



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

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

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

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

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

Dear Sirs,

We have audited the quarterly Financial Results of **MANDHANA INDUSTRIES LIMITED** for the quarter ended **31<sup>st</sup> March, 2018** and the year to date results for the period **from 01.04.2017 to 31.03.2018**, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 ("Listing Regulations").

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

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

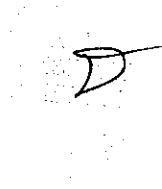
In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year to date results;

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regards; and
- (ii) give a true and fair view of the financial performance including other comprehensive income and other financial information for the quarter ended **31.03.2018** as well as the year to date results for period **from 01.04.2017 to 31.03.2018.**

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

*Dhamecha Niles*

**Nilesh Dhamecha**  
**Proprietor**  
**Membership No: 143172**  
**FRN : 133861W**  
**Date : 29.05.2018**  
**Place : Mumbai**





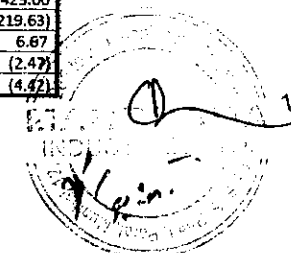
MANDHANA INDUSTRIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in Lacs)

Sr. No	Particulars	For the Quarter ended			For the Year ended	
		Audited 31.03.2018	UnAudited 31.12.2017	Audited 31.03.2017	Audited 31.03.2018	Audited 31.03.2017
<b>PART I</b>						
I	Revenue from Operations	7,933.66	8,239.06	11,224.01	32,783.87	51,671.16
II	Other Income	308.53	17.67	44.52	562.28	355.52
III	<b>Total Revenue (I+II)</b>	<b>8,242.19</b>	<b>8,256.73</b>	<b>11,268.53</b>	<b>33,346.15</b>	<b>52,026.69</b>
IV	Expenses :					
	(a) Cost of materials consumed	1,824.26	4,393.87	12,082.42	12,858.54	41,456.57
	(b) Purchase of Stock in Trade	-	-	0.74	-	16,550.64
	(c) Changes in inventories of Finished Goods, Work in Progress	1,099.26	3,332.06	(5,089.91)	13,572.33	24,573.76
	(d) Revaluation of Stock	-	-	-	-	-
	(d) Employee Benefit expense	2,011.90	1,753.95	1,976.86	7,367.59	8,906.07
	(e) Manufacturing Cost	2,528.83	2,694.54	3,027.74	9,963.52	12,086.94
	(f) Finance Costs	5,040.13	4,162.35	4,457.39	16,806.69	13,805.06
	(g) Depreciation and amortisation expenses	921.10	998.66	1,014.72	3,921.97	4,084.66
	(h) Impairment of Property, Plant and Equipment	-	1,973.81	1,122.80	1,973.81	1,122.80
	(i) Provision for Doubtful Debts, Advances & Deposits	(250.00)	43,544.56	-	44,317.56	-
	(j) Other expenses	918.30	845.16	1,154.47	3,281.63	4,286.07
	<b>Total Expenses</b>	<b>14,093.79</b>	<b>63,698.97</b>	<b>19,747.23</b>	<b>114,063.63</b>	<b>126,872.57</b>
V	Profit (+) / Loss (-) before exceptional and extraordinary item and tax (III-IV)	(5,851.59)	(55,442.24)	(8,478.70)	(80,717.48)	(74,845.88)
VI	Exceptional items	-	-	-	-	-
VII	Profit (+) / Loss (-) before extraordinary item and tax (III-IV)	(5,851.59)	(55,442.24)	(8,478.70)	(80,717.48)	(74,845.88)
VIII	Extraordinary items	-	-	-	-	-
IX	Profit Before Tax (VII-VIII)	(5,851.59)	(55,442.24)	(8,478.70)	(80,717.48)	(74,845.88)
X	Tax Expenses - Current Tax	-	-	-	-	-
	- Deferred Tax (Assets)/Liability	(908.11)	0.00	(708.21)	(807.90)	(1,000.61)
XI	Profit/(Loss) for the period from continuing operations (IX-X)	(4,943.49)	(55,442.24)	(7,770.49)	(79,909.57)	(73,845.27)
XII	Income Tax paid of Earlier Year	-	-	(997.15)	-	(997.15)
XIII	<b>Net Profit (+)/Loss (-) (XI-XII)</b>	<b>(4,943.49)</b>	<b>(55,442.24)</b>	<b>(6,773.34)</b>	<b>(79,909.57)</b>	<b>(72,848.13)</b>
XIV	Other Comprehensive Income	-	-	98.26	-	98.26
XV	<b>Total Comprehensive Income for the period (XIII+XIV)</b>	<b>(4,943.49)</b>	<b>(55,442.24)</b>	<b>(6,675.08)</b>	<b>(79,909.57)</b>	<b>(72,749.87)</b>
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	<b>Profit/(Loss) for the period (XV+XVIII)</b>	<b>(4,943.49)</b>	<b>(55,442.24)</b>	<b>(6,675.08)</b>	<b>(79,909.57)</b>	<b>(72,749.87)</b>
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
XXI	Reserves (excluding revaluation reserves & DRR)	(95,726.10)	(90,782.62)	(15,816.53)	(95,726.10)	(15,816.53)
XXII	Revaluation Reserve	16,023.99	16,023.99	15,803.42	16,023.99	15,803.42
XXIII	Debenture Redemption Reserve (DRR)	1,425.00	1,425.00	1,425.00	1,425.00	1,425.00
XXIV	Earning Per Share of Rs. 10/- each: Basis & Diluted (Rs.)	(14.92)	(167.38)	(20.45)	(241.24)	(219.63)
XXV	Debt Equity Ratio	(0.42)	(0.45)	6.67	(0.42)	6.67
XXVI	Debt Service Coverage Ratio(DSCR)	(0.08)	(6.27)	(0.41)	(1.68)	(2.47)
XXVII	Interest Service Coverage Ratio (ISCR)	(0.16)	(12.32)	(0.90)	(3.80)	(4.42)

(A Company Under Corporate Insolvency Resolution Process By NCLT Order, Dated 11th October, 2017)

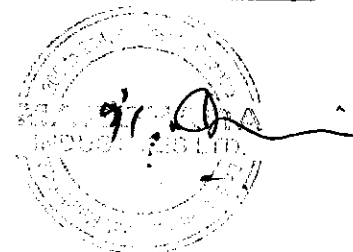




**MANDHANA**  
MANDHANA INDUSTRIES LIMITED  
BALANCE SHEET AS ON 31ST MARCH, 2018

(A Company Under Corporate Insolvency Resolution Process By NCLT Order, Dated 11th October, 2017)

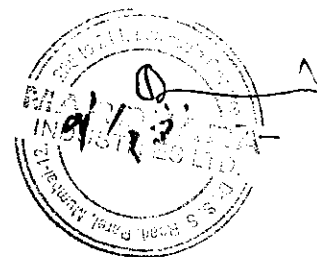
Particulars	(Rs. In Lacs)	
	AS AT 31.03.2018	AS AT 31.03.2017
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment	56,419.95	63,539.16
(b) Intangible assets	24.89	7.75
(c) Financial Assets		
(i) Other Financial Assets	211.89	203.37
(d) Other non-current assets (refer note no -13)	221.28	1,023.00
<b>Sub-Total - Non-Current Assets</b>	<b>56,878.01</b>	<b>64,773.28</b>
<b>Current Assets</b>		
(a) Inventories	3,459.05	18,708.57
(b) Financial Assets		
(i) Trade Receivables (refer note no -9)	3,973.09	41,693.64
(ii) Cash and cash equivalents	2,270.99	530.03
(iii) Current Investments	0.25	0.25
(iv) Short Term Loans and Advances (refer note no -9)	95.55	7,280.91
(c) Other Current Assets	1,576.15	2,101.19
<b>Sub-Total - Current Assets</b>	<b>11,375.08</b>	<b>70,314.58</b>
<b>TOTAL ASSETS</b>	<b>68,253.08</b>	<b>135,087.86</b>
<b>EQUITIES AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	3,312.39	3,312.39
(b) Other Equity	(78,277.12)	1,411.89
<b>Sub-Total-Equity</b>	<b>(74,964.73)</b>	<b>4,724.28</b>
<b>Non-Current Liabilities</b>		
(a) Financial liabilities		
(i) Long Term Borrowings	0.00	10,256.69
(ii) Other Financial Liabilities	11.84	26.22
(b) Long Term Provisions	469.95	83.25
(c) Deferred Tax Liabilities (Net)	6,647.23	7,455.14
<b>Sub-Total-Non-Current Liabilities</b>	<b>7,129.02</b>	<b>17,821.28</b>
<b>Current Liabilities</b>		
(a) Financial liabilities		
(i) Short Term Borrowings	73,360.41	74,706.01
(ii) Trade Payables	4,106.37	5,905.25
(iii) Other Current Financial Liabilities	53,035.24	26,450.00
(b) Other Current Liabilities	1,230.20	1,065.32
(c) Short Term Provisions	4,356.55	4,415.72
<b>Sub-Total-Current Liabilities</b>	<b>136,088.78</b>	<b>112,542.29</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>68,253.08</b>	<b>135,087.85</b>



Note:

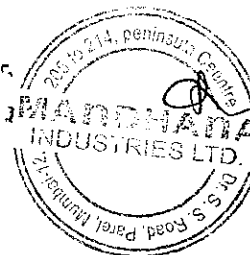
1. On September 29, 2017 the Hon'ble National Company Law Tribunal (NCLT) had admitted the petition for initiating the Corporate Insolvency Resolution (CIR) Process under the provisions of the Insolvency Bankruptcy Code, 2016 (IBC). Further vide NCLT order copy dated October 11, 2017 pursuant to Section 17 of the IBC, the powers of the Board of Directors stand suspended, and such powers vest with the Interim Resolution Professional, Mrs. Charu Desai. Mrs. Desai's appointment was subsequently confirmed by the Committee of creditors (CoC) as the Resolution Professional (the "RP").
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. 49.43 crore and as of March 31, 2018 the Company's accumulated losses amounted to Rs.1120.14 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 March, 2018 exceeded total assets by Rs. 749.65 crore. In view of the CIR Process having commenced, the financial statements are presented on a "going concern" basis.
5. 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.
6. 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 CIR Process, estimation of recoverable amount can be done only after the receipt of the Resolution Plan. In view of the same, realisability of economic value of the fixed assets cannot be determined pending completion of the CIRP.

(A Company Under Corporate Insolvency Resolution  
Process By NCLT Order, Dated 11th October, 2017)



7. As per the code 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 is in the process of collating and verifying such claims, as and when they are received, and subsequently admitting such verified claims against the company as per the Code. Pending completion of the CIRP and approval of a resolution plan by the CoC, the impact of such claims that are not yet verified and admitted, if any, have not been considered in the preparation of financial statements.
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 including interest and penalty if any, if the export obligations under the scheme are not fulfilled by the Company.
9. During the quarter ended 31st December, 2017, the Company 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. Further during the quarter ended 31<sup>st</sup> March, 2018 the Company reversed the provision on non-recoverable Business advances and deposits by Rs. 2.50 Cr based on recoveries made till date of signing of results.
10. During the Quarter Ended 31st December, 2017, Company made a provision of TUF receivable aged more than a year of Rs.9.87 crore.
11. During the quarter ended December 31, 2017, the Company 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).
12. 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 significantly higher than the market 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.
13. During the Quarter Ended 30th September, 2017, Company has made a provision of Rs 10.23 Crore ,on account of it long term non recoverable capital advances, given for its Baramati garment Unit-2.

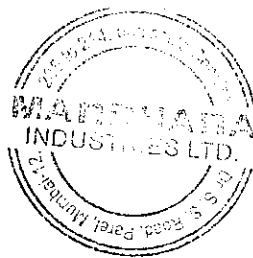
(A Company Under Corporate Insolvency Resolution  
Process By NCLT Order, Dated 11th October, 2017)



14. 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.
15. The figures of the last quarter are the balancing figures between audited figure in respect of full financial year and published year to date figures up to 3rd quarter of the respective financial year.
16. Previous period figures have been regrouped/rearranged, wherever necessary.

For MANDHANA INDUSTRIES LIMITED

9 / 1 / 2018  
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 : 29<sup>th</sup> May, 2018

Place : Mumbai



**MANDHANA**  
MANDHANA INDUSTRIES LIMITED

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

(A Company Under Corporate Insolvency Resolution  
Process By NCLT Order, Dated 11th October, 2017)

(Rs. in Lacs)

Sr No.	Particulars	For the Quarter Ended			For the Year ended	
		Audited	UnAudited	Audited	Audited	Audited
		31.03.2018	31.12.2017	31.03.2017	31.08.2018	31.03.2017
<b>1</b>	<b>Segment Revenue</b>					
	[a] Textiles	4,814.23	5,968.41	7,196.06	22,931.52	34,773.70
	[b] Garment	3,119.43	2,270.66	4,027.95	9,852.37	16,897.46
	<b>Total</b>	<b>7,933.66</b>	<b>8,239.06</b>	<b>11,224.01</b>	<b>32,783.89</b>	<b>51,671.16</b>
	Less: Inter-segment Revenue	-	-	-	-	-
	<b>Total Revenue</b>	<b>7,933.66</b>	<b>8,239.06</b>	<b>11,224.01</b>	<b>32,783.89</b>	<b>51,671.16</b>
<b>2</b>	<b>Segment Profit / (Loss) Before Tax &amp; Interest</b>					
	[a] Textiles	(444.14)	(49,532.35)	(1,439.16)	(61,423.55)	(55,415.58)
	[b] Garment	(675.86)	(1,765.20)	(2,626.65)	(3,049.52)	(5,980.76)
	<b>Total</b>	<b>(1,120.00)</b>	<b>(51,297.55)</b>	<b>(4,065.82)</b>	<b>(64,473.07)</b>	<b>(61,396.34)</b>
	Less: Interest	5,040.13	4,162.35	4,457.39	16,806.69	13,805.06
		<b>(6,160.13)</b>	<b>(55,459.90)</b>	<b>(8,523.21)</b>	<b>(81,279.76)</b>	<b>(75,201.40)</b>
	<b>Add: Unallocable Income</b>	<b>308.53</b>	<b>17.67</b>	<b>44.52</b>	<b>562.28</b>	<b>355.52</b>
	<b>Profit Before Tax</b>	<b>(5,851.59)</b>	<b>(55,442.24)</b>	<b>(8,478.69)</b>	<b>(80,717.48)</b>	<b>(74,845.88)</b>
<b>3</b>	<b>Segment Assets</b>					
	[a] Textiles	50,411.84	57,291.66	115,488.97	50,411.84	115,488.97
	[b] Garment	17,840.99	20,389.54	19,508.90	17,840.99	19,508.90
	[c] Other unallocable	0.25	0.25	0.25	0.25	0.25
		<b>68,253.08</b>	<b>77,681.45</b>	<b>134,998.12</b>	<b>68,253.08</b>	<b>134,998.12</b>
<b>4</b>	<b>Segment Liabilities</b>					
	[a] Textiles	38,938.36	44,627.37	106,598.98	38,938.36	106,598.98
	[b] Garment	17,840.99	21,082.26	16,534.79	17,840.99	16,534.79
	[c] Other unallocable	11,473.73	11,971.82	11,864.35	11,473.73	11,864.35
		<b>68,253.08</b>	<b>77,681.45</b>	<b>134,998.12</b>	<b>68,253.08</b>	<b>134,998.12</b>

