



KPND & Co.
(Chartered Accountants)

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Review Report to
The Board of Directors
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 ended December 31, 2018 (the "Statement"), being submitted by the company partly pursuant to the requirements of Regulations 33 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.A Corporate Insolvency Resolution Process had been initiated in respect of the Company under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC) by the Hon'ble National Company Law Tribunal, pursuant to which, the powers of the Board of Directors stood suspended, and such powers vested with Resolution Professional (the "RP") appointed for the Company.Subsequently the Committee of Creditors (CoC) approved a Resolution Plan of Formation Textiles LLC on July 7,2018 followed by approval from Hon'ble NCLT Mumbai on November 30, 2018.On 31 January,2019 the Successful Resolution Applicant takes over control of the Company from RP. From the date of such NCLT approval,till 31st January, 2019 the affairs of the company were being managed by RP.

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.

Attention is invited to the following:

- a) Note no. 2 in the statement which informs that the Resolution Plan submitted under the Corporate Insolvency Resolution Process has been approved by Hon'ble NCLT on November 30, 2018 and on 31st January,2019 the Successful Resolution Applicant takes over the control of the company from RP,From the date of such NCLT approval, till 31st January, 2019 the affairs of the company were being managed by the Resolution Professional.
- b) Note no.3in the statement, which indicates that the Company incurred a net loss of Rs.5.58Crores during the quarter, ended December 31,2018 and as of that date, the Company's total liabilities exceeded its total assets by Rs. 806.56crores. However, no doubt can be cast on the going concern status of the company consequent to the approval of the Resolution plan by Hon'ble NCLT Mumbai on November 30, 2018 whereby the successful resolution applicant, Formation Textiles LLC, had takeover the ownership and control of the company and run the same as a going concern.
- c) Note No. 10 on an application to NCLT under section 131 of Companies Act2013 which is being heard at NCLT, Mumbai.

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

For KPND & Co.
CHARTERED ACCOUNTANTS

Dhamecha
NILESH J.DHAMECHA
Partner
Membership No: 143172
FRN : 133861W
Date : 14th February, 2019
Place : Mumbai





MANDHANA

MANDHANA INDUSTRIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE QUARTER ENDED 31st DECEMBER, 2018

Sr. No	Particulars	For the Quarter Ended			For the Nine Month Ended		For the Year ended
		UnAudited	UnAudited	UnAudited	UnAudited	UnAudited	Audited
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
							(Rs. In Lacs)
	PART I						
I	Revenue from Operations	8,159.09	5,825.38	8,239.06	20,677.85	24,850.21	32,783.87
II	Other Income	43.57	206.19	17.67	432.94	253.75	562.28
III	Total Revenue (I+II)	8,202.65	6,031.57	8,256.73	21,110.79	25,103.96	33,346.15
	IV						
	Expenses :						
	(a) Cost of materials consumed	3,204.69	1,384.83	4,393.87	6,398.23	11,034.27	12,858.54
	(b) Purchase of Stock in Trade	-	-	-	-	-	-
	(c) Changes in inventories of Finished Goods, Work in Progress	(778.86)	126.96	3,332.06	(896.94)	12,473.07	13,572.33
	(d) Employee Benefit expense	1,789.09	1,635.71	1,753.95	5,036.75	5,355.69	7,367.59
	(e) Manufacturing Cost	3,015.47	2,283.57	2,694.54	7,740.82	7,434.68	9,963.52
	(f) Finance Costs	0.04	-	4,162.35	52.44	11,766.56	16,806.69
	(g) Depreciation and amortisation expenses	995.11	999.58	998.66	2,986.24	3,000.87	3,921.97
	(h) Impairment of Property, Plant and Equipment	-	-	1,973.81	-	1,973.81	1,973.81
	(i) Provision for Doubtful Debts, Advances & Deposits	-	-	43,544.56	(50.00)	44,567.56	44,317.56
	(j) Other expenses	794.26	867.22	845.16	2,594.74	2,363.33	3,281.63
	Total Expenses	9,019.79	7,297.87	63,698.97	23,862.28	99,969.85	114,063.63
V	Profit (+) / Loss (-) before exceptional and extraordinary item and tax (III-IV)	(817.14)	(1,266.30)	(55,442.24)	(2,751.48)	(74,865.89)	(80,717.48)
VI	Exceptional items	-	-	-	-	-	-
VII	Profit (+) / Loss (-) before extraordinary item and tax (III-IV)	(817.14)	(1,266.30)	(55,442.24)	(2,751.48)	(74,865.89)	(80,717.48)
VIII	Extraordinary items	-	-	-	-	-	-
IX	Profit Before Tax (VII-VIII)	(817.14)	(1,266.30)	(55,442.24)	(2,751.48)	(74,865.89)	(80,717.48)
X	Tax Expenses - Current Tax	-	-	-	-	-	-
	- Deferred Tax (Assets)/Liability	(274.00)	(160.45)	-	(434.45)	100.20	(807.90)
XI	Profit/(Loss) for the period from continuing operations (IX-X)	(543.13)	(1,105.85)	(55,442.24)	(2,317.03)	(74,966.09)	(79,909.57)
XII	Income Tax paid of Earlier Year	-	-	-	-	-	-
XIII	Net Profit (+)/Loss (-) (XI-XII)	(543.13)	(1,105.85)	(55,442.24)	(2,317.03)	(74,966.09)	(79,909.57)
XIV	Other Comprehensive Income	(14.65)	(47.41)	-	(62.06)	-	-
XV	Total Comprehensive Income for the period (XIII+XIV)	(557.79)	(1,153.26)	(55,442.24)	(2,379.09)	(74,966.09)	(79,909.57)
XVI	Profit/(Loss) for the period from discontinuing operations	-	-	-	-	-	-
XVII	Tax Expenses of discontinuing operations	-	-	-	-	-	-
XVIII	Profit/(Loss) from discontinuing Operations (after Tax) (XVI-XVII)	-	-	-	-	-	-
XIX	Profit/(Loss) for the period (XV+XVIII)	(557.79)	(1,153.26)	(55,442.24)	(2,379.09)	(74,966.09)	(79,909.57)
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)	(98,105.19)	(97,339.88)	(90,782.62)	(98,105.20)	(90,782.62)	(95,726.10)
XXII	Revaluation Reserve	16,023.99	16,023.99	16,023.99	16,023.99	16,023.99	16,023.99
XXIII	Debenture Redemption Reserve (DRR)	1,425.00	1,425.00	1,425.00	1,425.00	1,425.00	1,425.00
XXIV	Earning Per Share of Rs. 10/- each: Basis & Diluted (Rs.)	(1.68)	(3.48)	(167.38)	(7.18)	(226.32)	(241.24)
XXV	Debt Equity Ratio	(0.41)	(0.41)	(0.45)	(0.41)	(0.45)	(0.42)
XXVI	Debt Service Coverage Ratio(DSCR)	(0.10)	(0.16)	(6.27)	(0.11)	(2.27)	(1.68)
XXVII	Interest Service Coverage Ratio (ISCR)	-	-	(12.32)	-	(5.36)	(3.80)





MANDHANA

MANDHANA INDUSTRIES LIMITED

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

(Rs. In Lacs)

Sr No.	Particulars	For the Quarter Ended			For the Nine Month Ended		For the Year Ended
		UnAudited	UnAudited	UnAudited	UnAudited	UnAudited	Audited
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
1	Segment Revenue						
	[a] Textiles	4,826.96	3,045.60	5,968.41	11,283.75	18,117.28	22,931.51
	[b] Garment	3,332.12	2,779.78	2,270.66	9,394.10	6,732.94	9,852.37
	Total	8,159.09	5,825.38	8,239.07	20,677.85	24,850.22	32,783.88
	Less: Inter-segment Revenue	-	-	-	-	-	-
	Total Revenue	8,159.09	5,825.38	8,239.07	20,677.85	24,850.22	32,783.88
2	Segment Profit / (Loss) Before Tax & Interest						
	[a] Textiles	(899.08)	(1,486.13)	(49,532.35)	(3,323.80)	(60,979.41)	(61,423.55)
	[b] Garment	38.41	13.64	(1,765.20)	191.81	(2,373.66)	(3,049.52)
	Total	(860.67)	(1,472.49)	(51,297.55)	(3,131.99)	(63,353.07)	(64,473.07)
	Less: Interest	0.04	-	4,162.35	52.44	11,766.56	16,806.69
	Add: Unallocable Income	43.57	206.19	17.67	432.94	253.75	562.28
	Profit Before Tax	(817.14)	(1,266.30)	(55,442.23)	(2,751.48)	(74,865.89)	(80,717.48)
3	Segment Assets						
	[a] Textiles	46,632.29	48,561.22	57,291.66	46,632.29	57,291.66	50,411.84
	[b] Garment	24,951.51	22,661.08	20,389.54	24,951.51	20,389.54	17,840.99
	[c] Other unallocable	0.25	0.25	0.25	0.25	0.25	0.25
	Total	71,584.05	71,222.55	77,681.45	71,584.05	77,681.45	68,253.08
4	Segment Liabilities						
	[a] Textiles	46,287.41	46,758.56	44,627.37	46,287.41	44,627.37	38,938.36
	[b] Garment	14,154.53	13,285.41	21,082.26	14,154.53	21,082.26	17,840.99
	[c] Other unallocable	11,142.11	11,178.58	11,971.82	11,142.11	11,971.82	11,473.73
	Total	71,584.05	71,222.55	77,681.45	71,584.05	77,681.45	68,253.08



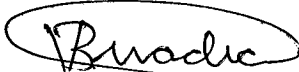
Note:

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. Resolution Plans were invited by the RP and finally the Resolution Plan of the H1 bidder, Formation Textiles LLC, a Limited Liability Corporation set up in United States of America, was put to vote by the COC on July 6, 2018. Pursuant to the voting, the CoC approved the resolution plan of Formation Textiles LLC. The Hon'ble NCLT Bench pronounced its order for approval of the Resolution Plan on November 30, 2018, the copy of which was received on December 3, 2018. On 31 January 2019 the Successful Resolution Applicant takes over control of the Company from RP. From the date of such NCLT approval, until 31 January 2019 the affairs of the company were being managed by RP.
3. During the quarter ended December 31, 2018, the Company has incurred a net loss of Rs. 5.58 Crore and as of December 31, 2018 the Company's accumulated losses amounted to Rs. 1143.93 Crores. Total liabilities of the Company as on December 31, 2018 exceeded total assets by Rs. 806.56 Crores. In view of the resolution plan being approved by Hon'ble NCLT and the successful takes over the control by Successful Resolution Applicant, the financial statements are presented on a "going concern" basis.
4. The Statutory Auditors have carried out a Limited Review of the results for the quarter ended December 31, 2018.
5. The objective of IND AS 36 is to ensure that the assets are carried at no more than their recoverable amount. However since the company is under transition phase pending implementation of the Resolution Plan, estimation of recoverable amount can be done only after the new management takes over control and assesses the recoverability of the company's assets. In view of the same, the realizable economic value of the fixed assets cannot be determined pending implementation of the resolution plan.
6. As per the IBC, the RP has to receive, collate and admit all the claims submitted by the creditors of the company. Such claims can be submitted to the RP during the CIR process, till the approval of a resolution plan by the COC. The RP has verified the claims received and has published a list of admitted claims on the Company website. Pending implementation of the approved resolution plan by the successful resolution applicant, the impact of claims that are not admitted, if any, have not been considered in the preparation of financial statements.



7. Other current liabilities includes an amount of Rs. 50.00 crore received from the successful resolution applicant in lieu of the performance bank guarantee as part of the resolution process in terms of the process memorandum. Further, Rs. 5 crores of Earnest Money Deposit of Bank Guarantee given by the successful resolution applicant as per terms of the process memorandum was encashed upon expiry and the same is also shown under current liabilities. A corresponding Fixed Deposit of Rs.55 crores stands as Current Asset for the same.
8. Contingent Liability - The Company has taken benefit of Export Promotion Capital Goods (EPCG) scheme under the Foreign Trade Policy to the tune of Rs. 31.51 crore. This could result into a liability if the export obligations under the scheme are not fulfilled by the Company.
9. An Income Tax demand order of Rs. 37.71 crore (against the provision of Rs. 27.66 crore in the books) for AY 16-17 was received by company on January 2, 2019. The same is being appealed against in CIT (Appeals).
10. During the Quarter Ended June 30, 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 results for FY 2015, FY 2016 and FY 2017 may undergo change consequent to the order passed by National Company Law Tribunal (NCLT) pursuant to the Company's application.
11. Previous period figures have been regrouped/rearranged, wherever necessary.

For MANDHANA INDUSTRIES LIMITED


Piyush Viradia
(Non-Executive Chairman)



Date: February 14, 2019

Place: Mumbai