (Refer Note No.30.3)@\$	22,974,589	3836.75		3,836.75	-	-	-	-
	23,036,469	3853.72	-	3,853.72	61,880	16.97	-	16.97
Equity shares of ₹ 10 each of Mafatlal Industries Limited	388			-				-
Less: Cancelled pursuant to the Scheme of Amalgamation (Refer Note No. 30.3)	(388)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

## ■ Notes forming part of the financial statements

₹ in lacs

Particulars	As at 31st March, 2013				As at 31st March, 2012			
	No. of shares	Quoted	Unquoted	Total	No. of shares	Quoted	Unquoted	Total
Equity shares of ₹ 10 each of Hybrid Finance Services Limited **\$ ^	1,600	(1.00)		(1.00)	-	-	-	-
Equity shares of ₹ 10 each of Navin Fluorine International Limited \$ ^	189,964	673.23		673.23	-	-	-	-
Equity shares of ₹ 10 each of Bank of India. \$ ^	100	0.36		0.36	-	-	-	-
Equity shares of ₹ 10 each of Mafatlal Medical Devices Limited ^ \$	30,000	-	(1.00)	(1.00)	-	-	-	-
Equity shares of ₹ 100 each of Suremi Trading Private Limited. \$ ^	2	-	(1.00)	(1.00)	-	-	-	-
Equity shares of ₹ 100 each of Mafatlal Impex Private Limited. \$ ^	2	-	(1.00)	(1.00)	-	-	-	-
Equity shares of ₹ 100 each of Navdeep Investment Private Limited ^ \$	6,250	-	(1.00)	(1.00)	-	-	-	-
Equity shares of ₹ 10 each of Arvi Associates Private Limited ^ \$	10,000	-	(1.00)	(1.00)	-	-	-	-
(iii) Other entities		4557.50	5.95	4,563.45		47.16	5.95	53.11
c Investments in Government securities (Fully paid)								
In Government securities ( Face value of ₹ 2.89 lacs ) have been lodged with various authorities		-	2.89	2.89		-	2.89	2.89
Investments in Government securities		-	2.89	2.89		-	2.89	2.89
d Investment in debentures or bonds (Fully paid)								
(i) Associates								
10% Secured Redeemable Convertible Debentures of Mafatlal Engineering Industries Ltd. ##	165,000.00	-	(1.00)	(1.00)	165,000.00		(1.00)	(1.00)
(ii) Other entities								
Corporate Bonds of Housing Development Finance Corporation Ltd.: 11 % - Series IV #	2,050.00	-	20.50	20.50	2,050.00	-	20.50	20.50
Investment in debentures or bonds			20.50	20.50			20.50	20.50
e Investment in Mutual funds (Fully paid)								
Master Shares of Unit Trust of India of ₹ 10 each.	432,000.00		36.30	36.30	432,000.00		36.29	36.29
Units of ₹ 10 each JM Financial Mutual Fund - J.M. Equity Fund - Growth Plan ^ \$	100,000.00		10.00	10.00	-		-	-
Investment in Mutual funds			46.30	46.30			36.29	36.29
f Other Non-current Investments (Fully paid)								
Shares of ₹ 50 each of Sea- Face Park Co-op Hsg Society Ltd.	5.00		(250.00)	(250.00)	5.00		(250.00)	(250.00)
Subsidiaries								
Mishapar Investments Limited								
Preference Shares suspense			900.00	900.00			900.00	900.00
Less: Cancelled pursuant to the Scheme of Amalgamation (Refer Note No. 30.3)			(900.00)	(900.00)			-	-
			-	-			900.00	900.00
Other Non-current Investments			-	-			900.00	900.00
Total Other Investments - ( II )	-	4557.50	536.65	5,094.15	-	47.16	13,607.94	13,655.10
Total Investments - ( I + II )		4557.50	559.38	5,116.88		47.16	13,607.94	13,655.10
Provision for diminution in value of investments - Opening Balance			8,645.30	8,645.30			8,645.30	8,645.30
Add: Provision for diminution made during the Current year			-	-			-	-

## ■ Notes forming part of the financial statements

₹ in lacs

Particulars	As at 31st March, 2013				As at 31st March, 2012			
	No. of shares	Quoted	Unquoted	Total	No. of shares	Quoted	Unquoted	Total
Less: Cancelled pursuant to the Scheme of Amalgamation (Refer Note No.30.3)			(8,400.00)	(8,400.00)			-	-
Provision for diminution in value of investments - Closing Balance			245.30	245.30			8,645.30	8,645.30
<b>Grand Total Investments</b>	-	4557.50	314.08	4,871.58	-	47.16	4,962.64	5,009.80
Aggregate amount of quoted investments				4,557.50				47.16
Aggregate market value of listed and quoted investments				4,480.53				728.93
Aggregate value of listed but not quoted investments				-				-
Aggregate amount of unquoted investments				314.08				4,962.64

Figures in ( ) are in Full Rupees

\* Subject to non disposal undertakings given to financial institutions. The company is currently under liquidation, 33,40,002 Equity shares were not available for physical verification.

# 1,050 nos. - Not available for physical verification.

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

### 66,362 Equity shares (Previous period 110,335) not available for physical verification; currently under liquidation.

#### 1,350 Equity shares not available for physical verification

@ 22,974,589 Equity shares acquired pursuant to the Scheme of Amalgamation are not held in the name of the Company, further 16,686,269 Equity shares were pledged with the Company against receivable balances. As per the Scheme of Amalgamation the receivable balances have been cancelled. The Company is in the process of getting the charge on these equity shares released.

\$ Equity shares acquired pursuant to the Scheme of Amalgamation are not held in the name of the Company.

\*\* Not available for physical verification

^ Addition pursuant to the Scheme of Amalgamation (Refer Note No.30.3)

\*\*\* 13,50,000 Equity Shares of Ibiza Industries Limited have been pledged for loans/deposit taken by the company / other companies.

### Note: 1

₹ in lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>Investment in Properties</b>		
<b>Gross Block</b>		
Balance as per last Balance Sheet *	85.29	47.00
Add: Addition during the year/ period	-	38.29
Less: Deduction during the year/ period	5.10	-
	80.19	85.29
Less : Accumulated Depreciation		
Balance as per last Balance Sheet	15.88	14.01
Add: Depreciation for the year/ period	1.11	1.87
Less: Deduction during the year/ period	1.01	-
	15.98	15.88
<b>Net Block</b>	<b>64.21</b>	<b>69.41</b>

\* includes asset held for sale ₹ 3.22 lacs (Previous period ₹ NIL).

## ■ Notes forming part of the financial statements

### 15. LONG-TERM LOANS AND ADVANCES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Capital advances</b>		
Unsecured, considered good	424.80	1.00
<b>(b) Security deposits</b>		
Unsecured, considered good	801.53	592.60
Doubtful	83.20	92.96
Less: Provision for doubtful deposits	(83.20)	(92.96)
	801.53	592.60
<b>(c) Loans and advances to related parties (Refer Note no. 31.5)</b>		
Secured, considered good	-	685.48
Unsecured, considered good	68.73	1.02
Doubtful	-	265.00
Less: Provision for doubtful loans and advances	-	(265.00)
	68.73	686.50
<b>(d) Loans and advances to employees</b>		
Unsecured, considered good	4.66	-
Doubtful	1.64	1.64
Less: Provision for doubtful loans and advances	(1.64)	(1.64)
	4.66	-
<b>(e) Advance income tax (net of provisions ₹ 12,423.63 lacs (As at 31st March, 2012 ₹ 11,135.67 lacs) - Unsecured, considered good</b>	1,380.63	686.86
<b>(f) Advance Fringe Benefit tax (net of provisions ₹ NIL (As at 31st March, 2012 ₹ NIL) - Unsecured, considered good</b>	2.25	2.25
<b>(g) Balances with government authorities</b>		
Unsecured, considered good		
(i) CENVAT credit receivable	17.78	26.20
(ii) Service Tax credit receivable	39.91	43.94
(iii) Deposit with Excise authorities in Escrow account	359.31	359.23
Doubtful		
Disputed Central excise deposits	22.54	22.54
Less: Provision for doubtful loans and advances	(22.54)	(22.54)
	417.00	429.37
<b>(h) Other loans and advances</b>		
Unsecured, considered good		
Deposits recoverable from parties	10.64	21.29
Lease rent/utilities equalisation	23.14	30.95
Doubtful	9.75	-
Less: Provision for other doubtful loans and advances	(9.75)	-
	33.78	52.24
<b>Total</b>	<b>3,133.38</b>	<b>2,450.82</b>
Note: Long-term loans and advances include amounts due from:		
Director	68.73	-

## ■ Notes forming part of the financial statements

### 16. OTHER NON CURRENT ASSETS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Accruals</b>		
(i) Interest accrued on deposits	3.91	3.91
(ii) Interest accrued on investments	6.88	6.88
(iii) Interest accrued on loans to staff	13.16	-
<b>(b) Others</b>		
(i) Balances with Banks in Earmarked accounts (Refer Note (i) below)	45.39	-
<b>Total</b>	<b>69.34</b>	<b>10.79</b>
(i) Balances with Banks in Earmarked accounts consist of deposits with remaining maturity of more than 12 months from the Balance sheet date.		
(ii) For balances with Banks in earmarked accounts with remaining maturity of less than 12 months, refer Note no. 19 - Cash and Bank balances.		
(iii) Other Non-current assets include amounts due from: Director	13.16	-

### 17. INVENTORIES (at lower of cost and net realizable value)

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
(a) Raw materials	2,524.36	271.76
(b) Work in progress	4,665.78	2,131.11
(c) Finished goods	2,075.13	328.97
(d) Stock in trade (Traded goods)	593.65	-
(e) Stores and spares	803.70	144.91
(f) Others (Land)	0.58	0.58
<b>Total</b>	<b>10,663.20</b>	<b>2,877.33</b>

### 18. TRADE RECEIVABLES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>Outstanding for a period exceeding six months from the date they were due for payment</b>		
Secured, considered good	-	3,359.51
Unsecured, considered good	418.08	93.16
Doubtful	89.85	632.64
	507.93	4,085.31
Less: Provision for doubtful trade receivables	89.85	632.64
<b>Other Trade receivables</b>		
Unsecured, considered good	11,798.55	1,729.32
<b>Total</b>	<b>12,216.63</b>	<b>5,181.99</b>
Includes debts due from:		
Private companies in which any director is a director or member	74.59	20.87

## ■ Notes forming part of the financial statements

### 19. CASH AND BANK BALANCES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>A. Cash and Cash equivalents</b>		
(a) Cash on hand	23.95	12.32
(b) Cheques on hand	41.14	32.11
(c) Balances with Banks:		
(i) In Current accounts	1,483.69	535.65
(ii) In deposit accounts - Original maturity of 3 months or less	6,861.48	8,040.00
<b>Total - Cash and cash equivalents (A)</b>	<b>8,410.26</b>	<b>8,620.08</b>
<b>B. Other bank balances</b>		
(i) In deposit accounts - original maturity more than 3 months	1,707.63	5,046.81
(ii) (a) In earmarked accounts Balances held as margin money or security against borrowings, guarantees and other commitments	169.35	200.83
(b) Other earmarked accounts		
Balance in Fixed Deposits (in lien)	3,012.94	2,613.95
Balance in Escrow Current account (Refer Note (i) below)	140.09	409.23
Balance in Escrow Fixed Deposit account (Refer Note (i) below)	700.00	2,031.94
<b>Total - Other bank balances (B)</b>	<b>5,730.01</b>	<b>10,302.76</b>
<b>Total Cash and bank balances (A+B)</b>	<b>14,140.27</b>	<b>18,922.84</b>
(i) Balance in Escrow Current account and Escrow Fixed Deposit account is operated under the supervision of Monitoring Committee constituted by the Government of Maharashtra, under Development Control Regulations, 1991.		
(ii) For balances with Banks in earmarked accounts with remaining maturity of more than 12 months, refer Note no.16 - Other non-current assets.		

### 20. SHORT TERM LOANS AND ADVANCES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Loans and advances to related parties</b>		
(Refer Note no. 31.5)		
Unsecured, Considered good	233.20	2,200.00
Doubtful	285.22	-
Less: Provision for doubtful loans and advances	(285.22)	-
	233.20	2,200.00
<b>(b) Security deposits</b>		
Unsecured, Considered good	490.18	19.52
Doubtful	39.20	-
Less: Provision for doubtful deposits	(39.20)	-
	490.18	19.52

## ■ Notes forming part of the financial statements

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(c) Loans and advances to employees</b>		
Unsecured, considered good	45.13	26.59
	45.13	26.59
<b>(d) Prepaid expenses - Unsecured, considered good (Insurance premium, Annual maintenance contracts, etc.)</b>	65.43	32.64
	65.43	32.64
<b>(e) Balances with government authorities</b>		
Unsecured, considered good		
(i) Custom duty refund receivable	61.55	-
(ii) Export Benefit receivable (DEPB)	68.45	-
(iii) Interest subsidy receivable ( TUFs)	68.20	-
(iv) MODVAT receivable	6.19	14.18
(v) Duty-drawback receivable	80.42	12.98
	284.81	27.16
<b>(f) Others</b>		
Unsecured, considered good		
Trade advances	1,210.31	138.94
Doubtful	13.95	13.95
Less: Provision for other doubtful loans and advances	(13.95)	(13.95)
	1,210.31	138.94
<b>Total</b>	<b>2,329.06</b>	<b>2,444.85</b>
Note: Short-term loans and advances include amounts due from:		
Directors	6.20	-
Other officers of the Company	6.45	9.45
Private companies in which any director is a director or member	776.12	-

### 21. OTHER CURRENT ASSETS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Accruals</b>		
(i) Interest accrued on deposits	59.91	126.65
(ii) Interest accrued on investments	78.98	6.97
	138.89	133.62
<b>(b) Others</b>		
(i) Water Charges recoverable	-	0.11
	-	0.11
<b>Total</b>	<b>138.89</b>	<b>133.73</b>

## ■ Notes forming part of the financial statements

### 22. REVENUE FROM OPERATIONS

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
(a) Sale of products ( Refer note (I) below )	77,408.31	12,498.56
(b) Other operating revenues ( Refer note (II) below )	2,340.76	1,876.32
<b>Revenue from operations (gross)</b>	<b>79,749.07</b>	<b>14,374.88</b>
Note:		
<b>I Sale of products comprises:</b>		
<b>a. Manufactured goods</b>		
Cloth	16,366.87	10,029.73
Yarn	263.99	65.67
Denim Fabrics	28,801.28	-
Garments	69.92	-
<b>Total - Sale of Manufactured goods</b>	<b>45,502.06</b>	<b>10,095.40</b>
<b>b. Traded goods</b>		
Cloth	31,906.25	2,403.16
<b>Total - Sale of Traded goods</b>	<b>31,906.25</b>	<b>2,403.16</b>
<b>Total - Sale of Products (a + b)</b>	<b>77,408.31</b>	<b>12,498.56</b>
<b>II Other operating revenues</b>		
Income from waste/scrap sale	369.22	68.24
Processing Charges	511.20	911.74
Duty drawback and other export incentive	291.59	12.14
Rental income from investment property	222.67	201.90
Utility/ Business Service /Air-conditioning charges and other receipts	946.08	682.30
<b>Total</b>	<b>2,340.76</b>	<b>1,876.32</b>

### 23. OTHER INCOME

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Interest income (Refer note 1, below)	1,535.74	2,211.07
Dividend income from long term investments	303.11	22.81
Net gain on sale of long term Investments (including ₹ 0.99 lacs on sale of subsidiary)	67.45	31.26
Net gain on foreign currency transaction and translation	255.86	109.20
Other non-operating income (Refer note 2, below)	2,126.90	1,320.57
<b>Total</b>	<b>4,289.06</b>	<b>3,694.91</b>
Note:		
<b>1. Interest income comprises:</b>		
Interest from banks on deposits	1,412.30	2,185.50
Other interest	123.44	25.57
<b>Total</b>	<b>1,535.74</b>	<b>2,211.07</b>



## ■ Notes forming part of the financial statements

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
<b>2. Other non-operating income:</b>		
Miscellaneous income	486.66	147.13
Profit on sale of Fixed assets	0.23	0.29
Relief and concessions on assignment of Liabilities (Refer Note no. 32.1)	964.05	-
Liabilities/ Provisions no longer required	675.96	1,173.15
<b>Total</b>	<b>2,126.90</b>	<b>1,320.57</b>

### 24(a) COST OF MATERIALS CONSUMED (Refer Note no. 30.15)

₹ in lacs

Particulars	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Opening stock	271.76	71.80
Add: Pursuant to scheme of Amalgamation (Refer Note no.30.3)	2,671.70	-
Add: Purchases	19,850.54	3,728.89
Less: Closing stock	2,524.36	271.76
<b>Cost of material consumed</b>	<b>20,269.64</b>	<b>3,528.93</b>
<b>Material consumed comprises:</b>		
Cotton & Fibre	12,429.61	2,413.13
Yarn	6,181.88	629.91
Fabrics	763.78	485.89
Others	894.37	-
<b>Total</b>	<b>20,269.64</b>	<b>3,528.93</b>

### 24(b) PURCHASE OF TRADED GOODS

₹ in lacs

Particulars	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Cloth	29,567.17	2,638.88
<b>Total</b>	<b>29,567.17</b>	<b>2,638.88</b>

### 24(c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
<b>Inventories at the end of the year</b>		
Finished goods	2,075.13	328.97
Work-in-progress	4,665.78	2,131.10
Stock-in-trade (Traded goods)	593.65	-
	<b>7,334.56</b>	<b>2,460.07</b>

## ■ Notes forming part of the financial statements

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
<b>Inventories at the beginning of the year</b>		
Finished goods	328.97	548.07
Add: Pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	1,030.59	-
Work-in-progress	2,131.10	1,848.16
Add: Pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	1,272.22	-
	4,762.88	2,396.23
<b>Net increase</b>	<b>2,571.68</b>	<b>63.84</b>

### 25. EMPLOYEE BENEFITS EXPENSE

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Salaries and wages	5,994.71	2,859.51
Contributions to provident and other funds (Refer Note 31.4)	990.00	720.84
Staff welfare expenses	289.77	162.63
<b>Total</b>	<b>7,274.48</b>	<b>3,742.98</b>

### 26. FINANCE COSTS

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
<b>(a) Interest expense on:</b>		
(i) Borrowings (Refer Note no. 1)	1,991.00	46.54
(ii) Trade payables	23.65	117.33
(iii) Others (includes for delayed payment of income tax and water charges and employee dues-PF/ESIC interest etc.)	1,178.08	81.24
<b>(b) Other Borrowing costs</b>	7.19	-
<b>Total</b>	<b>3,199.92</b>	<b>245.11</b>

Note no. 1

The interest subsidy for the year on the Term Loans availed under the Technology Upgradation Fund Scheme (TUFS) ₹ 287.83 lacs (Previous period ₹ NIL) and the same has been netted off from interest expense.

### 27. DEPRECIATION AND AMORTISATION EXPENSE

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
(Refer note 13a, 13b and 14 )		
Depreciation for the year/ period on tangible assets	1,438.22	151.58
Amortisation for the year/ period on intangible assets	4.72	-
Depreciation for the year/ period on investment property	1.11	1.87
Depreciation / Impairment of fixed assets held for sale	-	49.97
<b>Total</b>	<b>1,444.05</b>	<b>203.42</b>

## ■ Notes forming part of the financial statements

### 28. OTHER EXPENSES

	₹ in lacs	
	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Consumption of stores and spare parts (Refer Note no.30.15)	7,135.73	1,391.59
Processing Charges	1,146.34	163.11
Power and Fuel	7,071.37	3,438.09
Repairs and maintenance -Buildings	137.55	62.81
Repairs and maintenance -Machinery	311.50	86.38
Repairs and maintenance - Others	38.05	12.56
Insurance	88.51	19.71
Lease Rent (Refer Note no. 31.1)	259.91	44.70
Rates and Taxes ( including wealth tax ₹ 0.93 lacs (Previous period ₹ 0.55 lacs))	393.77	176.93
Commission, Brokerage and Discount	1,084.16	447.09
Transport and Freight Charges (net)	273.14	98.34
Debit balance of creditors written off	4.89	897.99
Bad trade and other receivables/ Loans & advances w/off	76.88	620.39
Long term Investments written off	-	41.65
Less: Provision for diminution in value written back	-	(39.29)
Provision for doubtful trade and other receivables (net)	32.84	1.46
Provision for diminution in the value of long term Investments- Subsidiary/ Associates (net)	-	500.00
Donations and Contributions	0.19	0.19
Loss on fixed assets sold / scrapped / written off	33.22	9.77
Legal and Professional fees	550.61	272.94
Commission to non - whole time directors	13.50	-
Payments to Auditors (Refer note (I) below)	68.31	26.48
Director's fees	4.79	1.90
Miscellaneous Expenses	1,774.21	1,044.75
<b>Total</b>	<b>20,499.47</b>	<b>9,319.54</b>
Note:		
(I) Payments to auditors (excluding service tax)		
<b>Statutory Auditors</b>		
Audit fees	15.50	10.00
For taxation matters	42.25	4.00
For other services	5.65	8.00
Reimbursement of expenses	0.41	0.20
<b>Total</b>	<b>63.81</b>	<b>22.20</b>
<b>Branch Auditors</b>		
Audit fees	2.00	2.05
For taxation matters	0.70	0.70
For other services	1.18	1.07
Reimbursement of expenses	0.62	0.46
<b>Total</b>	<b>4.50</b>	<b>4.28</b>

## ■ Notes forming part of the financial statements

### 29. EXCEPTIONAL ITEMS

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
(a) Write off of Goodwill arising on amalgamation of Mishapar Investments Ltd.	3,931.71	-
Less: Adjusted from Securities Premium Account (Refer Note no. 30.3)	(3,931.71)	-
(b) Other Exceptional items		
Profit on sale of fixed assets	363.21	129.19
Profit on sale of Long Term Investment Properties	701.08	-
Voluntary Retirement Scheme	(113.68)	(2,997.26)
Interest on deferred payment of electricity dues	(252.87)	(2,172.69)
<b>Total</b>	<b>697.74</b>	<b>(5,040.76)</b>

### 30. Additional information to the financial statements

₹ in lacs

Note	Particulars	As at 31st March, 2013	As at 31st March, 2012
30.1	Contingent liabilities and commitments (to the extent not provided for)		
(a)	The Company is contingently liable for :		
i	Bills of exchange discounted	357.63	112.46
ii	Demands of income-tax authorities disputed in appeals (mainly relate to disallowance of investment/ loan write off, claim of interest on refund of excise duty/ sales tax, disallowance of chapter VIA deductions, etc. (pending before the Income-tax Appellate Tribunal/ High Court))	701.32	669.35
iii	Demands under excise and other proceedings disputed in appeals (mainly relating to matters like differential duty on revision of assessable value of yarn captively consumed, duty on T.C. hard waste, duty on drill etc. (pending at various stages, from Assistant Commissioner to CESTAT))	2,614.89	2,697.21
iv	Show Cause Notice issued by Commissioner of Central Excise, Ahmedabad- III on availment of Cenvat Credit on exempted goods for the period 2007-08, 2008-09 and 2009-2010.	1,453.27	1,453.27
v	Claims against the Company not acknowledged as debts (mainly relating to dispute on fixed water charges at Navsari Unit, disputed service tax, interest on sales tax)	113.38	743.09
vi	Concessional customs duty on import of machinery under EPCG Scheme payable subject to fulfillment of mandatory import/ export obligation. The Company had submitted a bond to the authorities of ₹ 1,000.00 lacs.	1,136.11	1,074.01
vii	Claims made by workers against the Company (mainly relating to matters like termination, compensation etc.)	1,191.61	1,163.29
viii	Demands from Director General of Foreign Trade against Advance License	4.79	4.79
ix	The Company is a lessee in respect of the land on which Mafatlal Centre and Mafatlal Chambers is erected. In this regard:	-	-
	In case of Mafatlal Centre:		
	a) A demand for ₹ 2,712.47 lacs (Previous period ₹ 4,435.36 lacs) for the period from 01.04.2008 to 31.03.2010 has been raised by Brihanmumbai Mahanagarpalika towards Property Taxes in respect of the properties owned by various owners for the respective floors. No demand is raised in respect of common areas / properties in the name of the Company. The demand has been challenged by owners of various floors at appropriate forum and the matter is subjudice. In case the demand is finally upheld the amount will be paid by the concerned co-owners and the Company will have no additional liability		
	b) Pursuant to introduction of new system of capital based assessment of Property Taxes, a demand for ₹ 196.30 lacs for the period from 01.04.2010 to 31.03.2013 has been raised in respect of the properties owned by various owners for the respective floors and in respect of common areas / properties in the name of the Company. The demand has been challenged by various owners and / or the company before appropriate forum. In case the demand is finally upheld, the company will have to pay ₹ 38.23 lacs. Of this demand, ₹ 15.30 lacs has been deposited upto 31.03.2013. Balance demand of ₹ 158.07 lacs ( ₹ 196.30 lacs less ₹ 38.23 lacs) will be paid by the concerned co-owners and the Company will have no liability on account of the same.		

## ■ Notes forming part of the financial statements

₹ in lacs

Note	Particulars	As at 31st March, 2013	As at 31st March, 2012
	In case of Mafatlal Chambers:		
	a) A demand for ₹ 378.51 lacs for earlier years has been raised by Brihanmumbai Mahanagarpalika towards Property Taxes in respect of the properties owned by the Company for the respective floor.		
	b) Pursuant to introduction of new system of capital based assessment of Property Taxes, a demand for ₹ 576.03 lacs for the period from 01.04.2010 to 31.03.2013 has been raised in respect of the properties owned by various owners for the respective floors and in respect of common areas / properties in the name of the Company. The demand has been challenged by various owners and / or the company before appropriate forum. In case the demand is finally upheld, the company will have to pay ₹ 52.03 lacs. Of this demand, ₹ 20.81 lacs has been deposited upto 31.03.2013. Balance demand of ₹ 524.00 lacs ( ₹ 576.03 lacs less ₹ 52.03 lacs) will be paid by the concerned co-owners and the Company will have no liability on account of the same.		
	In the above matters (i) to (ix), the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.		
(b)	Guarantees given on behalf of Subsidiary Company – Ibiza Industries Limited. (The subsidiary company is currently under liquidation)	850.28	850.28
30.2	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for:-		
	Tangible assets	1,178.26	8.78
30.3	I. MISHAPAR INVESTMENTS LIMITED (MISHAPAR):		
	a) In terms of the Scheme of Arrangement and Amalgamation ("the Scheme"), Mishapar has been merged with the Company (Transferee Company), upon which the undertaking and the entire business, including all assets and liabilities of Mishapar stand transferred to and vested in the Transferee Company. Assets and liabilities so transferred have been recorded at their fair value as determined by the Board of Directors of the Transferee Company. The amalgamation has been accounted under "Purchase Method" as envisaged in the Accounting Standard (AS) – 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006. Mishapar was a Non-Banking Finance Company into investing and financing activity and was 100% subsidiary of the Company.		
	b) The Scheme filed by the Company has been approved by the Honourable High Court of Judicature at Mumbai, with an appointed date of 1st April, 2012 and an effective date of 28th May 2013 ("the Effective Date"), being the date on which all the requirements under the Companies Act, 1956 have been completed.		
	c) Since amalgamating company is Wholly Owned Subsidiary of the Transferee Company, there is no consideration payable or receivable on implementation of the Scheme. The entire issued, subscribed and paid-up Share Capital of Mishapar has been cancelled against the corresponding investments of the Transferee Company. Also, 388 equity shares of ₹ 10 each held by Mishapar in the Transferee Company stands cancelled pursuant to the Scheme.		
	d) Details of assets and liabilities acquired on amalgamation and treatment of the difference between the fair value of net assets acquired and carrying cost of investment by the Transferee Company in Mishapar:		

₹ in lacs

Particulars	Year ended 31st March, 2013
Value of assets and liabilities acquired:	
Non-current investments	5,132.80
Current assets	2,602.12
TOTAL ASSETS - (A)	7,734.92
Unsecured loans	2,465.25
Provisions	43.08
Trade payables	4,329.61
Other Current Liabilities	28.59
TOTAL LIABILITIES - (B)	6,866.53
Net Assets (A-B)	868.39
Less:	
Carrying value of investments in the Transferee Company	4,800.10
Difference debited to goodwill pursuant to the Scheme	3,931.71

e) The goodwill so arising has been charged off to the Statement of Profit and Loss of the Transferee Company and the charge so arising has been set-off in the Statement of Profit and Loss against the balance available in the Securities Premium Account

## ■ Notes forming part of the financial statements

### II. MAFATLAL DENIM LIMITED (MDL):

- a) In terms of The Scheme of Arrangement and Amalgamation ("the Scheme"), MDL has been merged with the Company (transferee company), upon which the undertaking and the entire business, including all assets and liabilities of MDL stand transferred to and vested in the Transferee Company. Assets and liabilities so transferred have been recorded in the books of Transferee Company at the book values as recorded in the books of the Transferor Company. The amalgamation has been accounted under "Pooling of Interest Method" as envisaged in the Accounting Standard (AS-14) "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006. MDL was engaged in the business of manufacturing and marketing of various denim fabrics and other products.
- b) The Scheme filed by the Company has been approved by the Honourable High Court of Judicature at Gujarat, with an appointed date of 1 April, 2012 and an effective date of 28th May 2013 ('the Effective Date'), being the date on which all the requirements under the Companies Act, 1956 have been completed.
- c) With effect from the appointed date, all the business undertakings, assets, liabilities, rights and obligations of MDL stood transferred to and vested in the transferee company in consideration for issue of 1 equity share of ₹ 10 each in the transferee company for every 10 equity shares of ₹ 10 each held in MDL.
- d) The assets, liabilities and reserves of MDL as at 1st April 2012 have been taken over at their respective book values on the appointed date as follows:
- (i) Particulars of assets, liabilities and reserves taken over on amalgamation:

₹ in lacs	
Particulars	Year ended 31st March, 2013
ASSETS	
Fixed Assets	7,818.06
Non-Current Assets	366.63
Current Assets	9,476.09
TOTAL ASSETS - (A)	17,660.78
LIABILITIES	
Secured Loans	7,627.89
Provisions	266.27
Trade Payables	1,634.53
Current Liabilities	4,813.24
TOTAL LIABILITIES - (B)	14,341.93
Net Assets (A-B)	3,318.85
Less: Reserves and Surplus	(725.57)
Capital Redemption Reserve	1183.14
Debit Balance of profit and loss	(1908.71) (725.57)
Less: 4,099,415 equity shares of ₹ 10 each to be issued to the equity shareholders of MDL [pending the said issue, the same has been credited to Share Capital Suspense Account (Refer Note 3)]	409.94
Difference credited to Capital Reserve pursuant to the Scheme	3,634.48

- (ii) The sum of ₹ 3,634.48 lacs, arrived as above, has been credited to Capital Reserve Account on account of reduction in the capital while issuing the shares to the shareholders of the transferor company as per the ratio prescribed in the Scheme.

In view of the aforesaid amalgamations with effect from 1st April, 2012, the figures for the current year are not comparable with those of the previous period.

- 30.4 During the year 2010-2011, the Company had sold part of its leasehold land at its Mazgaon unit. The Company is required to surrender the remaining leasehold land (reserved portion admeasuring about 27,287.82 square meters) to Municipal Corporation of Greater Mumbai for the purpose of extension of V.J.B. Udyan. The Company is also required to recommence the spinning unit which can accommodate 10,000 spindles. By virtue of the agreement, the developer will construct a structure and hand it over to the Company.

## ■ Notes forming part of the financial statements

- 30.5 Pursuant to the demerger of the Real Estate and Investment Business to Sulakshana Securities Limited (SSL), in 2007 the shareholders of the Company are to be issued one equity share of ₹ 10 each, fully paid-up, in SSL for every 500 shares of ₹ 100 each, fully paid-up, held in the Company as consideration for the demerger, aggregating to ₹ 1.00 lac. As the shareholders of the Company would be entitled to receive only fractional shares of SSL, the rehabilitation scheme sanctioned by BIFR envisages that these shares would be acquired by Navin Fluorine International Limited (NFIL) and the shareholders of the Company would receive proportionate payment in consideration thereof. The Company has received the said amount of ₹ 1.00 lac from NFIL on behalf of the shareholders, which is pending disbursement upon completion of formalities.
- 30.6 Depreciation on fixed assets of (a) the Old Unit at Nadiad and Ahmedabad; and (b) Head Office of the Company, acquired prior to 1-4-1978, was provided on written down value basis and on all other assets, on straight-line basis, as per the provisions of the Companies Act, 1956, at the rates and in the manner specified in Schedule XIV of this Act. The Company has during the previous period changed the method of depreciation retrospectively of the above mentioned fixed assets from WDV to SLM for uniformity in the method of depreciation. Hence depreciation charge for the previous period was higher by ₹ 1.93 lacs on account of change in the accounting policy.
- 30.7 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

₹ in lacs		
Particulars	As at 31st March, 2013	As at 31st March, 2012
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	0.06	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.08	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	0.08	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. The Company has not received intimation from most of the suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006.		
30.8	As legally advised, the Company had not recognised rent/recovery of expenses of ₹ 186.29 lacs upto 31st March, 2013 (₹ 181.92 lacs upto 31st March, 2012) pending final resolution of the legal dispute with certain tenants/ex-tenants of a property in South Mumbai. During the financial year 2011, the Hon'ble Small Causes Court had passed Orders for payment of arrears of rent mesne profits and other charges to the Company. Being aggrieved by the said Orders, the Company and the ex-tenants had filed Appeals and Cross-Appeals respectively. During the current year, the Appeals and Cross-Appeals were heard by Appeal Bench of the Hon'ble Small Causes Court and the Company's appeals were partially allowed. The Company was awarded ₹ 1,222.92 lacs. The Court also awarded interest @ 6% p.a. to be paid to the Company from the date of the filing of the suits till the date of the actual payment of the entire dues. Aggrieved by the above decisions, the ex-tenants filed Civil Revision applications in the Hon'ble Bombay High Court against the orders of the Appeal Bench of the Hon'ble Small Causes Court in awarding an increased amount to the Company. Subsequent to the close of the year, the Hon'ble Bombay High Court has admitted the Civil Revision applications and granted stay on the orders passed by the Appeal Bench of the Hon'ble Small Causes Court.	
30.9	In the previous period, pursuant to the Scheme of Amalgamation under Section 391 to 394 of the Companies Act 1956, eight companies had merged with the erstwhile wholly owned subsidiary Mishapar Investments Limited (Mishapar) w.e.f. 1st April 2011 in terms of the Order dated 7th September, 2012 of the Hon'ble High Court of Bombay sanctioning the Scheme. The balances of loans, advances and deposits held by the Company in those amalgamating companies were transferred to Mishapar as at 1st April, 2011. Upon this merger, the entire business including assets and liabilities of the amalgamating companies stood transferred to and vested in Mishapar at their book values.	
	Following companies were amalgamated;	
	(a) Vibhadeep Investments and Trading Limited	
	(b) Sushmita Holdings Limited	
	(c) Mafatlal Holdings Limited	
	(d) Sunanda Industrial Machinery Limited	
	(e) Sudas Manufacturing & Trading Limited	
	(f) Soushreyas Investments (I) Limited	
	(g) Samatva Investments Limited	
	(h) Navlekh Investments Limited	

## Notes forming part of the financial statements

In terms of the said scheme of amalgamation, the Company was to receive 9,00,000 13.5% Cumulative Preference shares of ₹ 100 each of Mishapar. Pending issue of such shares, the amount was disclosed under Non-current Investments as preference shares suspense in the previous period. During the current year, these were converted into preference share capital and duly allotted to the Company. Pursuant to the Scheme of Amalgamation with Mishapar (Refer Note no. 30.3), these investments in preference shares were cancelled against the preference share capital in Mishapar.

30.10 In the previous period, the Company had changed the method of valuation of trading goods from First -In- First- Out (FIFO) to Weighted Average Cost (WAC) method for achieving greater uniformity. The change had no impact as there was no closing stock of trading goods.

30.11 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

₹ in lacs

Name of the party	Relationship	Amount outstanding as at 31st March, 2013	Maximum balance outstanding during the year
Repal Apparel Private Limited- Loan *	Subsidiary	7.55	7.55
		(Nil)	(Nil)
Sunanda Industries Limited- Loan*	Subsidiary	144.95	144.95
		(Nil)	(Nil)
Mafatlal Global Apparels Limited- Inter Corporate Deposit	Associates	235.50	338.57
		(Nil)	(Nil)
Mishapar Investments Limited	Wholly owned Subsidiary	(Nil)	(Nil)
(The loan was given to Sunanda Industrial Machinery Limited which got later amalgamated into Mishapar Investments Limited)		(2,200.00)	(2,700.00)

\* These loans are interest free and with no repayment schedule.

All the above exposures are pursuant to Scheme of Amalgamation with Mishapar Investments Limited (Transferor Company/ Amalgamating Company).

Note: Figures in ( ) relate to the previous period.

30.12 Details on derivatives instruments and unhedged foreign currency exposures

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31st March, 2013		As at 31st March, 2012	
Receivable/ Payable	Receivable/ Payable in Foreign currency	Receivable/ Payable	Receivable/ Payable in Foreign currency
₹ in lacs	(Amount with currency)	₹ in lacs	(Amount with currency)
<b>Receivable against export of goods</b>			
355.10	USD 6.57	75.56	USD 1.55
20.56	EURO 0.30		
<b>Payable against export commission/ Advances</b>			
167.40	USD 3.09	61.30	USD 1.25
12.79	EURO 0.18	69.64	EURO 1.05
NIL	GBP	0.45	GBP 0.005

30.13	Value of imports calculated on CIF basis :	₹ in lacs	₹ in lacs
		Current Year	Previous Period
	Raw Materials	1440.74	NIL
	Stores and Spare parts	666.14	25.42
	Capital Goods	3036.25	NIL
	<b>Total</b>	<b>5143.13</b>	<b>25.42</b>

30.14	Expenditure in foreign currency (accrual basis) :	₹ in lacs	₹ in lacs
		Current Year	Previous Period
	Travelling	35.77	7.31
	Commission	118.58	23.01
	Other matters	92.78	150.98
	<b>Total</b>	<b>247.13</b>	<b>181.30</b>



## ■ Notes forming part of the financial statements

30.15	Details of consumption of imported and indigenous items :	Current Year (Previous period)	
		₹ in lacs	%
	<b>Imported</b>		
	Raw Materials	373.44	1.84%
		(NIL)	(NIL)
	Stores and Spare parts	1925.97	26.99%
		(22.77)	(1.64%)
	<b>Total</b>	<b>2299.41</b>	<b>8.39%</b>
		<b>(22.77)</b>	<b>(0.46%)</b>
	<b>Indigenous</b>		
	Raw materials	19,896.20	98.16%
		(3,528.93)	(100%)
	Stores & Spare parts	5,209.76	73.01%
		(1,368.82)	(98.36%)
	<b>Total</b>	<b>25,105.96</b>	<b>91.61%</b>
		<b>(4,897.75)</b>	<b>(99.54%)</b>
	Note: Figures / percentages in ( ) relates to the previous period		
	<b>Particulars</b>	<b>₹ in lacs</b>	<b>₹ in lacs</b>
		Current Year	Previous Period
30.16	<b>Earnings in foreign exchange:</b>		
	Direct Export of goods calculated on FOB basis	6,551.86	2,558.68
	<b>Particulars</b>	<b>₹ in lacs</b>	<b>₹ in lacs</b>
		Current Year	Previous Period
30.17	<b>Details of research and development expenditure recognised as an expense</b>		
	Employee benefits expense	44.93	24.08
	Consumables	2.76	2.81
	Repairs and Maintenance	10.61	11.12
	<b>Total</b>	<b>58.30</b>	<b>38.01</b>

## 31. Disclosures under Accounting Standards

Particulars		₹ in lacs Current Year	₹ in lacs Previous Period
31.1	<b>Details of leasing arrangements</b>		
	As Lessor:		
	The Company has entered into non cancellable operating lease arrangements for certain premises. The tenure of such agreements ranges from eleven to sixty months.		
	Future minimum lease payments		
	not later than one year	103.98	232.82
	later than one year and not later than five years	210.51	297.30
	<b>Total</b>	<b>314.49</b>	<b>530.12</b>
	Depreciation recognised on the leased assets	2.08	1.66
	As Lessee:		
	The Company has entered into operating lease arrangements for certain facilities and residence premises. The leases are non-cancellable and are for a period upto 9 years and may be renewed for a further period upto 3 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments upto 15% every 3 years. There are no sub-leases.		

## ■ Notes forming part of the financial statements

Particulars		₹ in lacs Current Year	₹ in lacs Previous Period
Future minimum lease payments			
not later than one year		215.91	28.59
later than one year and not later than five years		1,126.75	1.37
later than five years		567.09	-
<b>Total</b>		<b>1,909.75</b>	<b>29.96</b>
Lease payments recognised in the Statement of Profit and Loss		233.96	21.73
<b>31.2 Earnings per share</b>			
Net Profit / (Loss) for the year / period attributable to the equity shareholders		3,715.93	(5,185.99)
Weighted average number of equity shares outstanding during the year / period (refer note below)		13,912,886	9,813,860
Par value per share		10.00	10.00
Earnings per share - Basic and Diluted		26.71	(52.84)
<b>Note :</b> Weighted average number of equity shares outstanding during the year /period			
Equity shares at the beginning of the year/period		9,813,860	9,813,860
Add : Shares to be issued pursuant to scheme of amalgamation (refer note no.3 and note no.30.3)		4,099,415	-
Less : Shares cancelled pursuant to scheme of amalgamation (refer note no.3 and note no.30.3)		388	-
Weighted average number of shares		13,912,886	9,813,860
<b>31.3 Segment Information</b>			
Disclosures relating to segment information have been made in the notes forming part of the Consolidated financial statements.			
<b>31.4 Employee benefit plans</b>			
<b>a) Defined contribution plans</b>			
Contributions are made to Recognized Provident Fund / Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to ₹ 526.68 lacs (Previous period ₹ 355.80 lacs).			
<b>b) Defined benefit plans</b>			
Contributions are made to a Recognized Gratuity Fund in respect of gratuity based upon actuarial valuation done at the year end of every financial year using "Projected Unit Credit" method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.			
The charge on account of provision for gratuity has been included in 'Employee Benefit Expense' in the Statement of Profit and Loss.			

## ■ Notes forming part of the financial statements

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	₹ in lacs Current Year	₹ in lacs Previous Period
<b>Components of employer expense</b>		
Current service cost	116.75	92.92
Interest cost	193.50	188.38
Expected return on plan assets	(160.79)	(0.95)
Actuarial losses/(gains)	313.78	163.41
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>463.24</b>	<b>443.77</b>
<b>Actual contribution and benefit payments for year/period</b>		
Actual benefit payments	137.63	(1,497.22)
Actual contributions	37.47	2,977.11
<b>Net Liability recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	(2,812.60)	(2,014.05)
Fair value of plan assets	1,980.06	1,608.26
Unrecognised past service costs	-	-
<b>Net Liability recognised in the Balance Sheet</b>	<b>(832.54)</b>	<b>(405.79)</b>
(Since the balance in the fund is higher than the defined benefit obligation for one of the divisions by ₹ 11.35 lacs as at 31st March, 2013, no asset to this extent is recognised in the books.)		
<b>Change in defined benefit obligations (DBO) during the year/period including amalgamated companies</b>		
Present value of DBO at beginning of the year/period	(2,276.43)	(2,954.97)
Current service cost	(116.75)	(92.92)
Interest cost	(193.50)	(188.38)
Actuarial (gains) / losses	(363.54)	(274.99)
Benefits paid	137.63	1,497.22
Present value of DBO at the end of the year/period	(2,812.60)	(2,014.05)
<b>Change in fair value of assets during the year/period</b>		
Plan assets at beginning of the year /period including amalgamated companies	1,869.67	15.84
Expected return on plan assets	160.79	0.95
Actual company contributions	37.47	2,977.11
Actuarial gain / (loss)	49.76	111.58
Benefits paid	(137.63)	(1,497.22)
Plan assets at the end of the year/period	1,980.06	1,608.26
Actual return on plan assets	210.55	112.53
<b>Composition of the plan assets is as follows:</b>		
Government bonds	Nil	Nil
PSU bonds	Nil	Nil
Others	Nil	Nil
Insurer Managed Funds	100.00%	100.00%
Deposits with Nationalised Banks	Nil	Nil
Various Debt Instruments	Nil	Nil

## ■ Notes forming part of the financial statements

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Particulars	₹ in lacs Current Year	₹ in lacs Previous Period
<b>Actuarial assumptions</b>		
Discount rate	8.00% - 8.25%	8.50%
Expected return on plan assets	8.50% - 8.70%	8.60%
Salary escalation	5.00% - 7.00%	5.00%
Attrition	2.00%	2.00%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	LIC 1994-96 (Ultimate)
Estimate of amount of contribution in the immediate next year	261.01	200.75
The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.		
The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.		

### Experience adjustments

Gratuity	₹ in lacs Current Year	₹ in lacs Previous Period (9 months ended 31st March, 2012)	₹ in lacs 13 months ended 30th June, 2011	₹ in lacs 14 months ended 31st May, 2010
Experience gain / (loss) adjustments on plan liabilities	281.08	274.99	131.94	283.07
Experience gain / (loss) adjustments on plan assets	49.76	111.58	0.42	(5.61)

### Long term Compensated absences

	Current Year	Previous Period
<b>Actuarial assumptions</b>		
Discount rate	8.00%	8.50%
Salary escalation	5.00% - 7.00%	5.00%
Attrition	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

All the employees are eligible for compensated absences of 30 days in each financial year which can be encashed during the tenure of employment. Employees cannot carry forward any compensated absences in excess of 300 days. The provision for these absences, made on the basis of Actuarial Valuation on "Projected Unit Credit" method is ₹ 629.24 lacs (Previous period ₹ 300.49 lacs.) charged for the year ₹ 276.25 lacs ( Previous period ₹ 198.21 lacs ).

## ■ Notes forming part of the financial statements

### 31.5 Related Parties Transactions

#### Details of Related Parties

##### A Subsidiary Companies

Ibiza Industries Limited (also a joint venture) currently under liquidation

Sunanda Industries Limited (direct subsidiary since 01.04.2012) (In the previous period, subsidiary through wholly owned subsidiary, Mishapar Investments Limited) currently under liquidation.

Mayflower Textiles Private Limited (direct subsidiary since 01.04.2012) (In the previous period subsidiary through wholly owned subsidiary, Mishapar Investments Limited)

Myrtle Textiles Private Limited (direct subsidiary since 01.04.2012) (In the previous period subsidiary through wholly owned subsidiary, Mishapar Investments Limited)

Repal Apparel Private Limited (direct subsidiary since 01.04.2012) (In the previous period subsidiary through wholly owned subsidiary, Mishapar Investments Limited)

Mafatlal Services Limited

Mafatlal Global Apparel Limited (since 01.04.2011 through wholly owned subsidiary, Mishapar Investments Limited) (till 29.09.2012)

Silvia Apparel Limited (till 30.03.2013)

Mishapar Investments Limited (till 31.03.2012) (wholly owned subsidiary which amalgamated with the Company).

##### B Jointly Controlled Entities

AL Fahim Mafatlal Textiles LLC- A Joint Venture with Al Fahim Linez LLC- (UAE) (Refer Note no. 31.6)

##### C Associates

Mafatlal VK Intex Limited

Mafatlal Engineering Industries Limited- currently under liquidation

Mafatlal Limited - (Incorporated in United Kingdom)- currently under liquidation

Sushmita Engineering and Trading Limited

Mafatlal Global Apparel Limited (since 29.09.2012)

Repos Trading Company Limited

##### D Key Management Personnel

Hrishikesh A. Mafatlal

Rajiv Dayal ( w.e.f. 01.04.2012) \*

Vishad P. Mafatlal (w.e.f. 01.04.2012) \*\*

\* In the position of Managing Director in erstwhile Mafatlal Denim Limited, the amalgamating Company.

\*\* In the position of Joint Managing Director in erstwhile Mafatlal Denim Limited, the amalgamating Company.

##### E Relatives of Key Management Personnel

Priyavrata H. Mafatlal

Vishad P. Mafatlal



## ■ Notes forming part of the financial statements

							₹ in lacs
Nature of Transactions	Subsidiaries	Jointly Controlled Entities	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Total
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	4.44	4.44
Credit balance written back							-
							0.87
Mishapar Investments Limited	-	-	-	-	-	-	-
	0.87	-	-	-	-	-	0.87
Excess provision written back - Trade Receivables							-
							204.19
Mishapar Investments Limited	-	-	-	-	-	-	-
	204.19	-	-	-	-	-	204.19
Receiving of Services (Expense)							26.03
							40.20
Mafatlal Services Limited	10.62	-	-	-	-	-	10.62
	9.40	-	-	-	-	-	9.40
Sulakhana Securities Limited	-	-	-	-	-	15.41	15.41
	-	-	-	-	-	24.05	24.05
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	6.75	6.75
Reimbursement of Expenses							15.30
							34.58
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	15.74	15.74
NOCIL Limited	-	-	-	-	-	1.25	1.25
	-	-	-	-	-	1.45	1.45
Navin Fluorine International Limited	-	-	-	-	-	14.05	14.05
	-	-	-	-	-	17.39	17.39
Spinning Jobworks							-
							14.80
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	14.80	14.80
Purchase of Stores / Spares							-
							0.21
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	0.21	0.21
Purchase of Goods & Services							0.13
							-
Navin Fluorine International Limited	-	-	-	-	-	0.13	0.13
	-	-	-	-	-	-	-
Sale of Goods & Services							380.67
							-
Mafatlal Global Apparel Limited	229.04	-	151.64	-	-	-	380.67
	-	-	-	-	-	-	-

## ■ Notes forming part of the financial statements

₹ in lacs

Nature of Transactions	Subsidiaries	Jointly Controlled Entities	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Total
Interest paid on loan							-
							25.30
Navin Fluorine International Limited	-	-	-	-	-	-	-
	-	-	-	-	-	25.30	25.30
Remuneration							157.79
							9.00
Priyavrata H. Mafatlal	-	-	-	-	15.22	-	15.22
	-	-	-	-	9.00	-	9.00
Vishad P. Mafatlal	-	-	-	56.42	-	-	56.42
	-	-	-	-	-	-	-
Rajiv Dayal	-	-	-	86.15	-	-	86.15
	-	-	-	-	-	-	-
Commision							54.00
							-
Rajiv Dayal	-	-	-	27.00	-	-	27.00
	-	-	-	-	-	-	-
Vishal P. Mafatlal	-	-	-	27.00	-	-	27.00
	-	-	-	-	-	-	-
Sitting Fees							0.63
							-
Hrishikesh A. Mafatlal	-	-	-	0.18	-	-	0.18
	-	-	-	-	-	-	-
Rajiv Dayal	-	-	-	0.25	-	-	0.25
	-	-	-	-	-	-	-
Vishad P.Mafatlal	-	-	-	0.20	-	-	0.20
	-	-	-	-	-	-	-
Debit balance written off							-
							192.19
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	0.25	0.25
NOCIL Limited	-	-	-	-	-	-	-
	-	-	-	-	-	191.94	191.94
Provision for doubtful loans & advances during the year / period							4.99
							267.07
Mishapar Investments Limited	-	-	-	-	-	-	-
	265.00	-	-	-	-	-	265.00
Navin Fluorine International Limited	-	-	-	-	-	-	-
	-	-	-	-	-	2.07	2.07
Sunanda Industries Ltd	3.84	-	-	-	-	-	3.84
	-	-	-	-	-	-	-
Repos Trading Company Limited.	1.15	-	-	-	-	-	1.15
	-	-	-	-	-	-	-
Provision for diminution in value of Investments during the year / period							-
							1,400.00
Mishapar Investments Limited - Equity Shares	-	-	-	-	-	-	-
	500.00	-	-	-	-	-	500.00



## ■ Notes forming part of the financial statements

							₹ in lacs
Nature of Transactions	Subsidiaries	Jointly Controlled Entities	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Total
Mishapar Investments Limited - Preference Shares Suspense	-	-	-	-	-	-	-
	900.00	-	-	-	-	-	900.00
Provision for diminution in value of Investments written back							-
							900.00
Mishapar Investments Limited	-	-	-	-	-	-	-
	-	-	900.00	-	-	-	900.00
Purchase of assets							-
							4.50
Navin Fluorine International Limited	-	-	-	-	-	-	-
	-	-	-	-	-	4.50	4.50
Sale of assets							-
							0.34
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	0.34	0.34
Sale of Investments to							1.00
							(172.00)
Myrtle Chemtex Trading Private Limited (Equity Shares of Silvia Apparel Limited)	-	-	-	-	-	1.00	1.00
	-	-	-	-	-	-	-
Mishapar Investments Limited	-	-	-	-	-	-	-
	(172.00)	-	-	-	-	-	(172.00)
Investments made in Equity Shares							22.73
							-
AL Fahim Mafatlal Textiles LLC- A Joint Venture with Al Fahim Linez LLC- (UAE)	-	22.73	-	-	-	-	22.73
	-	-	-	-	-	-	-
Loan Given							356.44
							2,700.00
Mishapar Investments Limited	-	-	-	-	-	-	-
	2,700.00	-	-	-	-	-	2,700.00
Mafatlal Global Apparel Limited	32.00	-	298.00	-	-	-	330.00
	-	-	-	-	-	-	-
Repos Trading Company Limited	-	-	1.15	-	-	-	1.15
	-	-	-	-	-	-	-
Sunanda Industries Limited	4.59	-	-	-	-	-	4.59
	-	-	-	-	-	-	-
Silvia Apparel Limited	20.70	-	-	-	-	-	20.70
	-	-	-	-	-	-	-
Advance Given							24.60
							23.94
Mishapar Investments Limited	-	-	-	-	-	-	-
	23.83	-	-	-	-	-	23.83

## ■ Notes forming part of the financial statements

₹ in lacs

Nature of Transactions	Subsidiaries	Jointly Controlled Entities	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Total
Sulakshana Securities Limited	-	-	-	-	-	12.70	12.70
	-	-	-	-	-	0.11	0.11
Mafatlal Impex Private Limited	-	-	-	-	-	11.90	11.90
	-	-	-	-	-	-	-
<b>Advance Refunded</b>							2.70
							23.94
Mishapar Investments Limited	-	-	-	-	-	-	-
	23.83	-	-	-	-	-	23.83
Sulakshana Securities Limited	-	-	-	-	-	2.70	2.70
	-	-	-	-	-	0.11	0.11
<b>Loan Refunded</b>							188.24
							-
Mafatlal Global Apparel Limited	99.00	-	84.00	-	-	-	183.00
	-	-	-	-	-	-	-
Myrtle Chemtex Trading Private Limited	-	-	-	-	-	3.50	3.50
<b>Interest Accrued paid</b>	-	-	-	-	-	0.99	0.99
	-	-	-	-	-	-	-
Sunanda Industries Limited	0.75	-	-	-	-	-	0.75
	-	-	-	-	-	-	-
<b>Loan Repaid</b>							-
							6,600.19
Navin Fluorine International Limited	-	-	-	-	-	-	-
	-	-	-	-	-	3,420.97	3,420.97
NOCIL Limited	-	-	-	-	-	-	-
	-	-	-	-	-	2,371.00	2,371.00
Mishapar Investments Limited	-	-	-	-	-	-	-
	808.22	-	-	-	-	-	808.22
<b>Advance Taken</b>							103.37
							5.28
Navin Fluorine International Limited	-	-	-	-	-	103.37	103.37
	-	-	-	-	-	5.28	5.28
<b>Advance Repaid</b>							103.37
							-
Navin Fluorine International Limited	-	-	-	-	-	103.37	103.37
	-	-	-	-	-	-	-
<b>Redemption of Preference Shares</b>							-
							3,000.00
Navin Fluorine International Limited	-	-	-	-	-	-	-
	-	-	-	-	-	3,000.00	3,000.00
<b>Guarantees Outstanding</b>							850.28
							850.28
Ibiza Industries Limited	850.28	-	-	-	-	-	850.28
	850.28	-	-	-	-	-	850.28

## ■ Notes forming part of the financial statements

₹ in lacs

Nature of Transactions	Subsidiaries	Jointly Controlled Entities	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Total
Provision for doubtful loans & advances - as at March 31, 2013							153.92
							-
Repos Trading Company Limited	-	-	1.42	-	-	-	1.42
	-	-	-	-	-	-	-
Repal Apparel Private Limited	7.55	-	-	-	-	-	7.55
	-	-	-	-	-	-	-
Sunanda Industries Limited	144.95	-	-	-	-	-	144.95
	-	-	-	-	-	-	-
Amount due from - as at March 31, 2013							1,185.24
							7,355.35
NOCIL Limited	-	-	-	-	-	0.57	0.57
	-	-	-	-	-	13.80	13.80
Sunanda Industries Limited	144.95	-	-	-	-	-	144.95
	-	-	-	-	-	-	-
Mafatlal Impex Private Limited (Advances)	-	-	-	-	-	297.15	297.15
	-	-	-	-	-	-	-
Mafatlal Global Apparel Limited (Loans)	-	-	227.00	-	-	-	227.00
	-	-	-	-	-	-	-
Mafatlal Global Apparel Limited (Trade Receivable )	-	-	407.18	-	-	-	407.18
	-	-	-	-	-	-	-
Repos Trading Company Limited (Loans)	-	-	1.42	-	-	-	1.42
	-	-	-	-	-	-	-
Repal Apparel Private Limited	7.55	-	-	-	-	-	7.55
	-	-	-	-	-	-	-
Rajiv Dayal ( Loan )*	-	-	-	88.09	-	-	88.09
	-	-	-	-	-	-	-
Mafatlal Denim Limited	-	-	-	-	-	-	-
	-	-	-	-	-	21.05	21.05
Krishnadeep Housing Development Private Limited	-	-	-	-	-	11.33	11.33
	-	-	-	-	-	3.31	3.31
Mishapar Investments Limited (Trade Receivables)	-	-	-	-	-	-	-
	3,629.59	-	-	-	-	-	3,629.59
Mishapar Investments Limited (Provision Trade Receivables as at 31.03.2012)	-	-	-	-	-	-	-
	271.10	-	-	-	-	-	271.10
Mishapar Investments Limited (Advances)	-	-	-	-	-	-	-
	686.50	-	-	-	-	-	686.50

## Notes forming part of the financial statements

₹ in lacs

Nature of Transactions	Subsidiaries	Jointly Controlled Entities	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Total
Mishapar Investments Limited (Loans)	-	-	-	-	-	-	-
	2,465.00	-	-	-	-	-	2,465.00
Mishapar Investments Limited (Provision Loans as at 31.03.2012)	-	-	-	-	-	-	-
	265.00	-	-	-	-	-	265.00
<b>Amount due to - as at March 31, 2013</b>							<b>25.11</b>
							81.02
Sulakshana Securities Limited	-	-	-	-	-	10.18	10.18
	-	-	-	-	-	42.54	42.54
Mafatlal Services Limited	3.14	-	-	-	-	-	3.14
	4.53	-	-	-	-	-	4.53
Navin Fluorine International Limited	-	-	-	-	-	11.68	11.68
	-	-	-	-	-	11.67	11.67
NOCIL Limited	-	-	-	-	-	0.11	0.11
	-	-	-	-	-	22.28	22.28

Refer note no. 30.3 for detail and treatment of amalgamation of Mafatlal Denim Limited with Mafatlal Industries Limited w.e.f. 1st April, 2012.

Figures in italics represent previous period figures.

Figures in bracket represent full figures.

\* Includes interest accrued

**31.6** Details of the Company's interest in Joint Ventures having Joint Control, as per the requirements of Accounting Standard-27 on Financial Reporting of Interests in Joint Ventures notified under the Companies (Accounting Standards) Rules, 2006 is as under under:

Interest in joint ventures

The Company has interests in the following joint ventures - Jointly controlled entities (JCE):

₹ in lacs

Name of joint venture and country of incorporation	% of interest	Amount of interest based on accounts for the year ended 31st March, 2013					
		Assets	Liabilities	Income	Expenditure	Contingent liabilities	Capital commitments
Al Fahim Mafatlal Textile LLC, UAE	49	45.17	25.38	NIL	2.94	NIL	NIL
	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)

The Joint Venture has come into existence in the current year. There are no sales and purchase transactions upto 31st March, 2013.

Note: Figures in brackets relate to the previous period

## ■ Notes forming part of the financial statements

Note	Particulars
32.1	<p>a) Mafatlal Denim Limited (MDL), the erstwhile company which has amalgamated with the Company had re-appointed Mr. Rajiv Dayal as Managing Director &amp; Chief Executive Officer and Mr. Vishad P. Mafatlal as Joint Managing Director of MDL with effect from April 1, 2011 for a term of 5 years. Managerial remuneration of ₹ 139.28 lacs had been paid during the year 2011-12. As stipulated by the provisions of the Companies Act, 1956 requiring the approval of the Central Government for appointment and remuneration of Managerial personnel in the case, inter alia, of a company that is in default in payment of its debts, the erstwhile MDL had made the applications to the Government on June 20, 2011 seeking approval for the re-appointment and payment of remuneration to Mr. Rajiv Dayal and Mr. Vishad P. Mafatlal.</p> <p>The erstwhile MDL was technically in default to SICOM Limited, a Secured lender pending the Sanction of the Section 391 Scheme pending before the Hon'ble Gujarat High Court. SICOM declined to give their No Objection Certificate for the re-appointments for the reason that they already had their debts adjudicated by the Hon'ble Debt Recovery Tribunal, Mumbai. The Government rejected the applications of MDL on September 23, 2011 for the reason that MDL had not submitted No Objection Certificate from SICOM, one of the Secured lenders. MDL has made an application for reconsideration, as default to the secured lenders no longer exists.</p> <p>Subsequently, SICOM Limited assigned the entire Debt in favour of M/s. Mishapur Investments Limited (another Company that amalgamated with the Company) on July 26, 2012. Thereafter, MDL obtained the No Objection Certificate from the said assignee and approached the MCA once again on September 5, 2012. Pursuant to the said letter, MCA advised MDL to file the applications afresh. Accordingly, MDL has filed Fresh Applications on October 25, 2012 and awaits their approval.</p> <p>b) An amount of ₹ 964.05 lacs waived by SICOM Limited at the time of assignment has been accounted as Reliefs and concessions on assignment of Liabilities.</p>
32.2	Mr Rajiv Dayal and Mr Vishad P. Mafatlal have been appointed as the managing director and joint managing director respectively in the Board Meeting held on 30th May 2013. Their appointment is subject to the shareholders' approval at the ensuing Annual General Meeting.
32.3	The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.
32.4	The figures for the financial year 2012-13, includes the figures of erstwhile Mafatlal Denim Limited and erstwhile Mishapur Investments Limited which have been amalgamated with the company with effect from 1st April 2012. The figures for the current financial year 2012-13 are for twelve months and figures for the previous period are for nine months. Hence the current year figures are not comparable with the previous period figures.
32.5	Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Registration No. 117364W

R. Salivati

Partner

Membership No. 34004

Mumbai, Dated: 30th May, 2013

H. A. Mafatlal

Chairman

V.P. Mafatlal

Vice chairman

Rasesh Shah

Company Secretary

Mumbai, Dated: 30th May, 2013

Rajiv Dayal

Managing Director &  
Chief Executive Officer

P. R. Amin

P. J. Desai

N. K. Parikh

V. K. Balasubramanian

A. K. Srivastava

V. R. Gupte

P. N. Kapadia

Directors

TO THE BOARD OF DIRECTORS OF  
MAFATLAL INDUSTRIES LIMITED

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**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of **MAFATLAL INDUSTRIES LIMITED** (the "Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

1. *Attention is invited to Note no. 30.13 which was also the subject matter of our report similarly qualified in the previous period, regarding non - accounting of rent/ recovery of expenses for the reasons stated therein which constitutes a departure from the Accounting Standard (AS) 1 'Disclosure of Accounting Policies' and Accounting Standard (AS) 9 'Revenue Recognition' referred to in Section 211(3C) of the Act; if the same is considered, rental income from investment property would be higher by aggregate amount of ₹186.29 lacs (aggregate upto 31<sup>st</sup> March 2012 ₹754.11 lacs), income tax, net profit and shareholders' funds would have been increased by ₹60.45 lacs, ₹125.84 lacs and by ₹125.84 lacs respectively (previous period ended 31<sup>st</sup> March 2012: increased by ₹244.71 lacs, ₹509.40 lacs and ₹509.40 lacs respectively).*
2. *Attention is invited to Note no. 32.1(a) to the financial statement, in the earlier year, the erstwhile Mafatlal Denim Limited (the Amalgamating Company) had made representation to the Ministry of Corporate Affairs against the rejection of application under sections 269, 198, 309 and 310 of the Act, relating to re-appointment and payment of remuneration with effect from 1<sup>st</sup> April 2011 of two whole-time directors. Total remuneration of ₹281.85 lacs was paid to the said directors during the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2013. The said approval is pending from the Ministry of Corporate Affairs and accordingly, we are unable to comment on the impact, if any arising out of the same in these financial statements.*

3. (i) *The financial statements of one subsidiary and four associates are not available for consolidation. This was also the subject matter of our report similarly qualified in the previous period for one subsidiary and two associates.*
- (ii) *The Consolidated Financial Statements also includes the unaudited Financial Statements of a Jointly Controlled Entity whose financial statement reflects total assets of ₹45.17 lacs as at 31<sup>st</sup> March 2013 and total losses of ₹2.94 lacs for the period ended 31<sup>st</sup> March 2013 in the Consolidated Financial Statements.*
4. *In respect of the following issues, our report was modified in the previous period which are no longer relevant for the current year:*
  - a) *Non provision of workers' dues of salaries and wages, provident fund, reinstatement, back wages and other benefits as per the settlement (amount unascertainable) (Refer Note no. 30.6).*
  - b) *Non provision of interest and liquidated damages of ₹20,964.13 lacs on unsecured loans (amount unascertainable) (Refer Note no. 30.6).*
  - c) *Crediting of principal amount of loan written back of ₹1,480.28 lacs to the capital reserve in a subsidiary.*

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in sub-para 1 of the Basis for Qualified Opinion paragraph above and possible effects of the matters described in sub-para 2 and sub-para 3 of the Basis for Qualified Opinion paragraph above (in the previous period, adverse opinion was issued in view of the matters described in sub-para 4 above),* the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### Emphasis of Matter

We draw attention to the Note 30.3 (1e) to the financial statements regarding the write-off of Goodwill of ₹3,931.71 lacs arising on amalgamation of Mishapar Investments Ltd. with the Company and adjustment thereof from the Securities Premium Account, in accordance with the approved Scheme of Amalgamation as no specific accounting treatment has been prescribed in the Accounting Standards (AS) notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956.

Our opinion is not qualified in respect of this matter.

#### Other Matters

1. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets (net) of ₹53.00 lacs as at 31<sup>st</sup> March, 2013, total revenues of ₹25.03 lacs and net cash flows amounting to ₹16.94 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.
2. We did not audit the financial statement of erstwhile Mafatlal Denim Limited ("the amalgamating company"), which reflect total assets of ₹21,946.56 lacs as at 31<sup>st</sup> March 2013, total revenue of ₹29,679.11 lacs and net profit before tax of ₹3,919.52 lacs for the year ended on that date, as considered in the financial statements pursuant to amalgamation with the Company (refer note 30.3). These financial statements and other financial information have been audited by other auditors whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this amalgamating company, is solely based on the reports of other auditors.

Our opinion is not qualified in respect of these matters.

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

(R. Salivati)  
(Partner)

MUMBAI, 30th May, 2013

(Membership No. 34004)

## Consolidated Balance Sheet as at 31st March, 2013

₹ in lacs

	Note No.	As at 31st March, 2013	As at 31st March, 2012
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	4,391.22	3,973.06
(b) Reserves and surplus	4	31,458.80	28,320.06
		35,850.02	32,293.12
<b>2 Minority Interest</b>		-	27.05
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	5,306.94	3.20
(b) Deferred tax liabilities (net)	6	425.00	-
(c) Other Long term liabilities	7	816.34	485.40
(d) Long-term provisions	8	507.33	245.14
		7,055.61	733.74
<b>4 Current liabilities</b>			
(a) Short-term borrowings	9	3,694.00	740.41
(b) Trade payables	10	10,139.48	3,384.68
(c) Other current liabilities	11	4,984.44	5,700.91
(d) Short-term provisions	12	1,559.25	131.01
		20,377.17	9,957.01
<b>Total</b>		<b>63,282.80</b>	<b>43,010.92</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	13(a)	9,309.63	1,656.41
(ii) Intangible assets	13(b)	8.08	-
(iii) Capital work-in-progress		6,248.53	364.37
(iv) Intangible assets under development		81.84	-
(v) Fixed assets held for sale	13(c)	-	-
		15,648.08	2,020.78
(b) Goodwill on consolidation		-	2,994.30
(c) Non-current investments	14	4,849.05	8,939.01
(d) Deferred Tax Assets (net)	6	-	28.88
(e) Long-term loans and advances	15	3,135.57	1,807.07
(f) Other non-current assets	16	69.34	11.04
		23,702.04	15,801.08
<b>2 Current assets</b>			
(a) Inventories	17	10,663.20	3,258.32
(b) Trade receivables	18	12,250.89	2,028.39
(c) Cash and bank balances	19	14,187.35	20,275.36
(d) Short-term loans and advances	20	2,340.43	1,505.73
(e) Other current assets	21	138.89	142.04
		39,580.76	27,209.84
<b>Total</b>		<b>63,282.80</b>	<b>43,010.92</b>
Significant accounting policies	2		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Registration No. 117364W

R. Salivati

Partner

Membership No. 34004

Mumbai, Dated: 30th May, 2013

H. A. Mafatlal

Chairman

V.P.Mafatlal

Vice Chairman

Rasesh Shah

Company Secretary

Mumbai, Dated: 30th May, 2013

Rajiv Dayal

Managing Director &

Chief Executive Officer

P. R. Amin

P. J. Desai

N. K. Parikh

V. K. Balasubramanian

A. K. Srivastava

V. R. Gupte

P. N. Kapadia

Directors



**Consolidated Statement of Profit and Loss** for the year ended 31st March, 2013

₹ in lacs

Particulars	Note no.	Current year	Previous period (1st July, 2011 to 31st March, 2012)
1. Revenue from operations (gross)	22	79,749.07	15,874.34
Less: Excise Duty		-	(128.58)
Revenue from operations (net)		79,749.07	15,745.76
2. Other income	23	4,303.46	4,874.04
3. Total revenue ( 1 + 2 )		84,052.53	20,619.80
4. Expenses			
(a) Cost of materials consumed	24(a)	20,269.64	4,287.78
(b) Purchases of stock-in-trade (Trading Activity)	24(b)	29,567.17	2,638.88
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24(c)	(2,571.68)	(246.13)
(d) Employee benefits expense	25	7,288.44	3,861.84
(e) Finance costs	26	3,199.92	388.89
(f) Depreciation and amortization expense (including impairment ₹ NIL, Previous period ₹ 46.87 lacs )	27	1,444.05	205.29
(g) Goodwill on consolidation written off		-	5,101.69
h) Other expenses	28	20,497.94	10,133.27
Total expenses		79,695.48	26,371.51
5. Profit/ (Loss) before exceptional items and tax (3 - 4)		4,357.05	(5,751.71)
6. Exceptional items	29		
(a) Write off of Goodwill arising on amalgamation of Mishapar Investments Ltd.		3,931.71	-
Less: Adjusted from Securities Premium Account (Refer Note No. 30.3)		(3,931.71)	-
		-	-
(b) Other Exceptional items		697.74	(5,040.76)
		-	-
7. Profit/ (Loss) before tax (5+6)		5,054.79	(10,792.47)
8. Tax (expense) / benefit :			
(a) Current tax expense		(825.02)	(129.66)
(b) (Short)/ Excess provision for tax relating to prior years		(86.89)	1,400.00
(c) Net Current tax (expense)		(911.91)	1,270.34
(d) Deferred tax		(425.00)	-
Net tax (expense)/ benefit		(1,336.91)	1,270.34
9. Profit / (Loss) after tax before share of profit / loss of associates and minority interest for the year/ period (7+8)		3,717.88	(9,522.13)
Share of Profit / (Losses) in Associates (Net)		-	1,129.46
Minority Interest		-	(2.04)
Profit / (Loss) for the year / period		3,717.88	(8,394.71)
10. Earnings per share (on face value of ₹ 10 each) - (Refer Note 31.2)			
(a) Basic		26.72	(85.54)
(b) Diluted		26.72	(85.54)
Significant accounting policies	2		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Registration No. 117364W

**R. Salivati**

Partner

Membership No. 34004

Mumbai, Dated: 30th May, 2013

**H. A. Mafatlal**

Chairman

**V.P.Mafatlal**

Vice Chairman

**Rasesh Shah**

Company Secretary

Mumbai, Dated: 30th May, 2013

**Rajiv Dayal**

Managing Director &  
Chief Executive Officer

**P. R. Amin**

**P. J. Desai**

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**V. K. Balasubramanian**

**A. K. Srivastava**

**V. R. Gupte**

**P. N. Kapadia**

Directors

## Consolidated Cash Flow Statement for the year ended 31st March, 2013

₹ in lacs

	Year Ended 31st March 2013	Period Ended 31st March 2012
<b>A. Cash flow from operating activities</b>		
Net Profit/(Loss) before tax	5,054.79	(10,792.47)
adjustments for,		
Depreciation and amortization expense (including impairment of ₹ NIL, Previous Period ₹ 46.87 lacs )	1,444.05	205.29
(Profit) on sale/ disposal of fixed assets (net)	(363.21)	(129.48)
(Profit)/Loss on sale of Long Term investments (net)	(768.53)	144.40
Investments written off (net )	-	2.36
Finance cost on Borrowings	1,991.00	388.89
Interest Cost on other than Borrowings	1,208.92	-
Interest income	(1,538.18)	(2,215.78)
Dividend income	(303.11)	(22.81)
Loss on sale of fixed assets sold/scrapped / written off	33.22	9.77
Liabilities/ Provisions no longer required	-	(2,335.46)
Goodwill on consolidation written off	-	5,101.69
Cancellation of cross holding	-	500.78
Sundry creditors balance written off	-	897.99
Rental Income on Investment Properties	(222.67)	(201.90)
Bad trade and other receivables/ Loans and advances and debit balance of creditors written off (net)	81.77	631.44
Provision for doubtful debts/ advances	32.84	145.93
Provision for diminution in the value of long term Investments	-	100.03
Net unrealised exchange (gain)/ loss	(255.86)	(109.20)
<b>Operating profit /(loss) before working capital changes</b>	<b>6,395.03</b>	<b>(7,678.53)</b>
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(2,100.14)	(517.07)
Trade receivables	(6,705.38)	6,376.26
Short Term Loans and advances	(255.08)	48.99
Long Term Loans and advances	(319.59)	-
Other current assets	12.00	58.14
Other non current assets	(47.38)	-
Adjustments for increase / ( decrease ) in operating liabilities:		
Trade and other payables	5,869.24	(12,539.01)
Other current liabilities	(1,332.95)	(4,539.14)
Interest accrued and due on other than borrowings	52.06	-
Other Long Term Liabilities	559.12	-
Long Term Provisions	(128.73)	-
Short Term Provisions	570.50	-
	(3,826.33)	(11,111.83)
<b>Cash (used in) / generated from Operations</b>	<b>2,568.70</b>	<b>(18,790.36)</b>
Direct taxes paid (net)	(979.50)	(12,028.58)
<b>Net cash generated / (used in) from operating activities</b>	<b>1,589.20</b>	<b>(30,818.94)</b>
<b>B. Cash flow from investing activities</b>		
Bank balances not considered as Cash and cash equivalents	5,781.85	49,105.35
Capital expenditure on fixed assets, including capital advances	(5,965.19)	(652.75)
Purchase and Sale of Long term Investments other than Immoveable Properties	(990.99)	1,581.21
Sale / (Purchase) of Long Term Immoveable Properties	753.00	(37.75)
Purchase and acquisition of an Associate	(46.00)	-

**Consolidated Cash Flow Statement** for the year ended 31st March, 2013 (Contd...)

	Year Ended 31st March 2013	Period Ended 31st March 2012
		₹ in lacs
Purchase and acquisition of Jointly Controlled Entity	(22.73)	-
Purchase and Sales of Tangibles and Intangibles (Net)	(985.44)	153.18
Dividend received - others	303.11	22.81
Interest received - others	1,538.18	2,215.78
Rental Income on Investment Properties	222.67	201.90
<b>Net cash generated from investing activities</b>	<b>588.45</b>	<b>52,589.73</b>
<b>C. Cash flow from financing activities</b>		
Increase in Share capital / (Redemption of Preference shares)	-	(3,000.00)
Adjustments on consolidation of cross holding	-	(8.26)
Repayments and Receipts of Long term Borrowings (Net)	(1,490.92)	(4,268.97)
Finance costs on Borrowings	(3,102.08)	(388.89)
Repayment of other long term liabilities	-	(86.87)
Repayments and Receipts of Short term Borrowings	2,119.44	(10,172.48)
Minority Interest being derecognised	(27.05)	20.85
<b>Net cash (used in) financing activities</b>	<b>(2,500.60)</b>	<b>(17,904.62)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(322.95)</b>	<b>3,866.17</b>
Cash and cash equivalents at the beginning of the period	8,763.50	3,930.58
Add: Adjustments on amalgamation of Companies (Refer Note No. 30.3)	56.82	944.07
Less: Derecognition of subsidiaries (Refer Note No.30.4)	(40.03)	22.68
<b>Cash and cash equivalents at the end of the year/ period ( Note No.19 )</b>	<b>8,457.34</b>	<b>8,763.50</b>

**Notes : Cash and cash equivalents include the following:**

- (a) Components of Cash and Cash Equivalents exclude deposits with original maturity more than 3 months and earmarked balances. Consequently, cash flow from Investing activities is higher by ₹ 5,781.85 lacs (Previous period by ₹ 49,105.35 lacs)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

Registration No. 117364W

**R. Salivati**

Partner

Membership No. 34004

Mumbai, Dated: 30th May, 2013

**H. A. Mafatlal**

Chairman

**V.P.Mafatlal**

Vice Chairman

**Rasesh Shah**

Company Secretary

Mumbai, Dated: 30th May, 2013

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**A. K. Srivastava**

**V. R. Gupte**

**P. N. Kapadia**

Directors

## Notes forming part of Consolidated Financial Statements

### 1. Corporate Information

Mafatlal Industries Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Mumbai and Ahmedabad stock exchanges. The Company belongs to the reputed industrial house of Arvind Mafatlal Group in India, established in 1905. The Company is engaged in textile manufacturing and trading, having its units at Nadiad and Navsari.

### 2. Significant Accounting Policies

#### a. Basis of accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous period.

#### b. Principles of Consolidation

The subsidiaries are consolidated on a line- by- line basis in accordance with Accounting Standard 21 on "Consolidated Financial Statement". Inter-Company transactions and balances are eliminated on consolidation. Investments in Associates are accounted for using the Equity Method in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". Unrealised profits and losses resulting from transactions between the Company and the Associates are eliminated to the extent of the Company's interest in the Associates

#### c. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### d. Inventories

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

Stores, spares and raw materials - Weighted average

Process stock and finished goods - Material cost plus appropriate value of overheads

Trading goods – Weighted average cost

Others (land) - At cost on conversion to stock-in trade

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

#### e. Depreciation on tangible fixed assets

Depreciation is provided using the Straight Line Method, pro-rata to the period of use, as per the useful life of the assets estimated by the management or at the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher, as follows:

Non-Factory Buildings	1.63%	Factory Building	3.34%
Plant & Machinery	10.34%	Computers	25.00%
Furniture & Fixtures	12.50%	Office Equipments	12.50%
Vehicles	9.50%		

Individual assets acquired for less than ₹ 5,000/- are entirely depreciated in the year of acquisition.

## ■ Notes forming part of Consolidated Financial Statements

### f. Revenue recognition

Revenue including Other Income is recognized when no significant uncertainty as to determination or realization exists.

### g. Export Benefits

Export Benefit available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of the scheme is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate realization / utilization of such benefits.

### h. Tangible fixed assets

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation, amortization and impairment loss, if any.

#### Capital Work-in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

### i. Foreign currency transactions and translations

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization/ payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains/ losses on settlement of transactions arising on cancellation/ renewal of forward exchange contracts are recognized as income or expense.

### j. Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Tangible Assets.

### k. Employee benefits

a. The Company contributes towards Provident Fund, Family Pension Fund and Superannuation Fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required under the rules.

b. Gratuity liability, a defined benefit scheme, and provision for compensated absences are accrued and provided for on the basis of actuarial valuations made at the year / period end.

### l. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### m. Operating Lease

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as Operating Lease. Operating Lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of Profit and Loss account on a straight-line basis over the lease term.

## ■ Notes forming part of Consolidated Financial Statements

### n. Taxes on income

Tax expenses comprise both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period.

Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using the tax rates and tax laws that have been enacted or are substantively enacted by the balance sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### o. Impairment of tangible assets

Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

### p. Provisions and contingencies

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed in the financial statement.

### q. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the credits.

### r. Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### s. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

The grant or subsidy that relates to interest expenses is recognized as income over the periods necessary to match them on a systematic basis to the interest costs, which it is intended to compensate. The grant or subsidy relating to the fixed assets is deducted in arriving at the carrying amount of the related fixed asset.

## ■ Notes forming part of Consolidated Financial Statements

### 3. SHARE CAPITAL

	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	1,01,46,054	1,014.61	1,01,46,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Unclassified Shares of ₹ 10 each	2,98,53,946	2,985.39	2,98,53,946	2,985.39
		10,000.00		10,000.00
(b) Issued				
Equity shares of ₹ 10 each with voting rights	1,01,46,054	1,014.61	1,01,46,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each	3,00,00,000	3,000.00	3,00,00,000	3,000.00
		4,014.61		4,014.61
(c) Subscribed and fully paid up				
(i) Equity shares of ₹ 10 each with voting rights Net of 389 Equity shares of ₹ 10 each cancelled during the year Pursuant to scheme of Amalgamation (Reference Note No. 30.3) / other adjustments	98,13,471	981.34	98,13,860	981.38
Less: Allotment money / Calls in arrears		0.06		0.06
Less: Adjustment on consolidation (Refer Note No. 30.4)			-	8.26
		981.28		973.06
(ii) Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each	3,00,00,000	3,000.00	3,00,00,000	3,000.00
(d) Equity share Capital suspense account (Equity shares of ₹ 10 each to be issued as fully paid-up Pursuant to merger of Mafatlal Denim Limited with the Company under the scheme of amalgamation without the payment being received in cash) (Refer Note No. 30.3)	40,99,415	409.94	-	-
<b>Total</b>		<b>4,391.22</b>		<b>3,973.06</b>

#### a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year/ period (excluding Share Capital Suspense)

Particulars	Opening balance	Allotment money / Calls in arrears adjustment on consolidation	Cancelled pursuant to Scheme of Amalgamation (Refer Note no.30.3) / Other adjustments	Closing balance
(i) Equity shares with voting rights				
Year ended 31st March, 2013				
- Number of shares	98,13,860		389	98,13,471
- Amount (₹ In lacs)	981.38	0.06	0.04	981.28
Period ended 31st March, 2012				
- Number of shares	98,13,860	-	-	98,13,860
- Amount (₹ In lacs)	981.38	8.32	-	973.06

## ■ Notes forming part of Consolidated Financial Statements

Particulars	Opening balance	Redemption	Closing balance
(ii) Fully Redeemable Non-Cumulative Preference Shares			
Period ended 31st March, 2013			
- Number of shares	3,00,00,000	-	3,00,00,000
- Amount (₹ In lacs)	3,000.00	-	3,000.00
Period ended 1st April, 2012			
- Number of shares	6,00,00,000	3,00,00,000	3,00,00,000
- Amount (₹ In lacs)	6,000.00	3,000.00	3,000.00

b. (i) Terms / rights attached to Equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, the amount of dividend, per share, recognized as distributions to equity shareholders is ₹ 5 (Previous period ended 31st March, 2012 ₹ NIL).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by shareholders.

(ii) Terms / rights attached to Preference shares:

In terms of Modified Scheme (MS) approved by BIFR in June 2009, 600,00,000 Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each are redeemable over a period of eight years as a subordinated liability to the dues of workers, statutory agencies and the secured creditors. 50% of the shares were redeemed during the period ended 31st March, 2012 and remaining 50% of the shares have since been redeemed in April 2013. Upon, declaration these shares carry a rate of dividend of 1% from the financial year commencing on or after 1st January, 2014.

c. Details of shareholders holding more than 5% shares in the company:

Equity shares of ₹ 10 each fully paid Name	31st March, 2013		31st March, 2012	
	Nos.	% holding	Nos.	% holding
Vishad Padmanabh Mafatlal	12,11,581	12.35	12,11,581	12.35
Rupal Vishad Mafatlal	12,03,465	12.26	12,03,465	12.26
Hrishikesh Arvind Mafatlal	8,20,793	8.36	8,20,793	8.36
Rekha Hrishikesh Mafatlal	8,04,283	8.20	8,04,283	8.20
NOCIL Limited	5,66,320	5.77	5,66,320	5.77
Priyavrata Hrishikesh Mafatlal	5,54,232	5.65	5,54,232	5.65
Fully Redeemable Non-Cumulative Preference Shares of ₹ 10 each fully paid	31st March, 2013		31st March, 2012	
	Nos.	% holding	Nos.	% holding
Navin Fluorine International Limited	3,00,00,000	100	3,00,00,000	100

d. During the period of five years immediately preceding the reporting date:

	As at 31st March, 2013	As at 31st March, 2012
Preference shares redeemed by the company	3,00,00,000	3,00,00,000



## ■ Notes forming part of Consolidated Financial Statements

### e. Calls unpaid (by other than officers and directors)

	₹ in lacs	
	As at	As at
	31st March, 2013	31st March, 2012
Calls Unpaid	0.06	0.06

f. During 1987-88, 535,000 shares (of ₹ 100 each) were allotted on rights basis subject to the result of suit nos. 3181 and 3182 of 1987 filed by three shareholders against the Company and Others in the Ahmedabad City Civil Court. The suits are pending disposal.

g. During the year 2010-11, 300,00,000 Optionally Convertible Fully Redeemable Non-Cummulative Preference Shares of ₹ 10 each were converted into 48,13,860 Equity shares of ₹ 10 each of the Company at a premium of ₹ 52.32 per equity share.

### 4. RESERVES AND SURPLUS

	₹ in lacs	
	As at	As at
	31st March, 2013	31st March, 2012
<b>(a) Capital Reserve no. 1</b>		
Opening balance	61.16	61.16
<b>(b) Capital Reserve no. 2</b>		
Opening balance	41.62	41.62
<b>(c) Capital Reserve no. 3</b>		
Opening balance	1,480.29	-
Add: Principal amount of loan written back being capital in nature	-	1,480.29
Less: Adjustment on Amalgamation of a subsidiary (Refer Note No. 30.3)	(1,480.29)	-
Closing Balance	-	1,480.29
<b>(d) Capital Reserve on Amalgamation</b>		
Opening balance	-	-
Add: Pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	3,634.48	-
Closing balance	3,634.48	-
<b>(e) Capital Redemption Reserve</b>		
Opening balance	4,200.00	1,200.00
Add: Pursuant to Scheme of Amalgamation (Refer Note No.30.3 )	1,183.14	-
Add: Transferred from Surplus in Statement of Profit and Loss	-	3,000.00
Closing balance	5,383.14	4,200.00
<b>(f) Securities Premium Account</b>		
Opening balance	27,557.92	26,075.68
Add: Pursuant to Scheme of Amalgamation in a wholly owned Subsidiary (Refer Note No. 30.4)	-	1,482.24
Less: Adjustment on Amalgamation / Derecognition of a subsidiary (Refer Note No.30.3 and 30.5)	(6,174.14)	-
Less: Pursuant to Scheme of Amalgamation (Refer Note No. 30.3)	(3,931.71)	-
Closing balance	17,452.07	27,557.92
<b>(g) Statutory Reserve</b>		
Opening balance	470.66	165.56
Less: Adjustment on Amalgamation of a subsidiary (Refer Note No.30.3)	(470.66)	-
Add: Pursuant to Scheme of Amalgamation in a wholly owned Subsidiary (Refer Note No. 30.4)	-	305.10
Closing balance	-	470.66

## ■ Notes forming part of Consolidated Financial Statements

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(h) Capital Investment Reserve</b>		
(Non-taxable excess of sale proceeds over book value)		
Opening balance	75.96	75.96
<b>(i) Investment Reserve</b>		
(Taken over from Mafatlal Gagalbhai and Company Private Limited as from 01-04-1972 on Amalgamation)		
Opening balance	1.78	1.78
<b>(j) Export Profit Reserve</b>		
(Taken over from erstwhile The Mafatlal Fine Spg and Mfg. Co. Ltd on amalgamation)		
Opening balance	20.00	20.00
<b>(k) General Reserve</b>		
Opening balance	-	-
Add Transferred from the Statement of Profit and Loss	375.00	-
	375.00	-
<b>(l) Surplus in the Statement of Profit and Loss</b>		
Opening balance	(5,589.33)	9,092.42
Add: Pursuant to Scheme of Amalgamation in the Company/ in a wholly owned subsidiary (Refer Note No. 30.3 & 30.4 )	(1,908.71)	(3,287.05)
Less: Adjustment on Amalgamation /Derecognition of subsidiaries (Refer Note No. 30.3 & 30.5)	9,382.61	-
Add: Profit / (Loss) for the year/ period	3,717.88	(8,394.70)
	5,602.45	(2,589.33)
Less: Appropriations		
Transferred to Capital Redemption Reserve on Redemption of Preference Shares	-	(3,000.00)
Transfer to General Reserve	(375.00)	-
Dividend Proposed to be distributed to Equity Share holders	(695.64 )	-
[Dividend per Share ₹ 5 (Previous period ₹ NIL)]		
Tax on Dividend	(118.22 )	-
	(1,188.86 )	(3,000.00)
Closing balance	4,413.59	(5,589.33)
<b>Total</b>	<b>31,458.80</b>	<b>28,320.06</b>

## ■ Notes forming part of Consolidated Financial Statements

### 5. LONG-TERM BORROWINGS

	₹ in lacs	
	As at 31st March, 2013	As at 31st March, 2012
Term Loans		
From Banks - Secured [Refer Note no.(ii)]	3,750.48	-
From Banks - Secured - Loan for Vehicles [Refer Note no.(iii)]	42.18	-
From Others - Secured[Refer Note no.(iv)]	1,510.38	-
Other Loans and advances	-	
Unsecured Loans from Related parties [Refer Note no. (v)]	3.90	3.20
<b>Total</b>	<b>5,306.94</b>	<b>3.20</b>

- (i) For Current maturities of Long Term Borrowings; Refer Note No.11(a) - Other Current Liabilities.
- (ii) a) Term loans of ₹ 4,158.15 lacs from a bank are repayable in quarterly installments till March 2018. These Loans are secured by a pari passu mortgage / hypothecation charge on the Fixed Assets, including leasehold land and hypothecation charge on all current assets of erstwhile Mafatlal Denim Ltd. The loans carry interest linked to the lenders' Prime Lending Rates. The effective rate of interest for the year was @ 15.75% p.a.
- b) Term loan of ₹ 750.00 lacs from a bank is repayable in monthly installments till October 2014. The Loan is secured by a pari passu mortgage / hypothecation charge Current Assets of erstwhile Mafatlal Denim Ltd. The loans carry interest linked to the lenders' Base Rates. The effective rate of interest for the year was @ 13.75% p.a.
- (iii) Loan for Vehicles from Banks is secured by hypothecation of respective vehicles. The Loan carries interest @ 11% p.a.
- (iv) a) Term loan of ₹ 1094.25 lacs from a Financial Institution is repayable in quarterly installments till March 2018. The Loan is secured by a pari passu mortgage / hypothecation charge on the Fixed Assets, including leasehold land and hypothecation charge on all current assets of erstwhile Mafatlal Denim Ltd.. The loan carry an interest linked to the lenders' Prime Lending Rates. The effective rate of interest for the year was in the range 16.50% to 16.75% p.a.
- b) Term loan of ₹ 743.65 lacs from a Financial Institution is repayable in quarterly installments till March 2018. The Loan is secured by a hypothecation charge on the current assets of erstwhile Mafatlal Denim Ltd. The loan carries interest @ 12.25% p.a.
- (v) Term of repayment- Interest free loan payable on demand.

### 6. DEFERRED TAX LIABILITIES (NET)

	₹ in lacs	
	As at 31st March, 2013	As at 31st March, 2012
DEFERRED TAX LIABILITIES (NET)		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	1419.56	445.99
Tax effect of items constituting deferred tax liability	1419.56	445.99
Tax effect of items constituting deferred tax assets		
Provision for doubtful debts / advances	176.94	333.80
Disallowances under Section 35DDA, 40(a)(i), 43B of the Income tax act, 1961	817.62	141.07
Tax effect of items constituting deferred tax assets	994.56	474.87
<b>Net deferred tax (liability) / asset</b>	<b>(425.00)</b>	<b>28.88</b>

## ■ Notes forming part of Consolidated Financial Statements

### 7. OTHER LONG-TERM LIABILITIES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
(a) Trade Payables - Other than acceptances	-	4.55
(b) Others	-	-
(i) Trade/ Security deposits received	204.60	249.42
(ii) Contribution to Gratuity Fund (Refer Note No. 30.4 )	608.83	228.18
(iii) Others - advances	2.91	3.25
Total	816.34	485.40

### 8. LONG-TERM PROVISIONS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits		
(i) Provision for Compensated absences (Refer Note No. 31.4)	502.95	233.07
(ii) Provision for Gratuity (Refer Note No. 31.4)	4.38	-
(iii) Provision for standard assets	-	2.75
(iv) Provisions - Others	-	9.32
Total	507.33	245.14

### 9. SHORT-TERM BORROWINGS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Loans repayable on demand		
(i) From Banks		
Secured * - Overdraft facility from Banks	2,760.18	654.41
Secured ** - Cash credit from Banks	933.82	-
Unsecured ***	-	9.34
(ii) From Other Parties		
Unsecured	-	76.66
Total	3,694.00	740.41

\* Secured against Fixed Deposits of ₹ 3,008.94 lacs, date of maturity 15th March, 2014 ) (Previous period: ₹ 2,580.95 lacs, date of maturity 14th March, 2013).

\*\* Cash credit from bank is secured by pari passu charge on some of the current assets and a Second Mortgage/ Hypothecation charge on some of the Fixed assets. The cash credit is repayable on demand and carry an interest @ 14.5% p.a.

\*\*\* Short term loan from bank is obtained by placing fixed deposit of Mafatlal Industries Employee's Co-operative Credit Society at Nadiad as Collateral.

## ■ Notes forming part of Consolidated Financial Statements

### 10. TRADE PAYABLES

	As at 31st March, 2013	As at 31st March, 2012
Other than acceptances	10,139.48	3,384.68
Total	10,139.48	3,384.68

### 11. OTHER CURRENT LIABILITIES

	As at 31st March, 2013	As at 31st March, 2012
(a) Current maturities of long-term debt (Refer Note No.5 Long Term Borrowings for details of Securities)		
(i) From Banks - Secured	1,157.67	4,063.85
(ii) From Banks - Secured Loans for Vehicles	16.04	-
(iii) From Financial Institutions - Secured	327.52	-
(b) Interest accrued but not due on borrowings	308.81	-
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	480.06	817.51
(ii) Contractually reimbursable expenses	2.10	13.00
(iii) Interest accrued on other than borrowings	1,639.17	378.19
(iv) Trade / security deposits received	24.34	24.91
(v) (a) Advances from customers	287.35	60.42
(b) Advance from customers - Share of jointly controlled entity (Refer Note No 31.6)	25.38	-
(vi) Contributions to Gratuity Fund (Refer Note No. 31.4)	235.06	200.66
(vii) Others includes Voluntary Retirement Scheme, electricity dues.	480.94	142.37
Total	4,984.44	5,700.91

### 12. SHORT-TERM PROVISIONS

	As at 31st March, 2013	As at 31st March, 2012
(a) Provision for employee benefits		
Provision for Compensated absences (Refer Note No.31.4)	132.88	80.63
	132.88	80.63
(b) Provisions - Others		
Provision for tax (net of advance tax ₹ 1804.90 lacs (As at 31st March, 2012 ₹ 1,541.43 lacs) )	612.11	50.38
Provisions for Fringe Benefit Tax (net of advance tax ₹ 39.05 lacs)	0.40	-
Provision for Proposed Equity dividend	695.64	-
Provision for tax on Proposed dividend	118.22	-
	1,426.37	50.38
Total	1,559.25	131.01

## ■ Notes forming part of Consolidated Financial Statements

### 13 (a). Fixed assets

₹ in lacs

Tangible assets	Gross block							Balance as at 31st March 2013
	Balance as at 1st April, 2012	Additions	Disposals	Acquisitions through business combinations	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments (Refer Note No 30.12)	
<b>(a) Land</b>								
Freehold	21.08	-	-	-	-	-	-	21.08
(Previous period)	(32.27)	-	(11.19)	-	-	-	-	(21.08)
Leasehold	0.08	-	-	-	-	-	-	0.08
(Previous period)	(0.08)	-	-	-	-	-	-	(0.08)
	21.16	-	-	-	-	-	-	21.16
(Previous period)	(32.35)	-	(11.19)	-	-	-	-	(21.16)
<b>(b) Buildings</b>								
Own use	1,551.05	15.63	-	2,471.05	-	-	-	4,037.73
(Previous period)	(1,552.46)	-	(1.41)	-	-	-	-	(1,551.05)
Given under operating lease	63.60	-	-	-	-	-	-	63.60
(Previous period)	(63.60)	-	-	-	-	-	-	(63.60)
	1,614.65	15.63	-	2,471.05	-	-	-	4,101.33
(Previous period)	(1,616.06)	-	(1.41)	-	-	-	-	(1,614.65)
<b>(c) Plant and Equipment</b>								
Owned	17,396.92	866.67	2,590.00	19,633.26	-	-	6.64	35,300.21
(Previous period)	(17,545.83)	(193.99)	(0.35)	-	-	-	(343.25)	(17,396.92)
<b>(d) Furniture and Fixtures</b>								
Owned	228.58	43.07	37.78	83.59	-	-	41.23	276.23
(Previous period)	(600.25)	(18.57)	(18.29)	-	-	-	(371.95)	(228.58)
<b>(e) Vehicles</b>								
Owned	124.68	85.74	30.04	80.39	-	-	-	260.77
(Previous period)	(88.99)	(36.38)	(0.69)	-	-	-	-	(124.68)
<b>(f) Office equipment</b>								
Owned	700.86	120.70	139.27	113.59	-	-	17.98	813.86
(Previous period)	-	(31.02)	(45.36)	-	-	-	(715.20)	(700.86)
<b>(g) Leasehold improvements</b>								
Owned	-	256.82	-	-	-	-	-	256.82
(Previous period)	-	-	-	-	-	-	-	-
<b>(h) Railway sidings</b>								
Owned	2.70	-	-	-	-	-	-	2.70
(Previous period)	(2.70)	-	-	-	-	-	-	(2.70)
<b>Total</b>	<b>20,089.55</b>	<b>1,388.63</b>	<b>2,797.09</b>	<b>22,381.88</b>	<b>-</b>	<b>-</b>	<b>29.89</b>	<b>41,033.08</b>
<b>Previous period</b>	<b>(19,886.18)</b>	<b>(279.96)</b>	<b>(76.59)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,089.55)</b>

## ■ Notes forming part of Consolidated Financial Statements

### 13 (a). Fixed assets (Contd...)

₹ in lacs

Tangible assets	Accumulated depreciation and impairment					Net block		
	Balance as at 1st April, 2012	Depreciation /amortisation expense for the year	Eliminated on disposal of assets	Acquisitions through business combinations	Other adjustments (Refer Note No 30.12)	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
<b>(a) Land</b>								
Freehold	-	-	-	-	-	-	21.08	
(Previous period)	-	-	-	-	-	-	(21.08)	(21.08)
Leasehold	-	-	-	-	-	-	0.08	
(Previous period)	-	-	-	-	-	-	(0.08)	(0.08)
	-	-	-	-	-	-	21.16	
(Previous period)	-	-	-	-	-	-	(21.16)	(21.16)
<b>(b) Buildings</b>								
Own use	880.37	113.16	-	898.94	-	1,892.47	2,145.26	
(Previous period)	(851.83)	(29.06)	(0.52)	-	-	(880.37)	(670.68)	(670.68)
Given under operating lease	13.40	2.00	-	-	0.17	15.23	48.37	
(Previous period)	(12.45)	(0.95)	-	-	-	(13.40)	(50.20)	(50.20)
	893.77	115.16	-	898.94	0.17	1,907.70	2,193.63	
(Previous period)	(864.28)	(30.01)	(0.52)	-	-	(893.77)	(720.88)	(720.88)
<b>(c) Plant and Equipment</b>								
Owned	16,697.34	1,242.17	2,530.97	13,469.98	0.98	28,879.50	6,420.71	
(Previous period)	(16,920.18)	(94.66)	(0.32)	-	(317.18)	(16,697.34)	(699.58)	(699.58)
<b>(d) Furniture and Fixtures</b>								
Owned	193.74	4.74	28.69	75.66	23.37	222.08	54.15	
(Previous period)	(485.89)	(4.02)	(13.39)	-	(282.78)	(193.74)	(34.84)	(34.84)
<b>(e) Vehicles</b>								
Owned	55.45	19.62	21.03	31.78	-	85.82	174.95	
(Previous period)	(49.89)	(6.06)	(0.50)	-	-	(55.45)	(69.23)	(69.23)
<b>(f) Office equipment</b>								
Owned	590.27	37.77	119.11	88.27	9.82	607.02	206.84	
(Previous period)	-	(18.70)	(28.39)	-	(599.96)	(590.27)	(110.59)	(110.59)
<b>(g) Leasehold improvements</b>								
Owned	-	18.76	-	-	-	18.76	238.06	-
(Previous period)	-	-	-	-	-	-	-	-
<b>(h) Railway sidings</b>								
Owned	2.57	-	-	-	-	2.57	0.13	
(Previous period)	(2.57)	-	-	-	-	(2.57)	(0.13)	(0.13)
<b>Total</b>	<b>18,433.14</b>	<b>1,438.22</b>	<b>2,699.80</b>	<b>14,564.63</b>	<b>12.74</b>	<b>31,723.45</b>	<b>9,309.63</b>	
<b>Previous period</b>	<b>(18,322.81)</b>	<b>(153.45)</b>	<b>(43.12)</b>	<b>-</b>	<b>-</b>	<b>(18,433.14)</b>	<b>(1,656.41)</b>	<b>(1,656.41)</b>

## ■ Notes forming part of Consolidated Financial Statements

### 13 (b).Fixed assets

Intangible assets	Gross block			
	Balance as at 1st April 2012	Additions	Disposals	Balance as at 31st March 2013
(a) Computer software	-	12.80	-	12.80
<b>Total</b>	-	12.80	-	12.80
Previous period	-	-	-	-

### 13 (b).Fixed assets

₹ in lacs

Intangible assets	Accumulated amortisation			Net block		
	Balance as at 1st April, 2012	Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31st March 2013	Balance as at 31st March 2013	Balance as at 31st March 2012
(a) Computer software	-	4.72	-	4.72	8.08	-
<b>Total</b>	-	4.72	-	4.72	8.08	-
Previous period	-	-	-	-	-	-

### 13 (c). Fixed assets held for sale

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Assets held for sale		
Balance as per last Balance Sheet	-	123.45
Add : Additions	-	-
	-	123.45
Less : Accumulated depreciation	-	76.58
Less : Accumulated impairment	-	46.87
Net block	-	-

### 14 INVESTMENTS (Long Term )

Non Current Investments	As at 31st March , 2013		As at 31st March , 2012	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
a) Investment Properties		64.21		69.41
b) Equity Instruments	4,960.25		7,187.50	-
Less: Share of Losses in Associates	-	4,960.25	-	7,187.50
c) Preference Shares		-		2,937.92
d) Government Securities		2.89		2.89
e) Debentures and Bonds		20.50		20.50
f) Mutual Funds		46.30		46.30
g) Partnership Firms		0.20		-
h) Others				
Less: Provision for Diminution		(245.30)		(1325.51)
		4,849.05		8,939.01

	Cost	Market Value
Aggregate value of quoted investments	4,557.50	4,480.53
	5,803.36	5,518.66
Aggregate value of unquoted investments	291.55	-
	3,135.65	
<b>Total</b>	4,849.05	
	8,939.01	
Figures in italics are as at 31st March 2012		



## ■ Notes forming part of Consolidated Financial Statements

### 15. LONG-TERM LOANS AND ADVANCES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Capital advances</b>		
Unsecured, considered good	424.80	1.00
<b>(b) Security deposits</b>		
Unsecured, considered good	801.53	597.75
Doubtful	83.20	92.96
Less: Provision for doubtful deposits	(83.20)	(92.96)
	801.53	597.75
<b>(c) Loans and advances to related parties (Refer Note No. 30.5 )</b>		
Unsecured, considered good	68.73	0.24
	68.73	0.24
<b>(d) Loans and advances to employees</b>		
Unsecured, considered good	4.66	-
Doubtful	1.64	1.64
Less: Provision for doubtful loans and advances	(1.64)	(1.64)
	4.66	-
<b>(e) Advance income tax (net of provisions ₹ 12,423.63 lacs (As at 31st March, 2012 ₹ 11,135.67 lacs) - Unsecured, considered good</b>	1,382.82	724.22
<b>(f) Advance Fringe Benefit tax (net of provisions ₹ NIL (As at 31st March, 2012 ₹ NIL) - Unsecured, considered good</b>	2.25	2.25
<b>(g) Balances with government authorities</b>		
Unsecured, considered good		
(i) CENVAT credit receivable	17.78	26.20
(ii) Service Tax credit receivable	39.91	43.94
(iii) Deposit with Excise authorities in Escrow account	359.31	359.23
Doubtful		
Disputed Central excise deposits	22.54	22.54
Less: Provision for doubtful loans and advances	(22.54)	(22.54)
	417.00	429.37
<b>(h) Other loans and advances</b>		
Unsecured, considered good		
Deposits recoverable from parties	10.64	21.29
Lease rent/utilities equalisation	23.14	30.95
Doubtful	9.75	-
Less: Provision for other doubtful loans and advances	(9.75)	-
	33.78	52.24
<b>Total</b>	<b>3,135.57</b>	<b>1,807.07</b>

## ■ Notes forming part of Consolidated Financial Statements

### 16. OTHER NON CURRENT ASSETS

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
(a) Accruals		
(i) Interest accrued on deposits	3.91	3.91
(ii) Interest accrued on investments	6.88	6.88
(iii) Interest accrued on loans to staff/related parties	13.16	0.25
(b) Others		
(i) Balances with banks in Earmarked accounts (refer note (ii) below)	45.39	-
<b>Total</b>	<b>69.34</b>	<b>11.04</b>
Note:		
(i) Balances with Banks in Earmarked accounts consist of deposits with remaining maturity of more than 12 months from the Balance sheet date.	-	-
(ii) For balances with banks in earmarked accounts with remaining maturity of less than 12 months, refer Note no.19- Cash and Bank Balances		
(iii) Other Non-current assets include amounts due from: Director	13.16	-

### 17. INVENTORIES (at lower of cost and net realizable value)

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
(a) Raw materials	2,524.36	412.25
(b) Work in progress	4,665.78	2,358.41
(c) Finished goods	2,075.13	342.17
(d) Stock in trade (Traded goods)	593.65	-
(e) Stores and spares	803.70	144.91
(f) Others (Land)	0.58	0.58
<b>Total</b>	<b>10,663.20</b>	<b>3,258.32</b>

### 18. TRADE RECEIVABLES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>Outstanding for a period exceeding six months from the date they were due for payment</b>		
Unsecured, considered good	448.13	94.18
Doubtful	89.85	367.04
	537.98	461.22
Less: provision for doubtful trade receivables	89.85	367.04
	448.13	94.18
<b>Other Trade receivables</b>		
Unsecured, considered good	11,802.76	1,934.21
<b>Total</b>	<b>12,250.89</b>	<b>2,028.39</b>

## ■ Notes forming part of Consolidated Financial Statements

### 19. CASH AND BANK BALANCES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>A. Cash and Cash equivalents</b>		
(a) Cash on hand	24.06	13.16
(b) Cheques on hand	41.14	32.11
(c) Balances with Banks:		
(i) (a) In Current accounts	1,485.87	678.23
(b) In current accounts – Share of Jointly Controlled entity ( Refer Note 31.6)	33.79	-
(ii) In demand deposit accounts	6,872.48	8,040.00
<b>Total - Cash and cash equivalents (A)</b>	<b>8,457.34</b>	<b>8,763.50</b>
<b>B. Other bank balances</b>		
(i) In other deposit accounts - original maturity more than 3 months	1,707.63	6,243.81
(ii) (a) In earmarked accounts		
Balances held as margin money or security against borrowings, guarantees and other commitments	169.35	200.83
(b) Other earmarked accounts		
Balance in Fixed Deposits (in lien)	3,012.94	2,626.05
Balance in Escrow Current account (Refer Note (i) below)	140.09	409.23
Balance in Escrow Fixed Deposit account (Refer Note (i) below)	700.00	2,031.94
<b>Total - Other bank balances (B)</b>	<b>5,730.01</b>	<b>11,511.86</b>
<b>Total Cash and bank balances (A+B)</b>	<b>14,187.35</b>	<b>20,275.36</b>
(i) Balance in Escrow Current account and Escrow Fixed Deposit account is operated under the supervision of Monitoring Committee constituted by the Government of Maharashtra, under Development Control Regulations, 1991.		
(ii) For balances with Banks in earmarked accounts with remaining maturity of more than 12 months, refer note no. 16 - other non current assets		

## ■ Notes forming part of Consolidated Financial Statements

### 20. SHORT TERM LOANS AND ADVANCES

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Loans and advances to related parties</b>		
(Refer Note No. 31.5)		
Unsecured, considered good	233.20	597.63
Doubtful	285.22	259.53
Less: Provision for doubtful loans and advances	(285.22)	(259.53)
	233.20	597.63
<b>(b) Security deposits</b>		
Unsecured, considered good	490.17	19.55
Doubtful	39.20	-
Less: Provision for doubtful deposits	(39.20)	-
	490.70	19.55
<b>(c) Loans and advances to employees</b>		
Unsecured, considered good	45.13	32.89
	45.13	32.89
<b>(d) Prepaid expenses - Unsecured, considered good</b> (Insurance premium, Annual maintenance contracts, etc.)	65.43	32.95
	65.43	32.95
<b>(e) Balances with government authorities</b>		
Unsecured, considered good		
(i) Custom duty refund receivable	61.55	-
(ii) Export Benefit receivable (DEPB)	68.45	-
(iii) interest subsidy receivable ( TUFs)	68.20	-
(iv) MODVAT receivable	6.19	14.18
(v) Duty-drawback receivable	80.42	12.98
(vi) Others - Deposits / Taxes	-	236.85
	284.81	264.01
<b>(f) Others</b>		
Unsecured, considered good		
Trade advances	1,210.31	558.70
Trade advances - Share of jointly controlled entity ( Refer note No. 31.6)	11.38	-
Doubtful	13.95	53.15
Less: Provision for other doubtful loans and advances	(13.95)	(53.15)
	1,221.69	558.70
<b>Total</b>	<b>2,340.43</b>	<b>1,505.73</b>

## ■ Notes forming part of Consolidated Financial Statements

### 21. OTHER CURRENT ASSETS

	₹ in lacs	
	As at 31st March, 2013	As at 31st March, 2012
<b>(a) Accruals</b>		
(i) Interest accrued on deposits	59.91	134.96
(ii) Interest accrued on investments	78.98	6.97
	138.89	141.93
<b>(b) Others</b>		
(i) Water Charges recoverable	-	0.11
	-	0.11
<b>Total</b>	<b>138.89</b>	<b>142.04</b>

### 22. REVENUE FROM OPERATIONS

	₹ in lacs	
	Current year	Previous period (1st July, 2011 to 31st March, 2012)
(a) Sale of products ( Refer note (I) below )	77,408.31	13,691.31
(b) Other operating revenues ( Refer note (II) below )	2,340.76	2,183.03
	79,749.07	15,874.34
Less: Excise Duty	-	(128.58)
Revenue from operations (gross)	79,749.07	15,745.76
Note:		
<b>I. Sale of products comprises:</b>		
<b>(a) Manufactured goods</b>		
Cloth	16,366.87	11,222.48
Less: Excise Duty	-	-
Yarn	263.99	65.67
Denim Fabrics	28,801.28	-
Garments	69.92	-
	45,502.06	11,288.15
<b>(b) Traded goods</b>		
Cloth	31,906.25	2,403.16
<b>Total - Sale of Traded goods</b>	<b>31,906.25</b>	<b>2,403.16</b>
<b>Total - Sale of Products (a + b)</b>	<b>77,408.31</b>	<b>13,691.31</b>
<b>II. Other operating revenues</b>		
Income from waste/scrap sale	369.22	68.24
Processing Charges	511.20	918.42
Duty drawback and other export incentive	291.59	12.14
Dividend income	-	174.10
Interest on loans	-	125.93
Rental income from investment property	222.67	201.90
Utility/ Business Service /Air-conditioning charges and other receipts	946.08	682.30
<b>Total</b>	<b>2,340.76</b>	<b>2,183.03</b>

## ■ Notes forming part of Consolidated Financial Statements

### 23. OTHER INCOME

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Interest income (Refer note 1, below)	1,538.18	2,215.41
Interest on Income Tax refund	-	0.37
Dividend income from long term investments	303.11	22.81
Net gain on sale of long term Investments	67.45	31.26
Net gain on foreign currency transaction and translation	255.86	109.20
Other non-operating income (Refer note 2, below)	2,127.48	2,482.88
Recovery of expenses Incurred	11.38	12.11
<b>Total</b>	<b>4,303.46</b>	<b>4,874.04</b>
Note:		
<b>1. Interest income comprises:</b>		
Interest from banks on deposits	1,412.30	2,187.44
Other interest	125.88	27.97
<b>Total</b>	<b>1,538.18</b>	<b>2,215.41</b>
<b>2. Other non-operating income:</b>		
Miscellaneous income	479.28	147.13
Profit on sale of Fixed assets	0.23	0.29
Relief and concessions on assignment of Liabilities (Refer Note No.32.1)	964.05	-
Profit on disposal of the investment in subsidiary (Refer Note No. 30.5.i)	431.72	-
Liabilities/ Provisions no longer required	252.20	2,335.46
<b>Total</b>	<b>2,127.48</b>	<b>2,482.88</b>

### 24 (a) COST OF MATERIALS CONSUMED

₹ in lacs

Particulars	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Opening stock	412.24	71.80
Less: Derecognition of a subsidiary	(140.48)	-
Add: Pursuant to Scheme of Amalgamation (Refer Note No.30.3)	2,671.70	53.31
Add: Purchases	19,850.54	4,574.91
Less: Closing stock	(2,524.36)	(412.24)
<b>Cost of material consumed</b>	<b>20,269.64</b>	<b>4,287.78</b>
Material consumed comprises:		
Cotton & Fibre	12,429.61	2,413.13
Yarn	6,181.88	629.91
Fabrics	763.78	485.89
Others	894.37	758.85
<b>Total</b>	<b>20,269.64</b>	<b>4,287.78</b>

### 24(b) PURCHASE OF TRADED GOODS

₹ in lacs

Particulars	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Cloth	29,567.17	2,638.88
<b>Total</b>	<b>29,567.17</b>	<b>2,638.88</b>

## ■ Notes forming part of Consolidated Financial Statements

### 24(c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
<b>Inventories at the end of the year</b>		
Finished goods	2,075.13	342.17
Work-in-progress	4,665.78	2,358.40
Stock-in-trade (Traded goods)	593.65	-
	7,334.56	2,700.57
<b>Inventories at the beginning of the year</b>		
Finished goods	342.17	548.07
Less: Derecognition of a subsidiary	(13.20)	-
Add: Pursuant to Scheme of Amalgamation (Refer Note No. 30.3 )	1,030.59	-
Work-in-progress	2,358.40	1,848.16
Less: Derecognition of a subsidiary	(227.30)	-
Add: Pursuant to Scheme of Amalgamation (Refer Note No. 30.3 )	1,272.22	-
	4,762.88	2,396.23
Add: Adjustment pursuant to consolidation of new subsidiary arising as a consequent of scheme of amalgamation (Refer Note No. 30.4)		
Finished goods	-	3.27
Work-in-progress	-	54.94
	4,762.88	2,454.44
<b>Net increase</b>	<b>2,571.68</b>	<b>246.13</b>

### 25. EMPLOYEE BENEFITS EXPENSE

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Salaries and wages	6,005.20	2,967.93
Contributions to provident and other funds (Refer Note No. 31.4)	992.65	722.70
Staff welfare expenses	290.59	171.21
<b>Total</b>	<b>7,288.44</b>	<b>3,861.84</b>

### 26. FINANCE COSTS

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
<b>(a) Interest expense on:</b>		
(i) Borrowings (Refer Note No. 1)	1,991.00	180.89
(ii) Trade payables	23.65	117.33
(iii) Others (includes for delayed payment of income tax, employee dues etc.)	1,178.08	90.67
<b>(b) Other Borrowing costs:</b>	7.19	-
<b>Total</b>	<b>3,199.92</b>	<b>388.89</b>

#### Note No. 1

The interest subsidy for the year on the Term Loans availed under the Technology Upgradation Fund Scheme ₹ 287.83 lacs (Previous period ₹ NIL) and the same has been netted off from interest expense.

## ■ Notes forming part of Consolidated Financial Statements

### 27. DEPRECIATION AND AMORTISATION EXPENSE

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
(Refer Note 13a, 13b and 14 )		
Depreciation for the year/ period on tangible assets	1,438.22	153.45
Amortisation for the year/ period on intangible assets	4.72	-
Depreciation for the year/ period on investment property	1.11	1.87
Depreciation / Impairment of fixed assets held for sale	-	49.97
<b>Total</b>	<b>1,444.05</b>	<b>205.29</b>

### 28. OTHER EXPENSES

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
Consumption of stores and spare parts	7,135.73	1,391.59
Processing Charges	1,146.34	469.44
Power and Fuel	7,071.37	3,438.42
Repairs and maintenance -Buildings	137.55	63.70
Repairs and maintenance -Machinery	311.50	98.94
Repairs and maintenance - Others	38.05	-
Insurance	88.51	20.27
Lease Rent (Refer Note No.31.1)	259.91	50.66
Rates and Taxes ( including wealth tax ₹ 0.93 lacs ( Previous period ₹ 0.55 lacs))	393.80	177.39
Commission, Brokerage and Discount	1,084.16	447.09
Transport and Freight Charges (net)	273.14	98.34
Debit balance of creditors written off	4.89	897.99
Bad trade and other receivables/ Loans & advances w/off	76.88	631.44
Long term Investments written off	-	41.65
Less: Provision for diminution in value written back	-	(39.29)
Provision for doubtful trade and other receivables (net)	32.84	145.93
Provision for diminution in the value of long term Investments- Subsidiary/ Associates (net)	-	100.03
Donations and Contributions	0.19	0.19
Loss on fixed assets sold / scrapped / written off	33.22	9.77
Legal and Professional fees	552.97	300.34
Commission to non-whole time directors	13.50	-
Payments to Auditors (Refer note (I) below)	68.80	33.48
Adjustment to Investment on consolidation	-	500.78
Director's fees	4.79	1.90
Miscellaneous Expenses	1,766.83	1,077.56
Miscellaneous Expenses - share of jointly controlled entity (Refer Note No. 31.6)	2.94	-
Share of Loss from Partnership firm	0.03	-
Loss on sale of investments	-	175.66
<b>Total</b>	<b>20,497.94</b>	<b>10,133.27</b>



## ■ Notes forming part of Consolidated Financial Statements

Note :

₹ in lacs

(I) Payments to auditors (excluding service tax)	Current year	For the period 1st July, 2011 to 31st March, 2012
<b>Statutory Auditors</b>		
Audit fees	15.99	10.00
For taxation matters	42.25	4.00
For other services	5.65	15.00
Reimbursement of expenses	0.41	0.20
<b>Total</b>	<b>64.30</b>	<b>29.20</b>
<b>Branch Auditors</b>		
Audit fees	2.00	2.05
For taxation matters	0.70	0.70
For other services	1.18	1.07
Reimbursement of expenses	0.62	0.46
<b>Total</b>	<b>4.50</b>	<b>4.28</b>

### 29. EXCEPTIONAL ITEMS ( NET )

₹ in lacs

	Current year	Previous period (1st July, 2011 to 31st March, 2012)
(a) Write off of Goodwill arising on amalgamation of Mishapar Investments Ltd.	3,931.71	-
Less: Adjusted from Securities Premium Account (Refer Note No.30.3)	(3,931.71)	-
(b) Other Exceptional items		
Profit on sale of fixed assets	363.21	129.19
Profit on sale of Investment Properties	701.08	-
Voluntary Retirement Scheme	(113.68)	(2,997.26)
Interest on deferred payment of electricity dues	(252.87)	(2,172.69)
<b>Total</b>	<b>697.74</b>	<b>(5,040.76)</b>

Note	Particulars	As at 31st March, 2013	As at 31st March, 2012
30.1	Contingent liabilities and commitments (to the extent not provided for)		
(a)	Guarantees given on behalf of Subsidiary Company – Ibiza Industries Limited. (The subsidiary company is currently under liquidation)	850.28	850.28
(b)	The Company is contingently liable for :		
i	Bills of exchange discounted	357.63	112.46
ii	Demands of income-tax authorities disputed in appeals (mainly relate to disallowance of investment/ loan write off, claim of interest on refund of excise duty/ sales tax, disallowance of chapter VIA deductions, etc. (pending before the Income-tax Appellate Tribunal/ High Court))	701.32	918.36
iii	Demands under excise and other proceedings disputed in appeals (mainly relating to matters like differential duty on revision of assessable value of yarn captively consumed, duty on T.C. hard waste, duty on drill etc. (pending at various stages, from Assistant Commissioner to CESTAT))	2,614.89	2,697.21
iv	Show Cause Notice issued by Commissioner of Central Excise, Ahmedabad- III on availment of Cenvat Credit on exempted goods for the period 2007-08, 2008-09 and 2009-2010.	1,453.27	1,453.27
v	Claims against the Company not acknowledged as debts (mainly relating to dispute on fixed water charges at Navsari Unit, disputed service tax, interest on sales tax)	113.38	743.09
vi	Concessional customs duty on import of machinery under EPCG Scheme payable subject to fulfillment of mandatory import/ export obligation. The Company had submitted a bond to the authorities of ₹ 1,000.00 lacs.	1,136.11	1,074.01
vii	Claims made by workers against the Company (mainly relating to matters like termination, compensation etc).	1,191.61	1,163.29
viii	Demands from Director General of Foreign Trade against Advance License.	4.79	4.79

## ■ Notes forming part of Consolidated Financial Statements

₹ in lacs

Note	Particulars	As at 31st March, 2013	As at 31st March, 2012
ix	The Company is a lessee in respect of the land on which Mafatlal Centre and Mafatlal Chambers is erected. In this regard:  In case of Mafatlal Centre:  a) A demand for ₹ 2,712.47 lacs (Previous period ₹ 4,435.36 lacs) for the period from 01.04.2008 to 31.03.2010 has been raised by Brihanmumbai Mahanagarpalika towards Property Taxes in respect of the properties owned by various owners for the respective floors. No demand is raised in respect of common areas / properties in the name of the Company. The demand has been challenged by owners of various floors at appropriate forum and the matter is subjudice. In case the demand is finally upheld, the amount will be paid by the concerned co-owners and the Company will have no additional liability.  b) Pursuant to introduction of new system of capital based assessment of Property Taxes, a demand for ₹ 196.30 lacs for the period from 01.04.2010 to 31.03.2013 has been raised in respect of the properties owned by various owners for the respective floors and in respect of common areas / properties in the name of the Company. The demand has been challenged by various owners and / or the company before appropriate forum. In case the demand is finally upheld, the company will have to pay ₹ 38.23 lacs. Of this demand, ₹ 15.30 lacs has been deposited upto 31.03.2013. Balance demand of ₹ 158.07 lacs (₹ 196.30 lacs less ₹ 38.23 lacs) will be paid by the concerned co-owners and the Company will have no liability on account of the same.  In case of Mafatlal Chambers:  a) A demand for ₹ 378.51 lacs for earlier years has been raised by Brihanmumbai Mahanagarpalika towards Property Taxes in respect of the properties owned by the Company for the respective floor.  b) Pursuant to introduction of new system of capital based assessment of Property Taxes, a demand for ₹ 576.03 lacs for the period from 01.04.2010 to 31.03.2013 has been raised in respect of the properties owned by various owners for the respective floors and in respect of common areas / properties in the name of the Company. The demand has been challenged by various owners and / or the company before appropriate forum. In case the demand is finally upheld, the company will have to pay ₹ 52.03 lacs. Of this demand, ₹ 20.81 lacs has been deposited upto 31.03.2013. Balance demand of ₹ 524.00 lacs (₹ 576.03 lacs less ₹ 52.03 lacs) will be paid by the concerned co-owners and the Company will have no liability on account of the same.	-	-
(c)	In case of a subsidiary Sunanda Industries Limited, (SIL) which is currently under liquidation, the following are the Contingent Liabilities not provided for;		
i	The Hon'ble Industrial Tribunal on 9.10.2009 has passed an order on petition filed by the Gujarat Mazdoor Panchayat directing the Company to pay ₹ 3,000/- per worker on the occasion of Diwali. Against the above order SIL filed a Special Civil Application in the Hon'ble High Court of Gujarat. The Court granted an ad-interim relief on the condition that the amount of ₹ 3,000/- per worker for 53 workers were deposited with the Industrial Tribunal, Ahmedabad. The company deposited the same as directed by the court and the same has been accounted for as Deposits under the head Loans and Advances. Necessary provisions, if any, will be made on the final outcome of the said civil application.	-	1.59
ii	Demand been raised by the Income Tax Department, Ahmedabad for earlier years, against which the company had filed an appeal and the Appellant Tribunal ruled in favour of SIL. The Income Tax Department had registered the tax appeal in Gujarat High court against the decision of the Appellant Tribunal. As SIL expects to succeed in the appeal no provision for the same has been made. The refund of ₹ 2,29,047/- for Assessment Year 2001-02 has been adjusted by Income-tax department against above demand.	-	25.97
iii	One party M/s Dharmendra Xerox has filed one civil suit for recovery as claim towards damage of its Xerox machine by company's workers during worker's rampage in the factory on 20.9.2001. The matter is sub-judice in Small court Ahmedabad. The said claim is not acknowledged as debts by the company since as per the contract the company was under no obligation to take insurance cover on Contractor's assets.	-	0.75
iv	M/s Chahbaznia Im-und Export GmbH, SIL's customer based in Germany, has filed one civil suit in Hamburg Regional Court, Sievekingplatz 1, 20355, Hamburg on 20th October, 1997 claiming damages to the tune of DM 321,983.43 on account of losses etc and legal costs to the tune of DM 40,000.00. SIL has retained the services of German Law Firm M/s Gleiss Lutz Hootz Hirsch. SIL is contesting the said claims and in view of the legal opinion, SIL does not acknowledge the said claims as debts.	-	127.81
v	The demand of penalty payable to Joint Director General of Foreign Trade for non fulfillment of advance license export obligation as per Foreign Trade (Development & Regulation) Act, 1992. The Company has applied for waiver of the said demand and for stay of further proceedings before Additional Director General of Foreign Trade, New Delhi. Necessary provisions, if any, will be made on final outcome the application.	-	14.73
vi	The demand of penalty payable to Apparel Export Promotion Council (AEPCC) for not utilizing the quota issued and/or revalidated as per the quota policy. SIL has applied for waiver of the said demand and has obtained stay from appropriate authorities viz. Textile Commissioner Office/ Delhi High Court as the case may be. Necessary provisions, if any, will be made on final outcome of each of the application.	-	11.76

## ■ Notes forming part of Consolidated Financial Statements

₹ in lacs

Note	Particulars	As at 31st March, 2013	As at 31st March, 2012
	In the above matters (a to c), the Group is hopeful of succeeding and as such does not expect any significant liability to crystallize.		
30.2	Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for:-		
	Tangible assets	1,178.26	8.78
30.3	I. MISHAPAR INVESTMENTS LIMITED (MISHAPAR):		
	a) In terms of the Scheme of Arrangement and Amalgamation ("the Scheme"), Mishapar which was also a wholly owned subsidiary of the Company till 31st March 2012 has been merged with the Company (Transferee Company), upon which the undertaking and the entire business, including all assets and liabilities of Mishapar stand transferred to and vested in the Transferee Company. Assets and liabilities so transferred have been recorded at their fair value as determined by the Board of Directors of the Transferee Company. The amalgamation has been accounted under "Purchase Method" as envisaged in the Accounting Standard (AS) – 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006. Mishapar was a Non-Banking Finance Company into investing and financing activity and was 100% subsidiary of the Company.		
	b) The Scheme filed by the Company has been approved by the Honourable High Court of Judicature at Mumbai, with an appointed date of 1st April, 2012 and an effective date of 28th May 2013 ('the Effective Date'), being the date on which all the requirements under the Companies Act, 1956 have been completed.		
	c) Since amalgamating company is Wholly Owned Subsidiary of the Transferee Company, there is no consideration payable or receivable on implementation of the Scheme. The entire issued, subscribed and paid-up Share Capital of Mishapar has been cancelled against the corresponding carrying cost of investments of the Transferee Company. Also, 388 equity shares of ₹ 10 each held by Mishapar in the Transferee Company stands cancelled pursuant to the Scheme.		
	d) Details of assets and liabilities acquired on amalgamation and treatment of the difference between the fair value of net assets acquired and carrying cost of investment by the Transferee Company in Mishapar:		

Particulars	Year ended 31 March, 2013	
Value of assets and liabilities acquired:	₹ in lacs	₹ in lacs
Non-current investments	5,132.80	
Current assets	2,602.12	
TOTAL ASSETS - (A)		7,734.92
Unsecured loans	2,465.25	
Provisions	43.08	
Trade payables	4,329.61	
Other Current Liabilities	28.59	
TOTAL LIABILITIES - (B)		6,866.53
Net Assets - (C = A-B)		868.39
Less:		
Carrying value of investments in the Transferee Company - (D)		4,800.10
Difference debited to goodwill pursuant to the Scheme (D-C)		3,931.71

e) The goodwill so arising has been charged off to the Statement of Profit and Loss of the Transferee Company and the charge so arising has been set-off in the Statement of Profit and Loss against the balance available in the Securities Premium Account.

### II. MAFATLAL DENIM LIMITED (MDL):

- a) In terms of The Scheme of Arrangement and Amalgamation ("the Scheme"), MDL has been merged with the Company (Transferee Company), upon which the undertaking and the entire business, including all assets and liabilities of MDL stand transferred to and vested in the Transferee Company. Assets and liabilities so transferred have been recorded in the books of Transferee Company at the book values as recorded in the books of the Transferor Company. The amalgamation has been accounted under "Pooling of Interest Method" as envisaged in the Accounting Standard (AS-14) "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006. MDL was engaged in the business of manufacturing and marketing of various denim fabrics and other products.
- b) The Scheme filed by the Company has been approved by the Honourable High Court of Judicature at Gujarat, with an appointed date of 1st April, 2012 and an effective date of 28th May 2013 ('the Effective Date'), being the date on which all the requirements under the Companies Act, 1956 have been completed.
- c) With effect from the appointed date, all the business undertakings, assets, liabilities, rights and obligations of MDL stood transferred to and vested in the transferee company in consideration for issue of 1 equity share of ₹ 10 each in the transferee company for every 10 equity shares of ₹ 10 each held in MDL.
- d) The assets, liabilities and reserves of MDL as at 1st April 2012 have been taken over at their respective book values on the appointed date as follows:

## ■ Notes forming part of Consolidated Financial Statements

(i) Particulars of assets, liabilities and reserves taken over on amalgamation:

Particulars	₹ in lacs
<b>ASSETS</b>	
Fixed Assets	7,818.06
Non-Current Assets	366.63
Current Assets	9,476.09
<b>TOTAL ASSETS - (A)</b>	<b>17,660.78</b>
<b>LIABILITIES</b>	
Secured Loans	7,627.89
Provisions	266.27
Trade Payables	1,634.53
Current Liabilities	4,813.24
<b>TOTAL LIABILITIES - (B)</b>	<b>14,341.93</b>
<b>Net Assets (C= A-B)</b>	<b>3,318.85</b>
Less: Reserves and Surplus - (D)	
Capital Redemption Reserve	1183.14
Debit Balance in Profit and Loss account	(1908.71)
Less: 4,099,415 equity shares of ₹ 10 each to be issued to the equity shareholders of MDL [pending the said issue, the same has been credited to Share Capital Suspense Account (Refer Note 3)] - (E)	409.94
<b>Difference credited to Capital Reserve pursuant to the Scheme (F = C-D-E)</b>	<b>3,634.48</b>

(ii) The sum of ₹ 3,634.48 lacs, arrived as above, has been credited to Capital Reserve Account on account of reduction in the capital while issuing the shares to the shareholders of the transferor company as per the ratio prescribed in the Scheme.

In view of the aforesaid amalgamations with effect from 1st April, 2012, the figures for the current year are not comparable with those of the previous period.

- 30.4 In the previous period, pursuant to the Scheme of Amalgamation under Section 391 to 394 of the Companies Act 1956, eight companies had merged with the erstwhile wholly owned subsidiary Mishapar Investments Limited (Mishapar) w.e.f. 1st April 2011 in terms of the Order dated 7th September, 2012 of the Hon'ble High Court of Bombay sanctioning the Scheme. The balances of loans, advances and deposits held by the Company in those amalgamating companies were transferred to Mishapar as at 1st April, 2011. Upon this merger, the entire business including assets and liabilities of the amalgamating companies stood transferred to and vested in Mishapar at their book values.

Following companies were amalgamated;

- Vibhadeep Investments and Trading Limited
- Sushmita Holdings Limited
- Mafatal Holdings Limited
- Sunanda Industrial Machinery Limited
- Sudas Manufacturing & Trading Limited
- Soushreyas Investments (I) Limited
- Samatva Investments Limited
- Navlekh Investment Limited

Pursuant to the said Order all the assets and liabilities of the Amalgamating Companies were vested with Mishapar at the book values and were recorded in the books of the Amalgamated Company at their respective book values. Further, Mishapar and two amalgamating companies, namely, Sushmita Holdings Limited and Mafatal Holdings Limited were partners in a partnership firm "Sumish Associates" (the firm) which stands dissolved on amalgamation and accordingly, all the assets and liabilities automatically stood vested with Mishapar.

There was no consideration payable or receivable on implementation of the Scheme as the Scheme involved group companies who had held shares in each other resulting in holding - subsidiary relationship. The entire issued subscribed and paid-up share capital / credit balances in partners capital accounts of the amalgamating entities were cancelled against the corresponding investments / amounts recoverable. Preference shareholders of the one of the amalgamating companies were to be allotted preference shares by the transferee company; pending such allotment the amount was credited to the preference shares pending issue. Difference between the book value of investments in shares and share capital arising on cancellation and the difference arising on cancellation of inter- corporate balances aggregating to ₹ 97,89,25,535/- was adjusted to the balance of Profit and Loss Account taken over on Amalgamation. Mishapar held shares of the Company (MIL) which were cancelled on consolidation in the previous period.

## ■ Notes forming part of Consolidated Financial Statements

- 30.5 The consolidated financial statements of Mafatlal Industries Limited ("the Company")/MIL and its subsidiaries have been prepared in accordance with Accounting Standard (AS)-21 on 'Consolidated Financial Statement' as notified under the Companies (Accounting Standards) Rules, 2006. The details of such subsidiaries are as under:

Sr. No.	Subsidiaries – all incorporated in India	% Holding of the Company	Date of Financial Statements	
			Current Year	Previous Period
1	Mafatlal Services Limited	88.00%	31st March 2013	31st March 2012 Refer Note (iii) below
2	Myrtle Textiles Private Limited	100.00%	31st March 2013	31st March 2012 Refer Note (iii) below
3	Mayflower Textiles Private Limited	100.00%	31st March 2013	31st March 2012 Refer Note (iii) below
4	Ibiza Industries Limited	54.89%	Refer Note (ii) below	Refer Note (ii) below
5	Sunanda Industries Limited	94.00%	Refer Note (ii) below	31st March 2012
6	Repal Apparel Private Limited	100.00%	Refer Note (iv) below	Refer Note (iv) below

Note:

(i) There has been no change in the percentage holding of the Company in its subsidiaries existing as at the year end 31st March 2013 except in case of Mafatlal Global Apparel Limited which was a subsidiary of the Company wherein the Company had held 55% of the capital. During the year it has become an associate w.e.f. 29th September, 2012.

Mishapar Investments Limited which was a wholly owned subsidiary got amalgamated into the Company (Refer Note no. 30.3).

Sunanda Industries Limited and Ibiza Industries Limited are under liquidation as at the year end.

Silvia Apparel Limited in which the Company had held 60% of the capital ceases to be subsidiary on disposal of the shares during the year.

(ii) Consequent to Ibiza Industries Limited (IIL) continuing to be under liquidation and Sunanda Industries Limited (SIL) which was liquidated during the year, the Company effectively has no control over IIL and SIL. Hence, in accordance with the requirements of AS -21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies (Accounting Standards) Rules, 2006 the same has not been consolidated.

(iii) The previous year financial statements of the subsidiaries were drawn from 1st April 2011 to 31st March 2012. The Consolidated Financial Statement of the previous period were from 1st July 2011 to 31st March 2012. The impact of the transactions recorded in the differential quarter was considered to be immaterial by the Management.

(iv) The accounts of Repal Apparels Private Limited are not available in the current year and previous period. In view of the management its operations has no significant impact on the revenue, expenses, assets and liabilities of the consolidated accounts.

- 30.6 The previous year, in the case of Sunanda Industries Limited (SIL);

- No provision was made by SIL towards the workers dues of salaries and wages, provident fund etc for the period under suspension of operations i.e 30.09.2001 to 31.3.2012, pending disposal of the matter in the Labour/ Industrial Court. The matter is subjudiced in court of law and therefore the subsidiary is contesting the said claims and the liability is not ascertainable.
- There were six labour cases filed by the union in the labour court Ahmedabad as on 31.3.2012 and pending demanding reinstatement, back wages and other benefits as per the settlement dated 25.07.2000 valid for the period 1.4.2000 to 31.3.2003. The matter is subjudiced in labour court and Company is contesting the said claims and the liability is not ascertainable.
- Since the management is contemplating for alternative arrangements in the form of financial and operations restructuring total interest and liquidated damages upto 31st March 2012 of ₹ 20,964.13 lacs including for the year ₹ 4,413.80 lacs as estimated by the Company on loans have not been provided in the accounts.
- Confirmation letters had not been obtained from debtors, creditors, financial institutions and loans/advances for amounts due to them/amount due from them as per accounts of the Company. Hence, the balances of these accounts are subject to confirmation, reconciliation and consequent adjustments, if any.  
Further SIL has during the year received from Honourable High Court of Gujarat the order to be wound up. The official liquidator attached to the Honble High Court has been appointed as Liquidator of SIL. In view of the winding up order, the Company is in the process of making their accounts. Since SIL now operates under severe restrictions it has been excluded from being consolidated in the Group's financial statements.

- 30.7 In case of subsidiaries Mayflower Textiles Private Limited and Myrtle Textiles Private Limited the accounts of the Companies have been prepared on the basis that these Companies are going concerns. However in view of losses made the ability of the Companies to continue as a going concern is dependent upon the availability of continuing finance and future profitability.

- 30.8 In case of Mafatlal Services Limited (MSL) some of the employees had been transferred to the other Group companies. The Gratuity Liability in respect of such employees was contributed by MSL to the Gratuity Fund. Any shortfall arising on the payment thereof would be accounted on Cash Basis in the year of payment.

## Notes forming part of Consolidated Financial Statements

- 30.9 The consolidated financial statements of Mafatlal Industries Limited ("the Company")/MIL and its associates have been prepared in accordance with AS-23 on 'Accounting for Investments in Associates on Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006. The details of such associates are as under:

Sr No	Particulars		Date of Financial Statements	
	Associates – all incorporated in India unless otherwise stated	% holding of the Company with its subsidiaries	Current Year	Previous Period
1	Mafatlal VK Intex Limited	29.00%	31st March 2009	31st March 2009
2	Mafatlal Limited (Incorporated in United Kingdom)	29.83%	Refer Note (ii) below	Refer Note (ii) below
3	Sushmita Engineering and Trading Limited	49.35%	31st March 2012	31st March 2010
4	Mafatlal Engineering Industries Limited	22.18%	Refer Note (ii) below	Refer Note (ii) below
5	Mafatlal Global Apparel Limited (since 29.09.2012)	49.58%	Refer Note (i) below	Not Applicable
6	Repos Trading Company Limited	30.00%	Refer Note (i) below	Not Applicable

Notes:

(i) There has been no change in the percentage holding of the Company in its associates existing as at the period end 31st March 2013 except Mafatlal Global Apparel Limited which has become an associate from 29th September 2012.  
Repos Trading Company Limited has become an associate, pursuant to amalgamation with Mishapar Investments Limited. (Refer Note no. 30.3)

(ii) The financial statements of Mafatlal Limited (UK) and Mafatlal Engineering Industries Limited were not available for consolidation since they are under liquidation. Their operations have no significant impact on the revenue, expenses, assets and liabilities of the Consolidated Financial Statements.

(iii) The investments of these associates have been reported at ₹ 1 as the company's share of losses exceeds the carrying amount of investments

- Mafatlal VK Intex Limited
- Sushmita Engineering and Trading Limited
- Mafatlal Engineering Industries Limited
- Mafatlal Limited U.K.
- Repos Trading Company Limited

(iv) The accounts of Mafatlal V.K. Intex Limited, Sushmita Engineering and Trading Limited and Repos Trading Company Limited are not available. In view of the management their operations have no significant impact on the revenue, expenses, assets and liabilities of the Consolidated Financial Statements.

The financial statements of Mafatlal Global Apparel Limited are also not available.

(v) The carrying values (A), post acquisition share in reserves and surplus as at the date of the respective financial statements (B), and carrying amount of investments as at the period end (C) are as under (figures in italics are as at previous period end):

₹ in lacs

Sr No	Associates – all incorporated in India unless otherwise stated	Carrying Values (A)	Post acquisition share in reserves and surplus as at the date of the respective financial statements (B)	Carrying amount of investments as at the year end
1	Mafatlal VK Intex Limited	44.00	(44.00)	-
		<i>44.00</i>	<i>(44.00)</i>	-
2	Mafatlal Limited UK	84.52	(84.52)	-
		<i>84.52</i>	<i>(84.52)</i>	-
3	Sushmita Engineering and Trading Limited	15.38	(15.38)	-
		<i>15.38</i>	<i>(15.38)</i>	-
4	Mafatlal Engineering Industries Limited	162.44	(162.44)	-
		<i>162.44</i>	<i>(162.44)</i>	-
5	Mafatlal Global Apparel Limited (Represents Goodwill of ₹ 41.98 lacs)	124.00	-	124.00
		-	-	-
6	Repos Trading Company Limited	1.00	(1.00)	-
		<i>1.00</i>	<i>(1.00)</i>	-
	Total	431.34	(307.34)	124.00
		<i>307.34</i>	<i>(307.34)</i>	-

Figures in ( ) represents loss

- 30.10 During the year 2010-11 the Company had sold part of its leasehold land at its Mazgaon unit. The Company is required to surrender the remaining leasehold land (reserved portion admeasuring about 27,287.82 square meters) to Municipal Corporation of Greater Mumbai for the purpose of extension of V.J.B. Udyan. The Company is also required to recommence the spinning unit which can accommodate 10,000 spindles. By virtue of the agreement, the developer will construct a structure and hand it over to the Company.
- 30.11 Pursuant to the demerger of the Real Estate and Investment Business to Sulakshana Securities Limited (SSL), the shareholders of the Company are to be issued one equity share of ₹ 10/- each, fully paid-up, in SSL for every 500 shares of ₹ 100/- each, fully paid-up, held in the Company as consideration for the demerger, aggregating to ₹ 1.00 lac. As the shareholders of the Company would be entitled to receive only fractional shares of SSL, the rehabilitation scheme sanctioned by BIFR envisages that these shares would be acquired by Navin Fluorine International Limited (NFIL) and the shareholders of the Company would receive proportionate payment in consideration thereof. The Company has received the said amount of ₹ 1.00 lac from NFIL on behalf of the shareholders, which is pending disbursement upon completion of formalities.

## ■ Notes forming part of Consolidated Financial Statements

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30.12	Depreciation on fixed assets of (a) the Old Unit at Nadiad and Ahmedabad; and (b) Head Office of the Company, acquired prior to 1-4-1978, was provided on written down value basis and on all other assets, on straight-line basis, as per the provisions of the Companies Act, 1956, at the rates and in the manner specified in Schedule XIV of this Act. The Company has during the previous period changed the method of depreciation retrospectively of the above mentioned fixed assets from WDV to SLM for uniformity in the method of depreciation. Hence depreciation charge for the previous period was higher by ₹ 1.93 lacs on account of change in the accounting policy.			
30.13	As legally advised, the Company had not recognised rent/recovery of expenses of ₹ 186.29 lacs upto 31st March,2013 (₹ 181.99 lacs upto 31st March,2012) pending final resolution of the legal dispute with certain tenants/ex-tenants of a property in South Mumbai. During the financial year 2011, the Hon'ble Small Causes Court had passed Orders for payment of arrears of rent mesne profits and other charges to the Company. Being aggrieved by the said Orders, the Company and the ex-tenants had filed Appeals and Cross-Appeals respectively. During the current year, the Appeals and Cross-Appeals were heard by the Hon'ble Small Causes Court and the Company's appeal was partially allowed. The Company was awarded ₹ 1,222.70 lacs. The Court also awarded interest @ 6% p.a. to be paid to the Company from the date of the filing of the suits till the date of the actual p ayment of the entire dues. Aggrieved by the above decisions, the ex-tenants filed Civil Revision applications in the Hon'ble Bombay High Court against the orders of the Appeal Bench of the Hon'ble Small Causes Court awarding an increasd amount to the Company. Subsequent to the close of the year, the Hon'ble Bombay High Court has admitted the Civil Revision applications and subject to certain conditions granted stay on the orders passed by the Appeal Bench of Hon'ble Small Causes Court.			
30.14	In the previous period, the Company had changed the method of valuation of trading goods from First -In- First- Out (FIFO) to Weighted Average Cost (WAC) method for achieving greater uniformity. The change had no impact as there was no closing stock of trading goods.			
30.15	Details on derivatives instruments and unhedged foreign currency exposures			
	The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:			
	As at 31st March, 2013		As at 31st March, 2012	
	Receivable/ Payable	Receivable/ Payable in Foreign currency	Receivable/ Payable	Receivable/ Payable in Foreign currency
	₹ in lacs	(Amount with currency)	₹ in lacs	(Amount with currency)
	Receivable against export of goods			
	355.10	USD 6.57	75.56	USD 1.55
	20.48	EURO 0.30		
	Payable against export commission/ Advances			
	167.40	USD 3.09	61.30	USD 1.25
	12.79	EURO 0.18	69.64	EURO 1.05
	NIL	GBP	0.45	GBP 0.005
30.16	Particulars		Current Year	Previous Period
			₹ in lacs	₹ in lacs
	Details of research and development expenditure recognised as an expense			
	Employee benefits expense		44.93	24.08
	Consumables		2.76	2.81
	Repairs and Maintenance		10.61	11.12
	Total		58.30	38.01

### 31. Disclosures under Accounting Standards

Particulars		₹ in lacs Current Year	₹ in lacs Previous Period
31.1	Details of leasing arrangements		
<u>As Lessor:</u>			
The Company has entered into non cancellable operating lease arrangements for certain premises. The tenure of such agreements ranges from eleven to sixty months.			
Future minimum lease payments			
not later than one year		103.98	232.82
later than one year and not later than five years		210.51	297.30
<b>Total</b>		<b>314.49</b>	<b>530.12</b>
Depreciation recognised on the leased assets		2.08	1.66

## ■ Notes forming part of Consolidated Financial Statements

<u>As Lessee:</u>		
The Company has entered into operating lease arrangements for certain facilities and residence premises. The leases are non-cancellable and are for a period upto 9 years and may be renewed for a further period upto 3 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments upto 15% every 3 years. There are no sub-leases.		
Future minimum lease payments		
not later than one year	215.91	36.63
later than one year and not later than five years	1,126.75	31.61
later than five years	567.09	-
<b>Total</b>	<b>1,909.75</b>	<b>68.24</b>
Lease payments recognised in the Statement of Profit and Loss	233.96	27.69
<b>31.2 Earnings per share</b>		
Net Profit / (Loss) for the year / period attributable to the equity shareholders	3,717.88	(8,394.71)
Weighted average number of equity shares outstanding during the year /period (refer note below)	13,912,498	9,813,860
Par value per share	10.00	10.00
Earnings per share - Basic and Diluted	26.72	(85.54)
<b>Note :</b> Weighted average number of equity shares outstanding during the year /period		
Equity shares at the beginning of the year/period	9,813,472	9,813,860
Add : Shares to be issued pursuant to scheme of amalgamation (refer note no.3 and note no.30.3)	4,099,415	-
Less : Shares cancelled pursuant to scheme of amalgamation (refer note no.3 and note no.30.3) /Other Adjustments	389	-
Weighted average number of shares	13,912,498	9,813,860

### 31.3 Segment Information

The Company has identified business segment as its primary segment and geographic segment as its secondary segment. In the current year, pursuant to amalgamation (refer note no. 30.3), the company operates in only one segment - i.e. Textiles. "However, in the previous period, Business segments consisted of (i) textiles and (ii) financial services.

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.

Geographical revenues are allocated based on the location of the customer."



## ■ Notes forming part of Consolidated Financial Statements

Particulars	Previous period		
	Business segments		Total
	Textile	Financial Services	
	₹ in lacs	₹ in lacs	₹ in lacs
Revenue	14,674.87	1,370.88	16,045.75
Total	14,674.87	1,370.88	16,045.75
Segment result	(9,507.99)	(267.73)	(9,775.72)
Unallocable expenses:			
Finance Costs			388.89
Other Expenses			0.19
Provision for diminution in the value of investments			100.03
Goodwill on consolidation written off			5,101.69
Unallocated Income:			
Dividend			(22.81)
Interest Income			(2,215.78)
Other income (net)			(2,335.46)
(Loss) / Profit before tax			(10,792.47)
Tax (expense) / credit			1,270.34
(Loss) / Profit after tax			(9,522.13)
Current year's share of profit / (losses) in associates (net)			1,129.46
Minority interest			(2.04)
(Loss) / Profit for the period			(8,394.71)

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Particulars	Previous period		
	Business segments		Total
	Textile	Financial Services	
	₹ in lacs	₹ in lacs	₹ in lacs
Segment assets	11,191.55	1,878.53	13,070.08
Unallocable assets			29,940.84
Total assets			43,010.92
Segment liabilities	5,585.82	5,054.55	10,640.37
Unallocable liabilities			77.43
Total liabilities			10,717.80
Other information			
Capital expenditure (allocable)			
Additions to fixed assets	250.75	29.21	279.96
Tangible Assets	-	-	-
Intangible Assets			
Depreciation and amortisation (allocable)	203.42	1.87	205.29
Other significant non-cash expenses (allocable)			
Bad trade and other receivables/ Loans & advances w/off	1,518.38	11.05	1,529.43
Provision for doubtful trade and other receivables (net)	1.46	144.47	145.93
Long Term investments written off (net)	2.36	-	2.36
Loss on sale of investments	-	175.66	175.66
Other significant non-cash expenses (unallocable)			
Write off of Goodwill arising on amalgamation of Mishapar Investments Ltd. (Refer note no. 30.3)			
(The above Goodwill has been set-off in the Statement of Profit and Loss against the balance available in the Securities Premium Account as per the Scheme of Amalgamation)			

## ■ Notes forming part of Consolidated Financial Statements

Particulars	Previous period		
	Business segments		Total
	Textile	Financial Services	
	₹ in lacs	₹ in lacs	₹ in lacs
Provision for Diminution in the value of long term Investments-Subsidiary/Associates (net)			100.03
Goodwill on consolidation written off			5,101.69
Notes for the previous period:			
1. Financial services profit includes dividend.			
2. There are no inter-segment transactions.			

Secondary segment reporting for geographic segment on the basis of location of customers is as under:

Geographic Segment	Revenues from external customers for the year ended 31st March, 2013	Segment assets As at 31st March, 2013	Additions to fixed assets during the period ended 31st March, 2013	Revenues from external customers for the period ended 31st March, 2012	Segment assets As at 31st March, 2012	Additions to fixed assets during the period ended 31st March, 2012
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Domestic	72,918.36	62,907.22	7,285.59	13,422.10	42,935.01	279.96
Exports	6,830.71	375.58	-	2,623.65	75.91	-
Total	79,749.07	63,282.80	7,285.59	16,045.75	43,010.92	279.96

### 31.4 Employee benefit plans

#### a) Defined contribution plans

Contributions are made to Recognized Provident Fund / Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to ₹ 528.83 lacs (Previous period ₹ 355.80 lacs).

#### b) Defined benefit plans

Contributions are made to a Recognized Gratuity Fund in respect of gratuity based upon actuarial valuation done at the year end of every financial year using "Projected Unit Credit" method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

The charge on account of provision for gratuity has been included in 'Employee Benefit Expense' in the Statement of Profit and Loss.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	₹ in lacs Current Year	₹ in lacs Previous Period
<b>Components of employer expense</b>		
Current service cost	116.75	92.92
Interest cost	193.50	188.38
Expected return on plan assets	(160.79)	(0.95)
Actuarial losses/(gains)	313.78	163.41
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>463.24</b>	<b>443.77</b>

## ■ Notes forming part of Consolidated Financial Statements

Particulars	₹ in lacs Current Year	₹ in lacs Previous Period
<b>Actual contribution and benefit payments for year/period</b>		
Actual benefit payments	137.63	(1,497.22)
Actual contributions	37.47	2,977.11
Net Liability recognised in the Balance Sheet		
Present value of defined benefit obligation	(2,812.60)	(2,014.05)
Fair value of plan assets	1,980.06	1,608.26
<b>Net Liability recognised in the Balance Sheet</b>	<b>(832.54)</b>	<b>(405.79)</b>
(Since the balance in the fund is higher than the defined benefit obligation for one of the divisions by ₹ 11.35 lacs as at 31st March, 2013, no asset to this extent is recognised in the books.)		
<b>Change in defined benefit obligations (DBO) during the year/period</b>		
Present value of DBO at beginning of the year/period including of amalgamated Companies	(2,276.43)	(2,954.97)
Current service cost	(116.76)	(92.92)
Interest cost	(193.50)	(188.38)
Actuarial (gains) / losses	(363.54)	(274.99)
Benefits paid	137.63	1,497.22
<b>Present value of DBO at the end of the year/period</b>	<b>(2,812.60)</b>	<b>(2,014.05)</b>
<b>Change in fair value of assets during the year/period</b>		
Plan assets at beginning of the year/period including of amalgamated Companies	1,869.67	15.84
Expected return on plan assets	160.79	0.95
Actual company contributions	37.47	2,977.11
Actuarial gain	49.76	111.58
Benefits paid	(137.63)	(1,497.22)
<b>Plan assets at the end of the year/period</b>	<b>1,980.06</b>	<b>1,608.26</b>
Actual return on plan assets	210.55	112.53
<b>Composition of the plan assets is as follows:</b>		
Government bonds	Nil	Nil
PSU bonds	Nil	Nil
Others	Nil	Nil
Insurer Managed Funds	100.00%	100.00%
Deposits with Nationalised Banks	Nil	Nil
Various Debt Instruments	Nil	Nil
<b>Actuarial assumptions</b>		
Discount rate	8.00% - 8.25%	8.50%
Expected return on plan assets	8.50% - 8.70%	8.60%
Salary escalation	5.00% - 7.00%	5.00%
Attrition	2.00%	2.00%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	LIC 1994-96 (Ultimate)
Estimate of amount of contribution in the immediate next year	261.01	200.75
The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.		
The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.		

## ■ Notes forming part of Consolidated Financial Statements

### Experience adjustments

Particulars	Current Year	Previous Period	13 months ended 30th June 2011	14 months ended 31st May 2010
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Experience gain / (loss) adjustments on plan liabilities	281.08	274.99	131.94	283.07
Experience gain / (loss) adjustments on plan assets	49.76	111.58	0.42	(5.61)

### Long term Compensated absences

Particulars	Current Year	Previous Period
<b>Actuarial assumptions</b>		
Discount rate	8.00%	8.50%
Salary escalation	5.00% - 7.00%	5.00%
Attrition	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

All the employees are eligible for compensated absences of 30 days in each financial year which can be encashed during the tenure of employment. Employees cannot carry forward any compensated absences in excess of 300 days. The provision for these absences, made on the basis of Actuarial Valuation on "Projected Unit Credit" method is ₹ 629.24 lacs (Previous period ₹ 300.49 lacs) charge for the period ₹ 276.25 lacs (Previous period ₹ 198.21 lacs).

### 31.5 Related Parties transactions

#### Details of Related Parties

#### A Associates

Mafatlal VK Intex Limited  
Mafatlal Engineering Industries Limited- currently under liquidation  
Mafatlal Limited ( Incorporated in United Kingdom)  
Sushmita Engineering and Trading Limited  
Mafatlal Global Apparel Limited (since 20.09.2012)  
Repos Trading Company Limited

#### B Enterprises over which key management personnel and their relatives are able to exercise significant influence

NOCIL Limited  
Navin Fluorine International Limited  
Sulakshana Securities Limited  
Krishnadeep Housing Development Private Limited  
Mafatlal Impex Private Limited  
Mafatlal Denim Limited (till 31.03.2012, since amalgamated with the Company pursuant to the Scheme of Amalgamation Refer Note No. 30.3)  
Myrtle Chemtex Trading Private Limited

#### C Key managerial personnel

Hrishikesh A. Mafatlal  
Rajiv Dayal ( w.e.f 01.04.2012 ) \*  
Vishad P. Mafatlal ( w.e.f. 01.04.2012 ) \*\*

\* In the position of Managing Director in erstwhile Mafatlal Denim Limited, the amalgamating Company.

\*\* In the position of Joint Managing Director in erstwhile Mafatlal Denim Limited, the amalgamating Company.

#### D Relatives of Key Management Personnel

Priyavrata H. Mafatlal  
Vishad P. Mafatlal (till 31.03.2012)

## ■ Notes forming part of Consolidated Financial Statements

Details of transactions with related parties during the year / period : 01-04-2012 to 31-03-2013

₹ in lacs

Nature of Transactions	Jointly Controlled Entities	Associates	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>Rendering of services (Income)</b>						<b>215.07</b>
						<b>167.33</b>
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	24.82	-	-	24.82
Sulakhana Securities Limited	-	-	37.77	-	-	37.77
	-	-	14.01	-	-	14.01
NOCIL Limited	-	-	37.92	-	-	37.92
	-	-	43.03	-	-	43.03
Krishnadeep Housing Development Private Limited	-	-	7.36	-	-	7.36
	-	-	5.42	-	-	5.42
Navin Fluorine International Limited	-	-	132.02	-	-	132.02
	-	-	80.06	-	-	80.06
<b>Rent from Property (Income)</b>						<b>0.66</b>
						<b>45.19</b>
Krishnadeep Housing Development Private Limited	-	-	0.66	-	-	0.66
	-	-	0.48	-	-	0.48
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	44.71	-	-	44.71
<b>Interest Income</b>						<b>9.83</b>
						<b>18.03</b>
Mafatlal Global Apparel Limited	-	9.52	-	-	-	9.52
	-	-	-	-	-	-
Mytle Chemtex Trading Private Limited	-	-	0.31	-	-	0.31
	-	-	-	-	-	-
Mafatlal Impex Private Limited	-	-	-	-	-	-
	-	-	18.03	-	-	18.03
<b>Other Income</b>						<b>-</b>
						<b>46.55</b>
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	46.55	-	-	46.55
<b>Yarn Sales</b>						<b>-</b>
						<b>4.44</b>
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	4.44	-	-	4.44
<b>Spinning Jobworks</b>						<b>-</b>
						<b>14.80</b>
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	14.80	-	-	14.80
<b>Receiving of Services (Expenses)</b>						<b>15.41</b>
						<b>30.80</b>
Sulakhana Securities Limited	-	-	15.41	-	-	15.41
	-	-	24.05	-	-	24.05
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	6.75	-	-	6.75
<b>Reimbursement of Expenses</b>						<b>15.30</b>
						<b>34.58</b>
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	15.74	-	-	15.74

## ■ Notes forming part of Consolidated Financial Statements

₹ in lacs

Nature of Transactions	Jointly Controlled Entities	Associates	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
NOCIL Limited	-	-	1.25	-	-	1.25
	-	-	1.45	-	-	1.45
Navin Fluorine International Limited	-	-	14.05	-	-	14.05
	-	-	17.39	-	-	17.39
<b>Purchase of Stores / Spares</b>						-
						0.21
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	0.21	-	-	0.21
<b>Purchase of Goods &amp; Services</b>						0.13
						-
Navin Fluorine International Limited	-	-	0.13	-	-	0.13
	-	-	-	-	-	-
<b>Sale of Goods &amp; Services</b>						151.64
						-
Mafatlal Global Apparel Limited	-	-	151.64	-	-	151.64
	-	-	-	-	-	-
<b>Purchase of Raw Materials</b>						-
						504.61
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	504.61	-	-	504.61
<b>Interest paid on loan</b>						-
						25.30
Navin Fluorine International Limited	-	-	-	-	-	-
	-	-	25.30	-	-	25.30
<b>Remuneration</b>						157.79
						9.00
Priyavrata H. Mafatlal	-	-	-		15.22	15.22
	-	-	-		9.00	9.00
Vishad P. Mafatlal	-	-	-	56.42	-	56.42
	-	-	-	-	-	-
Rajiv Dayal	-	-	86.15	-	-	86.15
	-	-	-	-	-	-
<b>Commission</b>						54.00
						-
Vishad P. Mafatlal	-	-	-	27.00	-	27.00
	-	-	-	-	-	-
Rajiv Dayal	-	-	-	27.00	-	27.00
	-	-	-	-	-	-
<b>Sitting Fees</b>						0.63
						-
Hrshikesh A. Mafatlal	-	-	-	0.18	-	0.18
	-	-	-	-	-	-
Vishad P. Mafatlal	-	-	-	0.20	-	0.20
	-	-	-	-	-	-
Rajiv Dayal	-	-	-	0.25	-	0.25
	-	-	-	-	-	-
<b>Debit balance written off</b>						-
						192.19
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	0.25	-	-	0.25
NOCIL Limited	-	-	-	-	-	-
	-	-	191.94	-	-	191.94
<b>Provision made for doubtful advances / debtors during the year/period</b>						-

## ■ Notes forming part of Consolidated Financial Statements

₹ in lacs

Nature of Transactions	Jointly Controlled Entities	Associates	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
						2.07
Navin Fluorine International Limited	-	-	-	-	-	-
	-	-	2.07	-	-	2.07
<b>Purchase of assets</b>						-
						4.50
Navin Fluorine International Limited	-	-	-	-	-	-
	-	-	4.50	-	-	4.50
<b>Sale of assets</b>						-
						0.34
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	0.34	-	-	0.34
<b>Investments in 0.10% Redeemable Cumulative Preference Shares of ₹ 100 each</b>						-
						183.36
Mafatlal Impex Private Limited	-	-	-	-	-	-
	-	-	183.36	-	-	183.36
<b>Sale of Investments to</b>						1.00
						-
Myrtle Chemtex Trading Private Limited	-	-	1.00	-	-	1.00
	-	-	-	-	-	-
<b>Loan given</b>						299.15
						-
Mafatlal Global Apparel Limited	-	298.00	-	-	-	298.00
	-	-	-	-	-	-
Repos Trading Company Limited	-	1.15	-	-	-	1.15
	-	-	-	-	-	-
<b>Loan Refunded</b>						88.49
						-
Myrtle Chemtex Trading Private Limited	-	-	3.50	-	-	3.50
<b>Interest Accrued paid</b>						0.99
	-	-	-	-	-	-
Mafatlal Global Apparel Limited	-	84.00	-	-	-	84.00
	-	-	-	-	-	-
<b>Advance given</b>						24.60
						0.11
Sulakshana Securities Limited	-	-	12.70	-	-	12.70
	-	-	0.11	-	-	0.11
Mafatlal Impex Private Limited	-	-	11.90	-	-	11.90
	-	-	-	-	-	-
<b>Advance refunded</b>						2.70
						0.11
Sulakshana Securities Limited	-	-	2.70	-	-	2.70
	-	-	0.11	-	-	0.11
<b>Recovery of Advances</b>						-
						183.35
Mafatlal Impex Private Limited	-	-	-	-	-	-
	-	-	183.35	-	-	183.35
<b>Loan repaid</b>						-
						5,791.97
Navin Fluorine International Limited	-	-	-	-	-	-
	-	-	3,420.97	-	-	3,420.97
NOCIL Limited	-	-	-	-	-	-
	-	-	2,371.00	-	-	2,371.00

## ■ Notes forming part of Consolidated Financial Statements

₹ in lacs

Nature of Transactions	Jointly Controlled Entities	Associates	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>Advance taken</b>						<b>103.37</b>
						5.28
Navin Fluorine International Limited	-	-	103.37	-	-	103.37
	-	-	5.28	-	-	5.28
<b>Advance Repaid</b>						<b>103.37</b>
						-
Navin Fluorine International Limited	-	-	103.37	-	-	103.37
	-	-	-	-	-	-
<b>Redemption of Preference Shares</b>						<b>-</b>
						3,000.00
Navin Fluorine International Limited	-	-	-	-	-	-
	-	-	3,000.00	-	-	3,000.00
<b>Provision for doubtful Loans &amp; Advances - as at March 31, 2013</b>						<b>1.42</b>
						-
Repos Trading Company Limited	-	1.42	-	-	-	1.42
	-	-	-	-	-	-
<b>Amount due from - as at March 31, 2013</b>						<b>1,032.74</b>
						623.98
NOCIL Limited	-	-	0.57	-	-	0.57
	-	-	13.80	-	-	13.80
Mafatlal Impex Private Limited	-	-	297.15	-	-	297.15
	-	-	-	-	-	-
Mafatlal Global Apparel Limited ( Loan )	-	227.00	-	-	-	227.00
	-	-	-	-	-	-
Mafatlal Global Apparel Limited (Trade Receivables)	-	407.18	-	-	-	407.18
	-	-	-	-	-	-
Repos Trading Company Limited ( Loans )	-	1.42	-	-	-	1.42
	-	-	-	-	-	-
Rajiv Dayal ( Loan ) *	-	-	-	88.09	-	88.09
	-	-	-	-	-	-
Mafatlal Denim Limited	-	-	-	-	-	-
	-	-	320.42	-	-	320.42
Krishnadeep Housing Development Private Limited	-	-	11.33	-	-	11.33
	-	-	3.31	-	-	3.31
Mafatlal Impex Private Limited	-	-	-	-	-	-
	-	-	286.44	-	-	286.44
<b>Amount due to - as at March 31, 2013</b>						<b>21.97</b>
						79.69
Sulakshana Securities Limited	-	-	10.18	-	-	10.18
	-	-	42.54	-	-	42.54
Navin Fluorine International Limited	-	-	11.68	-	-	11.68
	-	-	11.67	-	-	11.67
Ensen Holding Limited	-	-	-	-	-	-
	-	-	3.20	-	-	3.20



## ■ Notes forming part of Consolidated Financial Statements

₹ in lacs

Nature of Transactions	Jointly Controlled Entities	Associates	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
NOCIL Limited (Office / Flat Deposit taken)	-	-	0.11	-	-	0.11
	-	-	22.28	-	-	22.28

Refer Note No. 30.3 for details and treatment of amalgamation of Mafatlal Denim Limited with Mafatlal Industries Limited w.e.f. 1st April, 2012.

Figure in italics represent previous period

\*Includes interest accrued.

- 31.6 Details of the Company's interest in Joint Ventures having Joint Control, as per the requirements of Accounting Standard-27 on Financial Reporting of Interests in Joint Ventures notified under the Companies (Accounting Standards) Rules, 2006 is as under under:

Interest in joint ventures

The Company has interests in the following joint ventures - Jointly controlled entities (JCE):

₹ in lacs

Name of joint venture and country of incorporation	% of interest	Amount of interest based on accounts for the year ended 31st March, 2013					
		Assets	Liabilities	Income	Expenditure	Contingent liabilities	Capital commitments
Al Fahim Mafatlal Textile LLC , UAE	49	45.17	25.38	NIL	2.94	NIL	NIL
	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)

The Joint Venture has come in to existence in the current year. There are no sales and purchase transactions upto 31st March 2013.

Note: Figures in brackets relate to the previous period

## ■ Notes forming part of Consolidated Financial Statements

32.1 a) Mafatlal Denim Limited (MDL), the erstwhile company which has amalgamated with the Company had re-appointed Mr. Rajiv Dayal as Managing Director & Chief Executive Officer and Mr. Vishad P. Mafatlal as Joint Managing Director of MDL with effect from April 1, 2011 for a term of 5 years. Managerial remuneration of ₹ 139.28 lacs had been paid during the year 2011-12. As stipulated by the provisions of the Companies Act, 1956 requiring the approval of the Central Government for appointment and remuneration of Managerial personnel in the case, inter alia, of a Company that is in default in payment of its debts, the erstwhile MDL had made the applications to the Government on June 20, 2011 seeking approval for the re-appointment and payment of remuneration to Mr. Rajiv Dayal and Mr. Vishad P. Mafatlal.

The erstwhile MDL was technically in default to SICOM Limited, a Secured lender pending the Sanction of the Section 391 Scheme pending before the Hon'ble Gujarat High Court. SICOM declined to give their No Objection Certificate for the re-appointments for the reason that they already had their debts adjudicated by the Hon'ble Debt Recovery Tribunal, Mumbai. The Government rejected the applications of MDL on September 23, 2011 for the reason that MDL had not submitted No Objection Certificate from SICOM, one of the Secured lenders. MDL made representations on October 3, 2011 for reconsideration of the applications and was following up with the Government.

Subsequently, SICOM Limited assigned the entire Debt in favour of M/s. Mishapar Investments Limited (another Company that amalgamated with the Company) on July 26, 2012. Thereafter, MDL obtained the No Objection Certificate from the said assignee and approached the MCA once again on September 5, 2012. Pursuant to the said letter, MCA advised MDL to file the applications afresh. Accordingly, MDL has filed Fresh Applications on October 25, 2012 and awaits their approval.

b) An amount of ₹ 964.05 lacs waived by SICOM Limited at the time of assignment has been accounted as Reliefs and concessions on assignment of Liabilities.

32.2 Mr Rajiv Dayal and Mr Vishad P. Mafatlal have been appointed as the Managing Director and Joint Managing Director respectively in the Board Meeting held on 28th May 2013. Their appointment is subject to the shareholders' approval at the ensuing Annual General Meeting.

32.3 Figures for the current year are for twelve months and figures for the previous period are for nine months. Hence, the figures of Statement of Profit and Loss are not comparable.

32.4 Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

## ■ Notes forming part of Consolidated Financial Statements

Statement of information relating to subsidiaries including subsidiaries of subsidiaries (In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8th February, 2011) in compliance with section 212 of the Companies Act, 1956 for the year ended 31 March, 2013

Name of the subsidiary	Period of the financial statements considered	Currency	Share Capital including share application money	Reserves	Total Assets (Non-current Assets + Current Assets + Deferred Tax Assets) excluding Current and Non-current Investments	Total Liabilities (Preference Share Capital of Subsidiary + Non-current liabilities + Current Liabilities + Deferred Tax Liabilities)	Details of Non-current and Current Investment (except investment in subsidiaries)	Turnover (Net)	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend (Including Corporate Dividend Tax)
Mafatal Services Limited	1st April 2012 to 31st March 2013	INR	31,000,000	(27,086,593)	5,258,475	1,345,068	NIL	2,444,882	536,468	0	536,468	0
			31,000,000	(27,623,061)	7,475,425	4,098,486	0	2,391,844	0	89199	(89199)	
Myrtle Textiles Pvt. Ltd.	1st April 2012 to 31st March 2013	INR	100,000	(205,480)	13,697	129,177	10,000	0	6,890	2300	4,590	0
			100,000	(210070)	9,342	129,412	10,000	0	(23,575)	0	(23575)	
Mayflower Textiles Pvt. Ltd.	1st April 2012 to 31st March 2013	INR	100,000	(259,327)	17,551	186,878	10,000	0	(49,710)	0	(49710)	0
			100,000	(209617)	11,796	131,413	10,000	0	(23,117)	0	(23117)	

**Notes:**

- (i) Figures in italics relate to the previous period.
- (ii) The Consolidated financial statement are in compliance with applicable Accounting Standards in India.
- (iii) In compliance with the requirements of Clause 32 of the Listing Agreement , the consolidated financial statements are duly audited by the auditors.
- (iv) Full accounts of the aforesaid subsidiaries are available for inspection at the Registered office of the Company and on request same will be made available to the shareholders of the holding company and subsidiary companies.
- (v) The financial statement of Repal Apperal Private Limited is not available. Its operations has no significant impact on the revenue, expenses and liabilities of the consolidated financial statements.
- (vi) The Company holds 54.89% shares of Ibiza Industries Limited (IIL). IIL is under liquidation as per Order dated 26th April 2007 passed by the Honourable High Court of Bombay while admitting winding up petition. Hence, the details of IIL are not given in the above statement.
- (vii) The Company holds 94.00% shares of Sunanda Industries Limited (SIL). SIL is under liquidation as per Order dated 27th February 2013 passed by the Honourable High Court of Gujarat while admitting winding up petition. Hence, the details of SIL are not given in the above statement.

See accompanying notes forming part of the consolidated financial statements

**H. A. Mafatlal**

Chairman

**V.P.Mafatlal**

Vice chairman

**Rasesh Shah**

Company Secretary

Mumbai, Dated: 30th May, 2013

**Rajiv Dayal**

Managing Director &  
Chief Executive Officer

**P. R. Amin**

**P. J. Desai**

**N. K. Parikh**

**V. K. Balasubramanian**

**A. K. Srivastava**

**V. R. Gupte**

**P. N. Kapadia**

Directors

## NOTES

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