

K P N D & C o.
(Chartered Accountants)

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

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

Review Report to
The Interim Resolution Professional
Mandhana Industries Limited
205/214, Peninsula Centre,
Dr. S. S. Rao Road, Parel,
Mumbai – 400 012

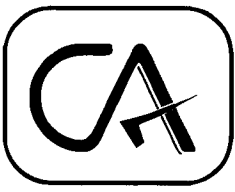
Dear Sirs/Madam,

We have reviewed the accompanying statement of unaudited financial results of **MANDHANA INDUSTRIES LIMITED** (the “Company”), for the quarter and nine months ended **31st December, 2017** (the “Statement”), being submitted by the company pursuant to the requirements of Regulations 33 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015. As the Corporate Insolvency Resolution Process has been initiated in respect of the Company under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC) by the Hon’ble National Company Law Tribunal, as per Section 17 of the IBC, the powers of the Board of Directors stand suspended, and such powers vest with the Interim Resolution Professional (the “IRP”) appointed for the Company. This statement is the responsibility of the Company’s Management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the Accounting Standards specified under the Companies Act,1956(which are deemed to be applicable as per section 133 of the Companies Act,2013, read with Rule 7 of the Companies (Accounts) Rules,2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 and SEBI Circular dated 5th July,2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.





KPND & Co.
(Chartered Accountants)

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Attention is invited to the following:

- a) Note no 3 in the statement, which indicates that the Company incurred a net loss of Rs. 554.42 Crore during the quarter ended 31st December,2017 and as of that date, the Company's total liabilities exceeded its total assets by Rs. 700.21 crore. These indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. However in view of the Corporate Insolvency Process (CIR process) in respect of the Company having commenced, the accounts have been prepared on a going concern basis.
- b) Note no 7 in the statement, which indicates that during the quarter the Company has made provision against doubtful debts amounting Rs. 351.99 crore and provision against non recoverable deposits and advances of Rs. 73.58 crore.
- c) Note No. 11 on an application to NCLT under section 131 of Companies Act 2013.

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

For KPND & Co.
CHARTERED ACCOUNTANTS

Dhamecha N-7
NILESH J.DHAMECHA
Partner

Membership No: 143172

FRN : 133861W

Date : 14TH February 2018

Place : Mumbai





MANDHANA

MANDHANA INDUSTRIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2017

(A Company Under Corporate Insolvency Resolution Process By NCLT Order)

Sr. No	Particulars	For the Quarter ended			For the Nine Months ended		(Rs. In Lacs)
		UnAudited	UnAudited	UnAudited	UnAudited	UnAudited	Audited
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	31.03.2017
	PART I						
I	Revenue from Operations	8,239.06	7,966.95	11,092.13	24,850.21	40,447.16	51,671.16
II	Other Income	17.67	114.69	151.86	253.75	311.00	355.52
III	Total Revenue (I+II)	8,256.73	8,081.64	11,243.99	25,103.96	40,758.16	52,026.69
IV	Expenses :						
	(a) Cost of materials consumed	4,393.87	1,851.01	1,703.47	11,034.27	29,374.15	41,456.57
	(b) Purchase of Stock in Trade	-	-	-	-	16,549.90	16,550.64
	(c) Changes in inventories of Finished Goods, Work in Progress	3,332.06	7,521.50	5,054.83	12,473.07	29,663.67	24,573.76
	(d) Employee Benefit expense	1,753.95	1,923.73	1,984.06	5,355.69	6,929.21	8,906.07
	(e) Manufacturing Cost	2,694.54	2,288.51	2,759.91	7,434.68	9,059.20	12,086.94
	(f) Finance Costs	4,162.35	3,811.89	3,256.76	11,766.56	9,347.67	13,805.06
	(g) Depreciation and amortisation expenses	998.66	998.40	1,025.96	3,000.87	3,069.94	4,084.66
	(h) Impairment of Property, Plant and Equipment	1,973.81	-	-	1,973.81	-	1,122.80
	(i) Provision for Doubtful Debts, Advances & Deposits	43,544.56	1,023.00	-	44,567.56	-	-
	(j) Other expenses	845.16	657.88	874.75	2,363.33	3,131.60	4,286.07
	Total Expenses	63,698.97	20,075.92	16,659.74	99,969.85	107,125.34	126,872.57
V	Profit (+) / Loss (-) before exceptional and extraordinary item and tax (III-IV)	(55,442.24)	(11,994.28)	(5,415.75)	(74,865.89)	(66,367.18)	(74,845.88)
VI	Exceptional items	-	-	-	-	-	-
VII	Profit (+) / Loss (-) before extraordinary item and tax (III-IV)	(55,442.24)	(11,994.28)	(5,415.75)	(74,865.89)	(66,367.18)	(74,845.88)
VIII	Extraordinary items	-	-	-	-	-	-
IX	Profit Before Tax (VII-VIII)	(55,442.24)	(11,994.28)	(5,415.75)	(74,865.89)	(66,367.18)	(74,845.88)
X	Tax Expenses - Current Tax	-	-	-	-	-	-
	- Deferred Tax (Assets)/Liability	0.00	(103.85)	(85.82)	100.20	(292.40)	(1,000.61)
XI	Profit /(Loss) for the period from continuing operations (IX-X)	(55,442.24)	(11,890.43)	(5,329.93)	(74,966.09)	(66,074.78)	(73,845.27)
XII	Income Tax paid of Earlier Year	-	-	-	-	-	(997.15)
XIII	Net Profit (+)/Loss (-) (XI-XII)	(55,442.24)	(11,890.43)	(5,329.93)	(74,966.09)	(66,074.78)	(72,848.13)
XIV	Other Comprehensive Income	-	-	-	-	-	98.26
XV	Total Comprehensive Income for the period (XIII+XIV)	(55,442.24)	(11,890.43)	(5,329.93)	(74,966.09)	(66,074.78)	(72,749.87)
XVI	Profit /(Loss) for the period from discontinuing operations						
XVII	Tax Expenses of discontinuing operations						
XVIII	Profit /(Loss) from discontinuing Operations (after Tax) (XVI-XVII)						
XIX	Profit /(Loss) for the period (XV+XVIII)	(55,442.24)	(11,890.43)	(5,329.93)	(74,966.09)	(66,074.78)	(72,749.87)
XX	Paid up equity share capital (Face value of Re. 10/- each)	3,312.39	3,312.39	3,312.39	3,312.39	3,312.39	3,312.39
XXI	Reserves (excluding revaluation reserves & DRR)	(90,782.62)	(35,340.37)	(9,141.45)	(90,782.62)	(9,141.45)	(15,816.53)
XXII	Revaluation Reserve	16,023.99	15,803.42	15,803.42	16,023.99	15,803.42	15,803.42
XXIII	Debenture Redemption Reserve (DRR)	1,425.00	1,425.00	1,425.00	1,425.00	1,425.00	1,425.00
XXIV	Earning Per Share of Rs. 10/- each: Basis & Diluted (Rs.)	(167.38)	(35.90)	(16.09)	(226.32)	(199.48)	(219.63)
XXV	Debt Equity Ratio	(0.45)	(2.11)	2.77	(0.45)	2.77	6.67
XXVI	Debt Service Coverage Ratio(DSCR)	(6.27)	(0.67)	(0.30)	(2.27)	(3.38)	(2.47)
XXVII	Interest Service Coverage Ratio (ISCR)	(12.32)	(1.88)	(0.66)	(5.36)	(6.10)	(4.42)





MANDHANA
MANDHANA INDUSTRIES LIMITED

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

(A Company Under Corporate Insolvency Resolution
Process By NCLT Order,

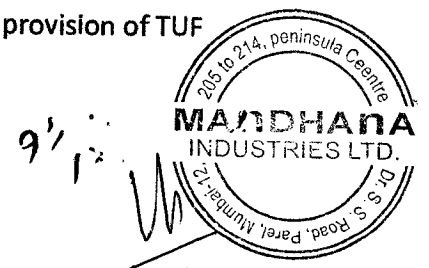
Sr No.	Particulars	For the Quarter Ended			For the Nine Months Ended		For the Year ended
		UnAudited	UnAudited	UnAudited	UnAudited	UnAudited	Audited
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	31.03.2017
1	Segment Revenue						
	[a] Textiles	5,968.41	6,161.42	8,182.56	18,117.28	27,577.64	34,773.70
	[b] Garment	2,270.66	1,805.53	2,909.57	6,732.94	12,869.52	16,897.46
	Total	8,239.06	7,966.95	11,092.13	24,850.21	40,447.16	51,671.16
	Less: Inter-segment Revenue	-	-	-	-	-	-
	Total Revenue	8,239.06	7,966.95	11,092.13	24,850.21	40,447.16	51,671.16
2	Segment Profit / (Loss) Before Tax & Interest						
	[a] Textiles	(49,532.35)	(8,518.84)	(2,410.33)	(60,979.41)	(53,976.40)	(55,415.58)
	[b] Garment	(1,765.20)	221.76	99.48	(2,373.66)	(3,354.11)	(5,980.76)
	Total	(51,297.55)	(8,297.08)	(2,310.85)	(63,353.07)	(57,330.51)	(61,396.34)
	Less: Interest	4,162.35	3,811.89	3,256.76	11,766.56	9,347.67	13,805.06
		(55,459.90)	(12,108.97)	(5,567.61)	(75,119.63)	(66,678.18)	(75,201.40)
	Add: Unallocable Income	17.67	114.69	151.86	253.75	311.00	355.52
	Profit Before Tax	(55,442.24)	(11,994.28)	(5,415.75)	(74,865.89)	(66,367.18)	(74,845.88)
3	Segment Assets						
	[a] Textiles	57,291.66	101,220.49	125,606.41	57,291.66	125,606.41	115,488.97
	[b] Garment	20,389.54	19,810.49	17,864.50	20,389.54	17,864.50	19,508.90
	[c] Other unallocable	0.25	0.25	0.25	0.25	0.25	0.25
		77,681.45	121,031.23	143,471.16	77,681.45	143,471.16	134,998.12
4	Segment Liabilities						
	[a] Textiles	44,627.37	89,865.81	119,512.56	44,627.37	119,512.56	106,598.98
	[b] Garment	21,082.26	19,158.93	10,268.62	21,082.26	10,268.62	16,534.79
	[c] Other unallocable	11,971.82	12,006.49	13,689.98	11,971.82	13,689.98	11,864.35
		77,681.45	121,031.23	143,471.16	77,681.45	143,471.16	134,998.12



Note:

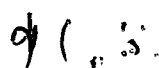
1. On September 29, 2017 the Hon'ble National Company Law Tribunal (NCLT) had admitted the petition for initiating the Corporate Insolvency Resolution (CIR) Process under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC). Further vide NCLT order copy dated October 11, 2017 pursuant to Section 17 of the IBC, the powers of the Board of Directors stand suspended, and such powers vest with the Interim Resolution Professional, Mrs. Charu Desai. Mrs. Desai's appointment was subsequently confirmed by the Committee of creditors (CoC) as the Resolution Professional (the "RP").
2. Mrs. Charu Desai in her capacity as RP took control and custody of the management and operations of the company from October 11, 2017. Since for the period April 1, 2017 to October 10, 2017 the Company was under the management of Mr. Purushottam Mandhana, Chairman and Managing Director, the RP has relied on the certifications, representations and statements made by Mr. Purushottam Mandhana and the management for such period.
3. Under the CIR Process, a resolution plan is to be prepared and approved by the COC. Further the resolution plan approved by the COC will also need NCLT approval. As the Company is under resolution process, the financial statements have been presented on a "going concern" basis.
4. During the quarter, the Company has incurred a net loss of Rs. 554.42 crore and as of December 31, 2017 the Company's accumulated losses amounted to Rs.1070.70 crore as against the Company's Net worth of Rs. 47.24 crore as at 31st March, 2017. Total liabilities of the Company as on 31st December, 2017 exceeded total assets by Rs. 700.21 crore. In view of the CIR Process having commenced, the financial statements are presented on a "going concern" basis.
5. The Statutory Auditors have carried out a Limited Review of the results for the quarter and Nine Months ended 31st December, 2017.
6. During the financial year ended 31st March, 2017 the company had revalued land at Tarapur and Baramati by Rs. 158.03 crore in accordance with stipulations of Ind-AS 101 with the resultant increase being accounted for as a reserve. However on account of an inadvertent error the company omitted an upward revaluation of Rs. 2.21 crore for the land at Baramati. This revaluation has been recognized in the quarter ended 31st December, 2017.
7. During the quarter ended 31st December, 2017, the Company has made a provision of Rs. 351.99 crore, on account of Doubtful Debts and Rs. 73.58 crore on account of non-recoverable Business advances and deposits.
8. During the Quarter Ended 31st December, 2017, Company has made a provision of TUF receivable aged more than a year of Rs.9.87 crore.

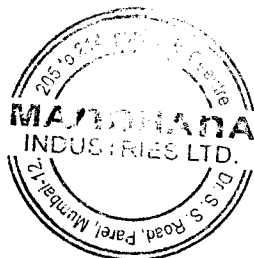
(A Company Under Corporate Insolvency Resolution
Process By NCLT Order)




9. During the quarter ended December 31, 2017, the Company has recognized an impairment on fixed assets at the non-operational garment plant at Baramati (Rs. 14.65 crore) and weaving unit at Tarapur (Rs. 5.09 crore).
10. During the quarter ended December 31, 2017, the cost of material consumed and change in inventories included opening stock of Rs. 95.63 crores where non-moving and slow moving inventory were valued at cost, which was higher than the realisable value. However closing stock as on December 31, 2017 has been revalued and presented at net realizable value of Rs. 46.18 crores. Further based on standard consumption rates, cost of material consumed and change in inventories for the quarter ended December 31, 2017 could also be presented as Rs. 29.56 crore with the balance Rs. 47.70 crore treated as inventory written off and presented as an exceptional item.
11. During the Quarter Ended 30th June, 2016, the cost of material consumed and change in inventories included a write off of Rs. 363.76 crore on account of non-moving /slow moving stock obsolescence which was part of the closing stock for FY 2015 & FY 2016. Since the said stock has been liquidated in previous quarters at a value which is significantly lower than the book value, there are reasons to believe that the valuation as reflected in FY 2015 & FY 2016 could have been presented at cost instead of Market Realisable Value. In view of the above, the then Board of Directors (now suspended) found it prudent to refer the matter to the National Company Law Tribunal (NCLT) vide letter dated March 21, 2017 and seek revision of Financial Statements for FY 2015 & FY 2016 under Section 131 "Voluntary revision of financial statements or Board's Report" of Companies Act, 2013. The above results as also FY 2015 and FY 2016 may undergo change consequent to the order passed by National Company Law Tribunal (NCLT) pursuant to the Company's application.
12. Previous period figures have been regrouped/rearranged, wherever necessary.

For MANDHANA INDUSTRIES LIMITED


PURUSHOTTAM C. MANDHANA
(Director)



For MANDHANA INDUSTRIES LIMITED


CHARU DESAI
IP Registration no. IBBI/IPA-001/IP-P00434/2017-18/10757
Resolution Professional
Mandhana Industries Limited
(A company under corporate insolvency resolution process by NCLT order no. C.P. No. 1399/I&BP/NCLT/MAH/2017)
The affairs, business and property of Mandhana Industries Limited are being managed by the Resolution Professional who acts as agent of the Company only without any personal liability

Date : 14th February, 2018
Place : Mumbai