



Mafatlal

MAFATLAL INDUSTRIES LIMITED
98th Annual Report
2011-2012



ARVIND MAFATLAL GROUP
The ethics of excellence



Shri Arvind N. Mafatlal,
27th October, 1923 – 30th October, 2011

“To live in hearts we leave behind is not to die.”

- Thomas Campbell.

Shri Arvind N. Mafatlal led the Mafatlal Group for nearly six decades with unparalleled success. Later on, he became the core promoter of the Arvind Mafatlal Group and Chairman Emeritus of Mafatlal Industries Limited.

Arvindbhai was a pioneer in the field of petrochemicals in India and established the first integrated petrochemicals and polymer complex in Thane, Maharashtra for National Organic Chemical Industries Limited (NOCIL) and Polyolefins Industries Limited (PIL) in financial collaboration with Royal Dutch Shell and Hoechst respectively. At around the same time in 1967 he introduced fluorochemicals, another pathbreaking industrial segment, with first-ever manufacturing facility for hydrofluoric acid and downstream products in this part of Asia, while all along leading the original textile business of the Group to glory. Arvindbhai, throughout his distinguished career, demonstrated the ability to balance business pursuits with devotion to philanthropic and spiritual causes. As a leading industrialist, he was associated with a number of trade bodies and academic institutions. He was a Director of the Reserve Bank of India (RBI) and Industrial Development Bank of India (IDBI), Trustee of Bombay Port Trust, Chairman of the Development Council for Textile Machinery (Government of India), Member of the Agricultural Credit Board of Reserve Bank of India and Member of the Central Advisory Council of Industries, among other prominent engagements.

As someone who was closely interested in furthering the cause of education and research in the country, Arvindbhai served as Chairman of the Executive Council of National Chemical Laboratory (Pune), as a Member of the Advisory Committee of Indian Institute of Technology (Powai), as a Member of the Board of Governors of the Indian Institute of Management (Ahmedabad), as a Member of the Governing Body of CSIR and as Chairman of Shri Bhagubhai Mafatlal Polytechnic and College of Engineering, among others.

It was, however, through his unwavering involvement and tireless personal efforts in support of humanitarian causes that Arvindbhai's true character shone through. As Chairman and Managing Trustee of Shri Sadguru Seva Sangh, M.P., he took keen interest in organizing and supervising free eye camps in backward and tribal areas of different states. Nearly 12.5 lacs operations have been carried out in several camps held by the Trust. Arvindbhai also set an example for the world at large by his personal involvement in organizing and participating in relief and rehabilitation work during major national calamities like Koyana earthquake, South Gujarat floods, Rajasthan famine, Bihar famine, drought in Maharashtra, Odisha cyclone and the Gujarat earthquake.

His commitment to social responsibility was ahead of its time and a typical example of the same was his idea of empowering women.

His association with BAIF (formerly Bharatiya Agro Industries Foundation) from 1967, culminating in his nomination as Chairman in 1977, resulted in exemplary implementation of various community development and relief projects for sustainable rural development, food security and clean environment. He, along with the legendary freedom fighter Shri Manibhai Desai, did remarkable work in the field of cattle development, animal health laboratory facilities, tribal rehabilitation as well as resource (water and land) development. His commitment to the cause of social responsibility was ahead of its time and a typical example of the same was his idea of empowering women at the lowest roots of the society much before others started working on this concept. The sincere approach of BAIF under Arvindbhai's leadership evoked active responses from different state governments and various organizations like NABARD who came forward to add to this movement. The result is that BAIF programmes now benefit more than 4.4 million families across 16 Indian states.

Arvindbhai was not only respected for his business achievements but also for his character, values and principles which he practiced throughout his life time. His philosophy of social upliftment is best summed up in four words famously coined by him viz. anna (livelihood), akshar (literacy), arogya (health) and aacharan (moral character). While most would have been happy to only provide funds, Arvindbhai worked shoulder to shoulder with volunteers across regions, comfortable in sitting on the ground and sharing a frugal meal with the underprivileged.

Arvindbhai's contributions were extensively recognized. He was a recipient of the Durga Prasad Khaitan Memorial Gold Medal (1966), Business Leadership Award of Madras Management Association (1971), Indian Merchants' Chamber Award (1975), Sir Jehangir Ghandy Gold Medal for Industrial Peace of Xavier Labour Relations Institute (1978), Honour of Maharashtra Economic Development Council (1985), Lions' Humanitarian Award by the International Association of Lions Clubs (US) (1993) and Rotary Club of Bombay's Citizen of Bombay Award for 1995.

We are truly indebted and grateful to Arvindbhai for his contribution to the growth of the industry and the well being of society by being an exemplary leader who lived his entire life by his values. We at MIL, now dedicate ourselves to continue our journey on the path shown by him over these past decades.

In his passing away, the world has lost a unique personality—a business genius with a compassionate heart, and a gentle and sensitive individual.

May his soul rest in peace.



MAFATLAL INDUSTRIES LIMITED
Registered Office: Asarwa Road, Ahmedabad 380016

Dear Shareholder,

The attached coupons will entitle you for 12.5% discount on fabrics and Ready-made garments purchased from the available varieties of the Company upto a total of Rs.5000/- (inclusive of Excise duty) at prevailing rates plus other local taxes wherever applicable from any of MAFATLAL FAMILY SHOPS (printed overleaf)

We would like to inform you that both our Units situated in Nadiad and Navsari are working. The entire range of fabrics such as Suitings, Shirts, Rubia, School Uniform and Ready Mades with the brand name of "TRENDZ" are available in all the Family Shops.

Validity period of the coupons will not be extended for any reasons whatsoever. Please note that no duplicate coupon will be issued for lost, defaced or torn coupon. The coupons may be utilized at the earliest to avoid rush and disappointment of non-availability of desired varieties. Please do not detach coupons and present this intact at the time of purchase.

Yours faithfully,
For Mafatlal Industries Limited

R.R. Patel
Company Secretary

Dated: 10th October, 2012

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 1000/- 12.5% Valid up to 31-10-2013	
COUPON No . A	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 1000/- 12.5% Valid up to 31-10-2013	
COUPON No . B	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 1000/- 12.5% Valid up to 31-10-2013	
COUPON No . C	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 500/- 12.5% Valid up to 31-10-2013	
COUPON No . D	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 500/- 12.5% Valid up to 31-10-2013	
COUPON No . E	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 500/- 12.5% Valid up to 31-10-2013	
COUPON No . F	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 200/- 12.5% Valid up to 31-10-2013	
COUPON No . G	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 200/- 12.5% Valid up to 31-10-2013	
COUPON No . H	

 	
MAFATLAL INDUSTRIES LIMITED	
Rs. 100/- 12.5% Valid up to 31-10-2013	
COUPON No . I	



LIST OF MAFATLAL FAMILY SHOPS

MAFATLAL
FABRICS

MAHARASHTRA:

- 1 FAIR PRICE CLOTH SHOP
3/4, SAMBHAVA CHAMBERS
201 SIR P.M. ROAD, FORT
MUMBAI 400 001
- 2 SANGOI & CO.
B-5 AGRAWAL MARKET
VILE PARLE (EAST)
MUMBAI 400 057
- 3 CHOICE CLOTH CENTRE
5/6 JAYPRAKASH ROAD NAKA
ANDHERI (WEST)
MUMBAI 400058
- 4 VENGUARD
PREMSONS SHOPPING CENTRE
TEHIRA COMPOUND
CAVES ROAD
JOGESHWARI (EAST)
MUMBAI 400 060
- 5 ARADHANA,
PLOT NO. 157, SHOP NO. 6
JAWAHAR NAGAR RD. NO. 1
GOREGAON (W)
MUMBAI 400 062
- 6 KINGS
KEDIA SHOPPING CENTRE
OPP. RLY. STN.
MALAD (WEST)
MUMBAI 400 064
- 7 KAMAL FABRICS
7/8 GORAGANDHI APTMS.
CHANDAVARKAR ROAD
BORIVALI (W)
MUMBAI 400 092
- 8 NAMRATA
11, PRAGATI SHOPPING CENTRE
MANCHUBHAI ROAD
MALAD (E)
MUMBAI 400 097
- 9 MEHTA STORES
581 STATION ROAD
KURLA (W), MUMBAI 400 070
- 10 VIDHATA
NR. PRABHAT TALKIES
OPP. TALAO PALI
DR. MOOSE ROAD
THANE 400 601
- 11 TULSI
A-10, MAHAVIR APARTMENT
STATION ROAD
BHAYANDER (W)
THANE 401 101
- 12 JEEVAN
6 KAMAL KUNJ
B.P. ROAD
OPP. POST OFFICE
BHAYANDER (E)
THANE 400 105
- 13 BHAVANI COLLECTION
8, DEVDHARA
LAXMIBAI LAD ROAD
OPP. PATEL COLONY
DAHISAR, MUMBAI
- 14 JAYSHREEJ
SHOP NO. 2 & 3
BLDG. NO. B-54, SECTOR NO. 3
SHANTI NAGAR, MIRA ROAD (E)
MUMBAI - 401 107
- 15 SHREEJI COLLECTION
BHAGWANDAS MANSION
SHIVAJI CHOWK, KALYAN (W)
- 16 RAJ MEASUREMENTS
MAHAVIR MILAN
SHOP NO.16 PLOT NO.1
SECTOR 28 VASHI
NAVI MUMBAI 400 703
- 17 PRINCE
SHOP NO.1 & 2
AGARWAL BHATIYA COMPLEX
NR. SHIVAJI STATUE
PANVEL

- 18 R.R CREATION
56, NEW CLOTH MARKET
AKOLA
- 19 FASHION HEIGHT
DR AMBEDKAR CHOWK
WASHIM - 444505

GUJARAT:

- 20 AKASH
(PRESTIGIOUS SHOW ROOM)
MANGALMAY COMPLEX
OPP GOPAL TOWER MANINAGAR
AHMEDABAD 380 008
- 21 SHALIBHADRA
11, AJANTA COMM. CENTRE
NR. INCOME TAX ASHRAM ROAD
AHMEDABAD 380 014
- 22 FAIR PRICE CLOTH STORES
ORIENTAL BUILDING
RELIEF ROAD
AHMEDABAD 380 001
- 23 FAIR PRICE CLOTH STORES
SUPER MARKET
NR. NATRAJ THEATRE,
ASHRAM Road
AHMEDABAD 380 009
- 24 MAHARATHI
20, 21, 22, GHB COMPLEX
ANKUR ROAD, NARANPURA
AHMEDABAD 380 013
- 25 ISHWARKRUPA
5-6 SILVERLAKE
SHELAT BHAVAN JAGABHAI PARK
OPP. SWAMINARAYAN MANDIR
MANINAGAR
AHMEDABAD 380 008
- 26 KANTA
19, AGARWAL TOWER
1ST FLOOR
BHUJANGDEV CHAR RASTA
SOLA ROAD
AHMEDABAD 380 061
- 27 ADARSH
C-27 SURYA COMPLEX
GURUKUL
MEMNAGAR
AHMEDABAD 380052
- 28 ABHISHEK
4 VISHWANATH COMPLEX
SARDAR PATEL STADIUM ROAD
NARANPURA
AHMEDABAD 380 014
- 29 MANSAROVAR
5 DEV ARCHAN COMPLEX
OPP. KOCHRAB ASHRAM
PALDI, AHMEDABAD
- 30 YES SIR
6-7, ANTARIKSH COM
POLYTECHNIC CHAR RASTA
AMBAWALI
AHMEDABAD - 3800015
- 31 DARSHAN
5, KARISHMA COMPLEX
STADIUM CIRCLE C.G.ROAD
AHMEDABAD
- 32 KRISHAN
(G-5)
GOPAL SHOPPING CENTRE
OPP. ROSEWOOD PLAZA
JODHPUR SATELLITE
AHMEDABAD - 380 015
- 33 THE MENS TOWN
13, SURJIT SOCIETY
INDIA COLONY
BAPU NAGAR
AHMEDABAD- 382350
- 34 ABHISHEK
PLOT NO.200 SECTOR 21
DIST. SHOPPING CENTRE
NR. BANK OF BARODA
GANDHINAGAR 382 021
- 35 THE NEW SHORROCK MILLS
CO-OP CON. SOC. LTD
BHAVSARVAD
NADIAD - 387041

- 36 KASHYAP
STATION ROAD
NR. LAXMI CINEMA
NADIAD 387 001
- 37 ANUBHARTI
JEMSON HOUSE
NR. LAXMI CINEMA
JUNA ROAD
ANAND 388 001
- 38 PRESIDENT EMPORIUM
(PRESTIGIOUS SHOWROOM)
7-8 CHINAR GULNAR COMPLEX
VIDYANAGAR ROAD
ANAND 388 001
- 39 REAL CHOICE|
19-20 VIP VIEW COMPLEX
VIP ROAD KARELI BAUG
BARODA 390008
- 40 FAIR PRICE CLOTH STORES
M.G. ROAD
BARODA 390 001
- 41 PREMKUNJ|
(PRESTIGIOUS SHOW ROOM)
6-10 VIMAL NATH PLAZA
SUBHANPURA
BARODA 390 001
- 42 SUMAN
(PRESTIGIOUS SHOW ROOM)
13/14 ALKAPURI ARCADE
R.C. DUTT ROAD
BARODA 390 007
- 43 SHEETAL EMPORIUM
(PRESTIGIOUS SHOW ROOM
NARBADA APARTMENT
NAVRANG CINEMA ROAD
BARODA 390 001
- 44 MADHU KUNJ
3-4 ARPAN COMPLEX
DELUXE CHAR RASTA
NIZAMPURA
BARODA
- 45 SNEH KUNJ
13/14, WINDSOR PLAZA
R.C. DUTTA ROAD
ALKAPURI
BARODA
GUJRAT-390 007
- 46 KALADARSHAN
21 PANAM PLAZA
OPP. RELIEF CINEMA
PANCHAVATI
BHARUCH 392 001
- 47 VINAY TRADERS
SHOP NO.4 JILLA PANCHAYAT
SHOPPING CENTRE
OPP. S.T. DEPOT
BHARUCH 392 001
- 48 VAISHALI
CHAUTA BAZAR
ANKLESHWAR
GUJARAT
- 49 UTSAV
(PRESTIGIOUS SHOW ROOM)
104 TO 107 RAMNIVAS BLDG
VARACHHA ROAD
OPP. SUPER DIAMOND MARKET
SURAT 395 006
- 50 FAIR PRICE CLOTH SHOP
CHAUTA BRIDGE
MAIN ROAD
SURAT 395 001
- 51 VARDHAMAN
(PRESTIGIOUS SHOW ROOM)
1-2 TOPAZ ARCADE
DR. YAGNIK ROAD
RAJKOT-1
- 52 MAFATLAL MILLS EMP. CO.OP
CREDIT SOCIETY
TRIMURTI
MADHMODHI
NAVSARI 396 445

- 53 LAXMINARAYAN STORES
JAWAHAR ROAD
RAJULA CITY
DIST. AMRELI
 - 54 HARSH
3/342 BEHIND TALUKA
PANCHAYAT, JAWANPURA
IDAR
 - 55 HARSH CREATIVE
(ONLY TRENDZ READY MADE
GARMENTS)
3 DAMODAR COMPLEX
BLOCK 'A' S.T. ROAD
IDAR 383 430
 - 56 JANPRIYA FABRICS
DR. LALUBHAI CENTRE
1ST FLOOR
SRI LAKHAJI ROAD
RAJKOT 360 001
 - 57 RIDDHIKA FABRICS|
(PRESTIGIOUS SHOW ROOM
SUDAMA ROAD
PORBANDAR 360 575
 - 58 VISHAL
SATTA BAZAR
VERAVAL 362 265
 - 59 KALANIKETAN
NR. RAJ CLOTH CENTRE
VORVAD NAKA
KAPADWANJ 387 620
 - 60 BHAVSAR EMPORIUM
BAZAR ROAD
VAPI (W) 396 191
- ## MADHYA PRADESH:
- 61 ZALANI BROTHERS
1 GAS HOUSE ROAD
NR. SHREE KRISHNA TALKIES
INDORE 452 007
 - 62 CLOTH CENTRE
CHOWK BAZAR
BHOPAL 462 001
 - 63 SWASTIK
39 M.T. CLOTH MARKET
INDORE 452 002
- ## RAJASHTAN:
- 64 SANSKAR
225 HOPE CIRCUS
ALWAR 301 001
 - 65 ROOPAM
SOJATI GATE
JODHPUR 342 001
 - 66 VASTRALANKAR
825-826 STATION ROAD
KAISAR GUNJ, AJMER 305 001
 - 67 PARVATI ENTERPRISE
34-PUBLIC PARK,
RUKMINI COMPLEX
MAHAVIR SHOPPING CENTRE
SHRI GANGA NAGAR - 335 001
- ## DELHI:
- 68 SAPNA (KAPAI & COMPANY)
11 D-38 LAJPAT NAGAR
NEW DELHI 110 024
- ## KARNATAKA:
- 69 GAUTAM
3140 SHREEPAL COMPLEX
HUNS TALKIES ROAD
BELGAUM 590 001
 70. SOWKAR TEXTILE & TAILORS
SHALIMAR COMPLEX
KANKANADY
MANGLORE
- ## UTTAR PRADESH:
- 71 FABRIC CENTRE
118/77, KAUSHAL PURI
OPP. BANK OF INDIA
KANPUR 208 012

- 72 BHAVANI & SONS
(PRESTIGIOUS SHOW ROOM)
33/12 SANJAY PALACE
AGRA
 - 73 PRAKASH VASTRALAYA
KAITHI BAZAR
BANDA 210 001
 - 74 LUCKNOW CLOTH CENTRE
92/59 AMINABAD PARK ROAD
LUCKNOW 226 001
- ## WEST BENGAL:
- 75 RAJSHREE
26 SHAKESPEARE SARANI
KOLKATA 700017
 - 76 SATYAM SHIVAM
97 ARBINDA SARANI
HATHI BAGAN CROSSING
KOLKATA 700 005
 - 77 NEW SILSONS
194/D RASH BIHARI AVENUE
KOLKATA 700 029
 - 78 CHETALI
62, G.T. ROAD
SERAMPORE 712 201
 - 79 M/S SHARDA
489 B.C. ROAD
BURDWAN 713 101
- ## BIHAR:
- 80 YOGESH TEXTILES
9 MAIN ROAD
BISTUPUR BAZAR
JAMSHEDPUR 831 001
- ## CHHATTISGARH:
- 81 FASHION MALL
A-73, TEXTILES MARKET
GATE NO. 1, PANDRI
RAIPUR
CHHATTISGARH - 492 001
- ## ANDHRA PRADESH:
- 82 SRI PADMA TEXTILES
MAIN ROAD
RAJAHMUNDRY
- ## KERALA:
- 83 QUEENS CORNER
VICHITRA SHOPPING COMPLEX
CANNANORE 670 002
 - 84 VYSAKH
MAIN BAZAR
THALLECHERY
DIST. CANNANORE
 - 85 METRO TEX
NEAR PADMA M.G. ROAD
ERNAKULAM
- ## TAMILNADU:
- 86 KAYCEE LIBERTY STORES
(ONLY TRENDZ READYMADE
GARMENTS)
SAIBABA NAGAR
COIMBATORE
 - 87 SHYMAL FASHIONS
25E 1ST AGRAHARAM
SALEM 636 001
 - 88 SREE SATHYAMS
C.S.I. SHOPPING COMPLEX
163 BROUGH ROAD
ERODE 638 001
 - 89 MANGAI
NEVELLI TOWNSHIP
NEVELLI 607 803
 - 90 BHAVANI
10 BOSE BAZAR
HOSUR 635 109
DIST. DHARAMPURI

SHAREHOLDERS' INFORMATION

1. Trading in Equity Shares of the Company is permitted only in dematerialized form as per Notification issued by SEBI.

Demat Code of Mafatlal Industries Limited

ISIN: INE270B01027

2. The Shares of the Company are Listed on Ahmedabad and Bombay Stock Exchanges and the Listing Fees for both the Exchanges have been paid by the Company for the year 2012-13.

3. The Company's Share Registrars & Transfer Agents:

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: 91-022-67720300 / 67720400

Fax: 91-022-28591568 / 28508927

E-mail: sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre, Free Press Journal Road,

Nariman Point, Mumbai-400 021.

Tel: 91-022-66134700, Fax: 91-022-22825484

E-mail: sharepro@shareproservices.com

The Shareholders are requested to notify change in address, if any, along with a copy of their address proof immediately to the R. & T. Agents at the above address mentioning their Folio Numbers.

CONTENTS

Board of Directors, etc.....	2
Notice of AGM	3
Summarised Financial Data	6
Directors' Report.....	7
Management Discussion & Analysis Report.....	13
Report on Corporate Governance	14
Auditors' Report.....	22
Balance Sheet	24
Statement of Profit and Loss	25
Cash Flow Statement	26
Notes forming part of the financial statements	27
Consolidated Financial Statements	48
Statement pursuant to Section 212	75

**98th Annual General Meeting on
Monday, the 19th November, 2012
at 10.30 A.M.
at Thakorebhai Desai Hall,
Near Law Garden, Ellisbridge,
Ahmedabad-380 006.**

- | |
|---|
| <ol style="list-style-type: none">1. Shareholders intending to acquire 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. |
|---|

BOARD OF DIRECTORS

SHRI HRISHIKESH A. MAFATLAL	Chairman
SHRI PRAFUL R. AMIN	Director
SHRI P. J. DESAI	Director
SHRI V.K. BALASUBRAMANIAN	Director
SHRI N. K. PARIKH	Director
SHRI A.C. GANDHI	Director
SHRI VISHAD P. MAFATLAL	Director (w.e.f. 10-10-2012)
SHRI A.K.SRIVASTAVA	Director (w.e.f. 10-10-2012)
SHRI RAJIV DAYAL	Director (w.e.f. 10-10-2012)

COMPANY SECRETARY

SHRI R.R. PATEL

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: 91-022-6771 3800
Fax: 91-022-6771 3924 / 6771 3925
Website: www.mafatlals.com

REGISTERED OFFICE:

Asarwa Road, Ahmedabad-380 016.
Phone: (079) 22123944-45.
Fax: (079) 22123045

UNIT / FACTORIES:

(Only Nadiad and Navsari Units are operational)

Nadiad Unit:

Kapadvanj Road, Nadiad-387 001.

Navsari 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: 91-022-67720300 / 67720400
Fax: 91-022-28591568 / 28508927
E-mail: sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai-400 021.
Tel: 91-022-66134700
Fax: 91-022-22825484
E-mail: sharepro@shareproservices.com

NOTICE

NOTICE IS HEREBY GIVEN THAT the Ninety-Eighth Annual General Meeting of the Members of the Company will be held on **Monday, the 19th day of November, 2012, at 10.30 A.M.** at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006, to transact the following business:

- 1) To consider and adopt the Directors' Report and the Audited Financial Statements including Statement of Profit & Loss for the period ended 31st March, 2012, and the Balance Sheet as at that date and the Auditor's Report thereon.
- 2) To appoint a Director in place of Shri N. K. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) 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 Ashok C. Gandhi, who is not seeking re-election, be not filled-up at this Meeting."

- 4) 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.
- 5) 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 authorized 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."

- 6) To appoint Shri V.P. Mafatlal who was appointed by the Board of Directors as an Additional Director on the Board of Directors of the Company on 10th October, 2012 and who holds Office upto the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, as required under Section 257 of the Companies Act, 1956, received Notice in writing from the Member of the Company signifying his intention to propose him as a candidate for the Office of Director of the Company, liable to retire by rotation.
- 7) To appoint Shri A.K. Srivastava who was appointed by the Board of Directors as an Additional Director on the Board of Directors of the Company on 10th October, 2012 and who holds Office upto the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company

has, as required under Section 257 of the Companies Act, 1956, received Notice in writing from the Member of the Company signifying his intention to propose him as a candidate for the Office of Director of the Company, liable to retire by rotation.

- 8) To appoint Shri Rajiv Dayal who was appointed by the Board of Directors as an Additional Director on the Board of Directors of the Company on 10th October, 2012 and who holds Office upto the date of this Annual General Meeting under the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, as required under Section 257 of the Companies Act, 1956, received Notice in writing from the Member of the Company signifying his intention to propose him as a candidate for the Office of Director of the Company, liable to retire by rotation.

By Order of the Board,

R.R. Patel

Company Secretary

Regd. Office:

Asarwa Road,
AHMEDABAD-380 016.

Mumbai,

Dated: 10th October, 2012

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.5 to 8 mentioned in the above Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Thursday, the 25th day of October, 2012 to Friday, the 2nd day of November, 2012**, both days inclusive.
4. The Shareholding of the Non-Executive Directors seeking appointment / re-appointment at this Annual General Meeting is as under:
 - a) Shri N. K. Parikh - Nil - Equity Shares
 - b) Shri V. P. Mafatlal - 12,11,581 - Equity Shares
 - c) Shri A. K. Srivastava - Nil - Equity Shares
 - d) Shri Rajiv Dayal - Nil - Equity Shares

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. 5 to 8 mentioned in the accompanying Notice dated 10th October, 2012.

In respect of Item No. 5

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 2012-13. 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 the 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. 6

The Board of Directors at their meeting held on 10th October, 2012 has appointed Shri V. P. Mafatlal as an Additional Director of the Company with effect from that date. Shri V. P. Mafatlal is Graduate in Economics from Wharton School. He is an Industrialist having business experience of more than 16 years in textiles and chemicals. His presence on the Board will be immensely beneficial to the Company. Shri V. P. Mafatlal holds 12,11,581 shares in the Company. Shri V. P. Mafatlal is the nephew of Shri H. A. Mafatlal, Chairman of the Company.

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

Your Directors recommend the ordinary resolution for your approval.

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.

In respect of Item No. 7

The Board of Directors at their meeting held on 10th October, 2012 has appointed Shri A. K. Srivastava as an Additional Director of the Company

with effect from that date. Shri A. K. Srivastava is a Fellow member of the Institute of Chartered Accountants of India having experience of over 30 years in large corporates in the areas of Finance, Accounting, Taxation and Commerce. He is Finance Director in Navin Fluorine International Limited. His presence on the Board will be immensely beneficial to the Company. Shri A. K. Srivastava does not hold any 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 Rs. 500/- proposing his appointment as a Director of the Company.

Your Directors recommend the ordinary resolution for your approval.

Except Shri A. K. Srivastava, 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 10th October, 2012 has appointed Shri Rajiv Dayal as an Additional Director of the Company with effect from that date. Shri Rajiv Dayal is the Managing Director of Mafatlal Denim Limited. Shri Rajiv Dayal is B.Tech (IIT) and has an experience of over 34 years. He has immense experience and knowledge in the field of manufacturing and marketing of textile products. His presence on the Board will be immensely beneficial to the Company. Shri Rajiv Dayal does not hold any 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 Rs. 500/- proposing his appointment as a Director of the Company.

Your Directors recommend the ordinary resolution for your approval.

Except Shri Rajiv Dayal, none of the other Directors of the Company is concerned or interested in the Resolution.

By Order of the Board,

R.R. Patel

Company Secretary

Regd. Office:

Asarwa Road,
AHMEDABAD-380 016.

Mumbai,

Dated: 10th October, 2012

Mafatlal Industries Limited

Particulars of the Directors seeking re-appointment / 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 N.K. Parikh 77 Yrs. B.Com., FCA	17.06.2005	Experience of over 51 Years in the field of Finance, Accounts, Taxation and Commerce.	Director of: Mafatlal Industries Limited Member of: Audit Committee and Remuneration Committee of Mafatlal Industries Limited
Shri V.P. Mafatlal 38 Years Graduate in Economics from Wharton School	10.10.2012	Industrialist Experience of over 16 Years in the Senior Management	Director of: Mafatlal Industries Limited Mafatlal Services Limited Mafatlal Denim Limited Tropical Clothing Company Pvt. Ltd. Cebon Apparel Private 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 Member of: Share Transfer and Investors' Grievance Committee of NOCIL Ltd.
Shri A.K. Srivastava 60 Years B.Sc. FCA	10.10.2012	Experience of over 30 Years in the field of Finance, Accounting, Taxation and Commerce.	Director of: Mafatlal Industries Limited Navin Fluorine International Limited Mafatlal Denim Limited Member of: Investor Grievance Committee of Navin Fluorine International Ltd. Audit Committee of Mafatlal Denim Limited
Shri Rajiv Dayal 56 Years B.Tech (IIT)	10.10.2012	Experience of over 34 Years in the field of Manufacturing and Marketing of Textile Products.	Director of: Mafatlal Industries Limited Mafatlal Global Apparel Limited Mafatlal Denim Limited

SUMMARISED FINANCIAL DATA

RS IN LACS

No.	Particulars	2001-02 (18 months)	2002-03	2003-04	2004-05	2005-06	2006-08 (18 months)	2008-09	2009-10 (14 months)	2010-11 (13 months)	2011-12 (9 months)
	PROFIT AND LOSS ACCOUNT										
1	Sales & Other Income	69665.96	18162.69	20081.15	20484.54	16619.06	41026.18	54766.10	30813.69	70525.95	18069.79
2	Profit before Depreciation, Taxes and exceptional items	4665.72	(6155.28)	(3255.67)	(93.82)	(5717.47)	3760.60	34168.74	6606.95	34938.83	(1341.81)
3	Depreciation	3294.53	1428.10	1108.90	920.71	780.94	807.08	402.02	332.51	252.48	203.42
4	Exceptional items (Net)	-	-	-	-	-	-	-	-	16086.77	(5040.76)
5	Profit before Taxes	1371.19	(7583.38)	(4364.57)	(1014.53)	(6498.41)	2953.52	33766.72	6274.44	50773.12	(6585.99)
6	Earning per share (EPS) Rs.	27.54	(151.68)	(87.30)	(20.60)	(130.42)	58.61	675.01	71.16	387.78	(52.84)
	BALANCE SHEET										
7	Total Assets :										
	Gross Fixed Assets	35203.64	35156.84	31657.50	27339.58	27557.72	27388.69	26648.33	21731.30	20009.63	20424.01
	Net Fixed Assets	11509.40	10095.10	8698.33	5516.76	4673.74	3797.80	3373.55	1975.17	1613.34	2003.60
	Investments (Net)	21955.00	19619.33	19576.77	19574.71	19433.95	16609.00	16567.45	12477.61	5477.25	5009.80
	Other Assets (Net)	(20703.95)	(23373.96)	(29557.94)	(15200.17)	(17316.17)	(5322.26)	(11407.63)	(3499.36)	*41203.23	* 27067.95
	Miscellaneous Exps not W/Off	752.56	1070.66	6544.11	4987.58	3474.16	1279.69	0.75	-	-	-
	Total Application	13513.01	7411.13	5261.27	14878.88	10265.68	16364.23	8534.12	10953.42	48293.82	34081.35
8	Borrowings	40787.24	42269.24	44484.45	46389.93	48297.74	51633.98	10053.15	7296.15	6580.55	554.07
9	Net Worth :										
	Share Capital	499.94	499.94	499.94	9499.94	9499.94	9499.94	9499.94	6981.32	6981.32	3981.32
	Reserves	(27774.17)	(35358.05)	(39723.12)	(41010.99)	(47532.00)	(44769.69)	(11018.97)	(3324.05)	34731.95	29545.96
		(27274.23)	(34858.11)	(39223.18)	(31511.05)	(38032.06)	(35269.75)	(1519.03)	3657.27	41713.27	33527.28
10	Total Sources	13513.01	7411.13	5261.27	14878.88	10265.68	16364.23	8534.12	10953.42	48293.82	34081.35
11	No. of Shareholders	150226	147252	137568	133686	128193	123998	122770	119590	115982	114547
12	No. of Employees	8560	6569	3596	3382	4001	3959	3875	3744	3590	2474
13	Debt/Equity Ratio	-	-	-	-	-	-	-	1.99:1.00	0.16:1.00	0.02:1.00

* Other Assets are net of Current & Non Current Assets and Liabilities.

DIRECTORS' REPORT

To:
The Members,

MAFATLAL INDUSTRIES LIMITED

Your Directors present the 98th Annual Report together with Audited Statement of Accounts for the period from 1st July, 2011 to 31st March, 2012.

1. FINANCIAL RESULTS:

The Financial Results of the Company are as under:

(Amount Rs. in Lacs)

	Current Period (9 months*) 1st July, 2011 to 31st March, 2012	Previous Period (13 months) 1 st June, 2010 to 30 th June, 2011
Revenue from Operations	14,374.88	68,280.58
Other Income	3,694.91	2,245.37
EBIDTA	(1,096.70)	36,024.71
Less: Depreciation	203.42	252.48
Finance Costs	245.11	1,085.88
(Loss)/Profit before exceptional items	(1,545.23)	34,686.35
Exceptional items (net)	(5,040.76)	16,086.77
(Loss)/Profit before taxes	(6,585.99)	50,773.12
Tax credit/(expense) -current tax/relating to previous year	1,400.00	(12,717.12)
(Loss)/Profit after taxes	(5,185.99)	38,056.00
Add: Surplus brought forward from previous period	11,954.27	(26,101.73)
Appropriation		
Less: Transfer to Capital Redemption reserve	(3,000.00)	-
Surplus carried to Balance Sheet	3,768.28	11,954.27

*The Board of Directors has changed the Financial Year 2011-12 to end on 31st March, 2012 instead of 30th June, 2012.

2. DIVIDEND:

Your Directors regret their inability to recommend dividend.

3. YEAR IN RETROSPECT :

The period under review was a landmark period for the Company. Post the Mazgaon land sale, funds finally became available after a very long gap and the period saw the formulation and initiation of the implementation of a business strategy and business plan which would make the Company competitive and start its march towards profitability.

The business strategy essentially entailed a three pronged approach. Firstly, cost reduction by (a) implementing a substantial VRS, (b) refurbishment of retained old machinery to improve quality and productivity, and (c) implementation of a capex plan to procure state-of-the-art equipment in process house and product development, which would enable the Company to compete in the domestic and international markets in terms of cost and quality

while maintaining best services to customer in sampling and final delivery of product. Secondly, the strategy envisaged the driving of volumes so that the business could turn profitable. The strategy is also to focus strongly on value addition and improvement in product mix in order to maximize profitability and return on capital employed.

During the period under review, as a part of implementation of above strategy the company offered attractive Voluntary Retirement Scheme (VRS) to its workers and staff from October 2011. Total 1099 employees (about 35%) accepted the VRS up to March 2012. The Scheme is still open for employees. All the employees were paid their dues in time.

A detailed exercise was undertaken to identify old and inefficient machines and the same were disposed off. The remaining machines were refurbished for getting better efficiency and better quality of production.

Various cost reduction and product improvement projects continued to be undertaken during the period under review in order to improve process house capacity utilization and delivery of improved quality products.

Necessary arrangements were finalized to make available sufficient working capital funding for smooth production operations of the plant. The process of identifying and short-listing of suppliers for new machinery and equipment, including a 2 MW co-generation plant, under the capex plan at a cost of about Rs. 60 crores was initiated during this period. These equipment would be commissioned during 2012-13 and 2013-14. Considering a gestation period of a year, the real benefits from these equipments will start coming only from the next financial year.

Steps have been taken to reduce operating losses and it is expected to achieve break even by the end of 2012-13. The business should start showing profits by the middle of next year.

The production during the 9 months period was 127.72 lacs mtrs. (14.19 lacs mtrs. per month) compared to 192.88 lacs mtrs. (14.83 lac mtrs. per month) during the previous period of 13 months. The average production figures per month were comparable to the previous year inspite of a substantial cut in capacity during and after the VRS. Efforts were focused on improving product-mix through increase in volumes of yarn-dyed shirtings and voiles.

Total sales during the 9 months period was 126.19 lacs mtrs. compared to 218.16 lacs mtrs during the previous period of 13 months. The textile turnover during the 9 months period was Rs.125.67 crores (annualised Rs. 167.56 crores) as compared to Rs.165.32 crores during the previous period of 13 months (annualised Rs.152.60 crores).

Settlement of the residual outstanding liabilities, in terms of Rehabilitation Scheme (MS-09) sanctioned by Hon'ble Board for Industrial & Financial Reconstruction have been substantially completed and balance are in process of being addressed.

4. AMALGAMATION OF MISHAPAR INVESTMENTS LTD. AND MAFATLAL DENIM LTD. WITH THE COMPANY:

Your Board of Directors are considering the proposal for amalgamation of Mishapar Investments Ltd. and Mafatlal Denim Ltd. with the Company with effect from 1st April, 2012. Mishapar Investments Ltd. is a wholly owned Subsidiary of the Company and Mafatlal Denim Ltd. also belongs to the Promoter Group. Considering the synergies involved, enhancement of operational efficiencies, cost optimizations, administrative and managerial convenience and other benefits involved, your Board has considered the amalgamation.

Your Board has appointed two valuers for recommending the share exchange ratio to the Board and other agencies in the matter. Upon receiving the recommendation from the valuers regarding the share exchange ratio, the Board will finalise the Scheme of Amalgamation, the implementation of which will be subject to requisite approvals.

5. PROJECT PROMOTION DIVISION:

NOCIL Limited (NOCIL):

The Year under review was most challenging for the entire manufacturing sector. The business sentiment was most often negative and at best stable. The adverse news about some countries of European Union (EU) coupled with slowdown in the Automobile sector in India and as well as most major markets in the world resulted in considerable fluctuations in supply of rubber chemicals to key customer accounts.

Despite the above, the turnover of NOCIL for the year under review touched Rs.513 crores as compared to Rs.480 crores in the previous year, representing an increase of about 7%.

The adverse impact of the economic slow down in the European economies due to sovereign debt related issues and the severe effect of the natural disaster in Japan affected overall Indian Industry export scenario. NOCIL however, achieved export turnover of Rs.195 crores higher by about 8.20% as compared to Rs.180 crores achieved in the previous year. NOCIL has made efforts to tap newer markets to achieve growth in export sales in the coming year.

New Project at Dahej (Gujarat)

NOCIL has established a new Project at Dahej at a total expenditure of about Rs.250 crores which is nearing completion and will go on stream soon.

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:

No employee of the Company was in receipt of remuneration of Rs.45 lacs or more during the Nine months period ended 31st March, 2012 or Rs.5 lacs per month for the part of the period. Hence, Statement required to be given as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is not given.

8. INDUSTRIAL RELATIONS:

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

9. DIRECTORATE:

Shri N.K. Parikh, Director of the Company will retire by rotation at the ensuing 98th Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Shri Ashok C. Gandhi 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 Ashok C. Gandhi during his tenure as Director of the Company.

The Board of Directors of the Company has appointed Shri V. P. Mafatlal, Shri A.K. Srivastava and Shri Rajiv Dayal as Additional Directors on the Board of Directors of the Company with effect from 10th October, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, all the said Directors shall hold office upto the date of the ensuing 98th Annual General Meeting of the Company. The Company has received notices under Section 257 of the Companies Act, 1956, alongwith the deposit of Rs.500/- each from the Members of the Company signifying their intention to propose at the ensuing 98th Annual General Meeting Shri V. P. Mafatlal, Shri A.K. Srivastava and Shri Rajiv Dayal 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 recommend their appointment as Directors of the Company at the ensuing Annual General Meeting.

10. SUBSIDIARY COMPANIES:

In view of amalgamation of (i) Vibhadeep Investments & Trading Ltd. (ii) Sushmita Holdings Ltd., (iii) Mafatlal Holdings Ltd., (iv) Sunanda Industrial Machinery Ltd., (v) Sudas Manufacturing and Trading Ltd., (vi) Soushreyas Investments India Ltd., (vii) Samatva Investments Ltd., and (viii) Navlekh Investment Ltd., with Mishapar Investments Ltd., (Mishapar) wholly owned Subsidiary of the Company effective from 1st April, 2011, the investments made by the aforesaid Transferor Companies are vested in Mishapar. In the following companies, the shareholding of Mishapar exceeds 50% of its paid up capital and consequently they have become Subsidiaries of Mishapar and in turn become Subsidiaries of the Company:

- (i) Sunanda Industries Ltd.
- (ii) Silvia Apparel Ltd.
- (iii) Mafatlal Global Apparel Ltd.

- (iv) Myrtle Textiles Pvt. Ltd.
- (v) Mayflower Textiles Pvt. Ltd.
- (vi) Repal Apparel Pvt. Ltd.

Over and above also, the following companies continue to be Subsidiary of the Company:

- (i) Mishapar Investments Limited (wholly owned Subsidiary)
- (ii) Mafatlal Services 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 Auditor's 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 etc. 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 Loss 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 Auditor's Report are self-explanatory and give complete information.

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 Period 2011-12 of Nine Months period i.e. from 1.07.2011 to 31.03.2012. Central Government vide its two email messages bearing SRN S07878424 and SRN S07878341 both dated 10th March, 2012 respectively, have approved the said appointment. The Cost Audit Report in respect of the Financial Period 2011-12 will be filed on or before due date i.e. 31st December, 2012.

14. 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 form 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.

15. 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 efficient management of your Company in the difficult times. 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: 10th October, 2012

H. A. MAFATLAL
Chairman

ANNEXURE TO THE DIRECTORS' REPORT 2011-12

ANNEXURE TO THE DIRECTORS' REPORT 2011-12

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:

- i) RSB Drawing machine conversion done with A.C. Drive from Servomotor in two machines.
- ii) Card Section all 4 Nos. Card dust fan was stopped.
- iii) Speed Frame machine Pneumafan was stopped by installing stop motion sensor in 1.
- iv) Energy saving SITRA fan replaced in total 29 Nos. Ring Frame Machines.
- v) Energy saving spindle replaced in total 4 Nos. Ring Frame Machines.
- vi) Doubling Machine conversion done with small light weight tin roll pulley.
- vii) Blow Room CF Line was stopped & DK 740 Cards made Lap feed [I / H] due to different type of mixing working [Considering 2 shift working] Power saving.
- viii) Contract Demand reduced from 6750 KVA to 5750 KVA.
- ix) Main motor conversion done from D.C. to A.C. motor [Total 3 Nos.].
- x) All 4 Ft. Tubelights of Urinals replaced by CFL.
- xi) Stopped Filter Plant Pump No.4 for overhead tank in Filtration Plant.
- xii) Installed two submersible Pumps in place of 4 Monoblock pumps.
- xiii) Installed 58 Electronic Ballasts instead of Aluminium Ballasts in Airjet Looms.
- xiv) Switched off 7 Tube Lights in passage area in Loomshed.

(B) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY:

Additional investment of Rs.8.00 lacs is to be incurred for installation work at Thermopack Boiler

(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:

Through planned energy conservation, the Company is able to reduce the cost of Energy Bill.

(D) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION:

The above information is furnished in the prescribed Form "A" annexed hereto in respect of two operational Textile Units of the Company.

(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 Middle East, Europe and U.S.A. for increasing the export of processed fabrics to those countries. The Company has been successful to some extent.

(B) Total Foreign Exchange used and earned:

(Rs. in lacs)

	Current Period 2011-12 (9 Months)	Previous Period 2010-11 (13 Months)
Total Foreign Exchange used	181.30	79.09
Total Foreign Exchange earned	2558.68	3062.68

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY	Current Period* 2011-12 9 Months	Previous Period 2010-11 13 Months
A. POWER AND FUEL CONSUMPTION		
1 Electricity:		
a) Purchased: Units Lacs KWH	344.61	634.16
Total Cost (Rs. in Lacs)	2306.69	3912.88
Rate / KWH	6.69	6.17
b) Own Generation:		
i) Through Diesel Generator:		
Units	756	1512
Unit per litre of diesel oil (KWH)	1.26	1.44
Cost/Unit (Only Diesel) (Rs.)	32.84	29.17
ii) Through Steam Turbine/Generator	N.A.	N.A.
Units		
Unit per litre of diesel oil (KWH) Cost/Unit (Rs.)		
2 Coal / Lignite : (Specify quality and where used)		
Steam Coal and Lignite used for Steam Generation in Boiler for Departmental use.		
Quantity (Tonnes)	26166	37906
Total Cost (Rs. in Lacs)	884.52	1158.87
Average Rate / Tonne (Rs.)	3380.45	3057.26
3 Furnace Oil:		
Quantity (K Ltrs.)	0.00	0.00
Total Amount (Rs in lacs.)	0.00	0.00
Average Rate (Rs/Ltr.)	0.00	0.00
4 Others/Internal Generation:		
	N.A.	N.A.
B. Consumption Per Unit of Production:		
1 Electricity:		
Purchased and Generation		
KWH/Metre of Grey Production*	2.23	2.47
KWH/Metre of Wet Production	0.40	0.37
Chemicals	NIL	NIL
2 Furnace Oil:		
Litre/KWH of Grey Production	NIL	NIL
KWH/Metre of Wet Production	NIL	NIL
3 Coal / Lignite : (Specify quality - Steam Coal)		
Kgs. of Coal/Metre of Grey Production	0.58	0.51
Kgs. of Coal/Metre of Wet Production (Finished Production)	1.47	1.34
4 Others		
	N.A.	N.A.

*Energy details of only operational units of Nadiad and Navsari are considered in the above calculations.

FORM - B

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

Moisture management is one of the key performance criteria in today's apparel industry due to increasing demand for comfort finish. Cool comfort finish was developed in Polyester/Cotton and Cotton Fabrics.

- New products were developed.
- Natural stretch fabric cotton, Polyester/viscose (high twist) Polyester/modal.
- After control trials in lab, OBA treatment was carried out at yarn stage to improve whiteness in yarn dyed fabric.
- Yarn dyed fabric with improved whiteness was well accepted in the market.
- Modification was done in the spindle of Staffi Yarn dyeing machine to use bigger package size. Production was higher with reduction in cost.
- For process sustainability, Synthetic thickener was blended alongwith Sodium alginate thickener to reduce consumption of alginate.
- Linen & Cotton / Linen blends were developed in White, Yarn dyed & Solid dyed fabric.
- Anti-microbial treated textile products are gaining importance across the application segment in textiles due to increased consumer awareness. It is also becoming popular in school uniforms due to its resistance to micro-organism growth which spots foul odour of sweat. Anti microbial finishes were developed in Polyester Cotton and Cotton Fabric.
- Laboratory Accreditation certificate from Mark & Spencer and NEXT (UK based Customer).
- Renewal of OEKO Tex 100 Certification.

2. Benefit derived as a result of the above efforts:

New business and new customers.
Improved customer service and customer satisfaction.
Energy conservation.
Quality Improvement.

3. Future Plan of Action:

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

4. Expenditure on R & D. :

	Current Period 2011-2012 (9 months)	Previous Period 2010-2011 (13 months)
(a) Capital Expenditure :	Nil	Nil
(b) Recurring Expenditure :	38.00	28.12
(c) Total :	38.00	28.12
(d) Total R. & D. Expenditure as a percentage of Total Turnover :	0.26%	0.04%

(Rs. in Lacs)

B) TECHNOLOGY ABSORPTION AND INNOVATION :**1. Efforts in brief made towards technology absorption, adaptation and innovation :**

- Splicing device was used in Autoconers for high twisted double yarn.
- In 20x count, fabric were produced with 20x OE with 5.4 TM, reduction in cost with improved loom efficiency.
- Lubricated screw compressor was replaced with Dry screw compressor to improve splicing quality and reduce rejections due to oil from compressor.
- To gain productivity (gms/spindle) and quality, Micro denier 0.8d x 40 mm Fibres were used.
- LPG was replaced by PNG to overcome high hazard zone and risk factor and it also reduced Gas consumption.

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

Energy saving.
Increase in production.
Increase in market share.
New customers developed.
New products developed.

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.

reasons therefore and future plans of action.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

This was another landmark year for the company when post the Mazgaon land sale in the previous financial year, funds were finally available after a long gap. This would enable investment in the business and steer the company forward. A business plan was initiated during the year which will see the company turn profitable in 2013-14.

Future plans include capital expenditures to completely modernise the process house and refurbish most of retained machinery in spinning and weaving. This includes putting up a 2 MW co-generation plant. Considering a gestation period of a year, all the new machines would be operational in 2013-14.

The year saw the implementation of a substantial VRS which was availed of by 1099 workmen (35%).

These steps would improve the company's competitiveness substantially in terms of reduced manufacturing cost, improved quality, timely delivery and better services to customers.

The current domestic and international situation offer tremendous opportunities for the company. The domestic textiles markets are reported to be growing at nearly 10%. Although there is a slowdown in the US and European markets resulting in slow growth in international markets, the increased cost of exports from China will offer opportunity to other textile exporters like India to increase their global market share. The company continues to enjoy excellent brand equity and goodwill in domestic and international markets and this should augur well for its future business prospects.

Way Forward

Capital expenditure to the tune of Rs.60 crores has been planned in Spinning, Weaving and Processing and Engineering departments, with the bulk of the expenditure planned in processing and power generation. This will enable the Company to increase its processing capacity from 25 mn m per annum to 35 mn m per annum, besides helping in developing new products, increasing productivity, reducing costs and improving quality.

These steps should help the company regain its competitiveness in the domestic and international markets, and move ahead aggressively and turn profitable.

Health & Safety / Quality Certification

The Company has implemented safeguards to adhere to health, safety and environment norms. A safety audit at the two plants at Nadiad and Navsari was completed recently as a part of this exercise. The Company's facilities are ISO 9001-2000 and Oeko Tex certified, boast of quality approvals from Marks & Spencer and NEXT, and also have British Safety Council certification.

Strength & Weakness

The Company's major strength is the trust which it enjoys with its wide customer base which it has developed through fair business practices. The other major strength is excellent product range backed by good quality and service. However, the major weakness is the current old range of equipments at the plant and high cost of manufacturing which reduces Company's competitiveness.

Opportunities & Threats

The demand for good quality fabric is ever growing from Domestic / International markets and Garment Exporters which creates endless

opportunities for Textile Industry. With China's competitiveness decreasing slowly, this is a great opportunity for Indian Textile Companies.

However, the threat comes from fluctuation in raw material costs and in exchange rate in addition to the competition from low cost producers in India and abroad.

Industry Structure

The Indian Textile Industry is one of the leading textile Industries in the world. The textile and clothing industry contribute to over 12% of India's export, 14% of industrial output and accounts for more than 5% of GDP. It provides direct employment to over 35 million people. For the Indian economy it is the second most important sector after agriculture.

The Indian Textile industry continues to be extremely fragmented with very few players in the composite sector, while the spinning sector is more organized, most of the weaving and processing units operate in the unorganized sector.

Prospects

The textile industry is estimated to grow by 10% to USD 92 billion in 2012-2013. The textile exports during 2012-13 are estimated to grow by about 20% to USD 40 billion. This is a tremendous opportunity for players in the industry to grow at a rapid pace.

Business Segment Analysis

The Company has achieved a textile turnover of Rs. 125.67 crores (annualized Rs. 167.56 crores), out of which export sales was Rs. 26.32 crores (annualized Rs.35.09 crores). The Company's order book position is fair. In light of the overall prospects of the Textile Industry and the SWOT Analysis of the Company, we feel that it can achieve better results, improve and re-establish its position as a leading textile manufacturer in the times to come.

Human Resources

The relations between the employees and the Management have remained cordial. Total no. of employees was 2474 as on March 31, 2012.

Internal Control

The Company has proper and adequate systems of internal control. Regular internal audits and checks are carried out and also management reviews of the internal control systems and procedures to ensure orderly and efficient conduct of the business. 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.

Cautionary Statement

Statements in this report of Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations, or predictions may be forward looking statements within the meaning of applicable securities laws and/or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could, however, differ materially from those expressed or implied.

The Company assumes no responsibilities in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report for nine months period from 1st July, 2011 to 31st March, 2012, 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 the requirement was legislated. The Company's philosophy of Corporate Governance is intended to bring about –

- Transparency, accountability and integrity in the organization
- 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:

- The Board of Directors consisted of six directors as at the end of the period out of which one was Promoter Director and other five were non-executive independent directors. The Board of Directors is headed by Shri Hrishikesh A. Mafatlal who is the Promoter, Chairman and Managing Director of the Company. The composition of the Board was 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.

Directors' Profile:

A brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold Directorships, Memberships/ Chairmanships of Board sub-Committees and their shareholding in the Company are provided below:

Shri Hrishikesh A. Mafatlal, is B. Com. (Hons.) and has completed Advanced Management Programme at Harvard Business School of U.S.A. and an industrialist. Experience of more than 33 years in Top Management in the areas of Textiles, Petrochemicals and Chemicals.

Shri Hrishikesh A. Mafatlal is a Promoter and Managing Director of the Company.

Shri Hrishikesh A. Mafatlal joined the Company on 3rd May, 1979 as a Director of the Company. From 20th September, 1990, he was appointed as the Vice-Chairman of the Company and since 28th October, 2010, he is the Chairman of the Company. He is also Managing Director of the Company since 3rd May, 1994.

The Company was declared a Sick Industrial Undertaking in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), by Hon'ble BIFR, New Delhi, on 19th September, 2000, and due to financial difficulties, Shri Hrishikesh A. Mafatlal has opted not to accept remuneration from the Company.

Under the able guidance of Shri Hrishikesh A. Mafatlal the Company has successfully implemented the Rehabilitation Scheme and Modified Scheme of the Company sanctioned by BIFR and the Company has ceased to be a 'sick industrial undertaking' within the meaning of Section 3(1)(o) of SICA as the net-worth of the Company became positive.

Shri Hrishikesh A. Mafatlal is the Chairman of NOCIL Ltd., Navin Fluorine International Ltd., Mafatlal Denim Ltd., Mafatlal Services Ltd. Cebon Apparel Pvt. Ltd. and Vibhadeep Investments and Trading Ltd. and Director of Mafatlal Asset Management Co.Ltd., Eyeindia.com Private Limited, Techergo Solutions Ltd., Tropical Clothing Co. Private Limited, Mafatlal Global Apparel Ltd., Manchester Organics Limited, (U.K) and HPA Sports Private Limited.

Shri Praful R. Amin is a Commerce Graduate and Fellow Member of the Institute of Chartered Accountants of India. He has varied experience of over 48 years in the areas of Finance, Production Management and Corporate Affairs.

Shri Praful R. Amin is a Director of the Company since 13th June, 1985. He was a Whole Time Director designated as Executive Vice-President (Textiles) of the Company from 13th June, 1985 to 16th June, 1988. He was transferred as Executive Vice-President (Textiles) to an associate concern of the Company viz., The Mafatlal Fine Spg. & Mfg. Co. Ltd., Mumbai with effect from 16th June, 1988 till 1st April, 1993, the date from which the said The Mafatlal Fine Spg. & Mfg. Co. Ltd., was amalgamated with the Company. He was again appointed as the Executive Vice-President designated as President (Corporate Affairs) of the Company from 15th June, 1993 to 14th June, 1998.

Shri Praful R. Amin is the Chairman of various sub-committees such as Audit Committee, Investors Grievance Committee, Remuneration Committee and Member of Share Transfer Committee of the Company.

Shri Praful R. Amin is a Director of Mafatlal Denim Limited since 31st March, 2006 and Chairman of its Audit Committee.

Shri Praful R. Amin is Non-Executive Independent Director of the Company.

Shri Priyavadan J. Desai is a Commerce Graduate, Chartered Accountant, Fellow Member of the Institute of Company Secretaries of India and Law Graduate.

He is a Director of the Company since 28th March, 2003.

Shri Priyavadan J. Desai has varied experience in the field of Finance, Law and Corporate Affairs.

He is also a Director of Mishapar Investments Limited, wholly owned Subsidiary.

Shri Priyavadan J. Desai is a Member of Audit Committee, Remuneration Committee, Investors' Grievance Committee and Share Transfer Committee of the Company.

Shri Priyavadan J. Desai is a Non-Executive Independent Director of the Company.

Shri Niranjan K. Parikh is a Commerce Graduate and Fellow Member of the Institute of Chartered Accountants of India.

He is a Director of the Company since 17th June, 2005.

Shri Niranjan K. Parikh has varied experience in the field of Finance and Administration.

Earlier, he was associated with an erstwhile associate concern of the Company viz., Mafatlal Finance Co. Ltd., as a Managing Director.

He is a Member of Audit Committee and Remuneration Committee of the Company.

Shri Niranjan K. Parikh is a Non-Executive Independent Director of the Company.

Shri V. K. Balasubramanian, is M.A., C.A.I.I.B. He is on the Board of the Company since 17th June, 2005.

Shri V.K. Balasubramanian is a consultant in the field of Corporate Finance. He has varied experience in the areas of Finance of over 42 years.

He has worked with the Company for more than five years and was a Finance Controller.

He is a Director of Transdeal Financial Ltd.

He is a Member of the Audit Committee of the Company.

Shri V.K. Balasubramanian is a Non-Executive Independent Director of the Company.

Shri Ashok C. Gandhi is Arts and Law Graduate. He is a Director of the Company since 17th June, 2005.

He is an Advocate of High Court of Gujarat. He is a Partner of the Advocates' Firm, M/s. C.C. Gandhi & Company. He has varied experience in the field of Law and Corporate Sector.

Shri Ashok C. Gandhi is a Member of the Audit Committee and the Share Transfer Committee of the Company.

Shri Ashok C. Gandhi is also Director of the Amol Dicalite Ltd., Jayatma Spinners Ltd., Aarvee Denims & Exports Ltd., Ahmedabad Steel Craft Ltd., Gujarat Ambuja Exports Ltd. and Dishman Pharmaceuticals & Chemicals Limited.

He is also Chairman / Member of various Sub-Committees of the above Companies.

Shri Ashok C. Gandhi is a Non-Executive Independent Director of the Company.

Other Directorships and Meeting Attendance:

Sr No	Names of Directors	Category (Executive/ Non-Executive)	@ No. of Board Meetings attended	Whether last AGM held on 23/09/2011 attended	Other Directorship held (including Private Companies) at the year end	\$ No. of Committee Membership / Chairmanship in other Domestic Companies at the year end	
						As Chairman & Member	As Member
1.	Shri H. A. Mafatlal	Promoter Executive	5	Y	#13	1	1
2.	Shri P. R. Amin	Non-Executive Independent	4	Y	1	1	NIL
3.	Shri P. J. Desai	Non-Executive Independent	4	Y	1	NIL	NIL
4.	Shri V. K. Balasubramanian	Non-Executive Independent	2	No	1	NIL	NIL
5	Shri N. K. Parikh	Non-Executive Independent	5	Y	NIL	NIL	NIL
6	Shri A. C. Gandhi	Non-Executive Independent	3	Y	6	0	6

Y – Attended, No – Not attended.

@ During the period under review viz. 1st July, 2011 to 31st March, 2012, total five Meetings of the Board of Directors of the Company were held viz. on 08.08.2011, 23.09.2011, 4.11.2011, 27.01.2012 and 23.03.2012.

\$ 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.

Out of 13 directorships, 4 companies are Private Limited Companies.

(iii) **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 @ Rs.5,000/- per meeting and in addition the Company paid travelling / conveyance expenses and diem allowances to the outstation directors. No other remuneration is paid to the Non-Executive Directors.

(iv) Other Service Contracts, notice period, severance fees etc. relating to Directors:

There are no contracts / agreements except letter of appointment issued to the Managing Director, Shri H.A. Mafatlal.

(v) Shareholding of Non-Executive Directors as at 31st March, 2012, is as follows :

(Name of Director & No. of Equity Share of Rs.10/- each of the Company held)

Shri P.R. Amin – 211 Equity Shares, Shri P.J. Desai –NIL, Shri V.K. Balasubramanian- NIL, Shri N. K. Parikh- NIL and Shri A.C.Gandhi – 64 Equity Shares.

2. Audit Committee:

The Audit Committee consists 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. All of them are Non-Executive Independent Directors. Shri P. R. Amin, who is a Chartered Accountant, is the Chairman of the Audit Committee.

During the period under review, total five Meetings of the Audit Committee of the Board of Directors of the Company were held viz. on 8.08.2011, 23.09.2011, 4.11.2011, 27.01.2012 and 23.03.2012. 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	8 th August, 2011	No	No	No	Y	Y
2	23 rd September, 2011	Y	Y	No	Y	Y
3	4 th November, 2011	Y	Y	No	Y	Y
4	27 th January, 2012	Y	Y	Y	Y	No
5	23 rd March, 2012	Y	Y	Y	Y	No

Y – 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 of the Company also review 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 signification transactions and arrangements entered into by the subsidiary Companies.

4. Remuneration Committee:

The Remuneration Committee has been constituted which at present 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 period under review, no meeting of the Committee was held.

Terms of Reference: The Remuneration Committee has been constituted to recommend / review 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 Rs.
1	Shri H. A. Mafatlal**	Promoter -Executive	NIL
2	Shri P. R. Amin	Non-Executive Independent	45,000/-
3	Shri P. J. Desai	Non-Executive-Independent	45,000/-
4	Shri V. K. Balasubramanian	Non-Executive-Independent	20,000/-
5	Shri N. K. Parikh	Non-Executive-Independent	50,000/-
6	Shri A.C. Gandhi	Non-Executive-Independent	30,000/-

*Sitting Fees paid for attending Board Meetings, Audit Committee Meetings and 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.

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 period under report the Committee duly met on 23rd March, 2012, which was attended by all the Members. 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 etc.

Shri R. R. Patel, Company Secretary, is the Compliance Officer.

No. of Complaints received from Shareholders from 1-07-2011 to 31-03-2012, comprising of:

Non-receipt of Shares after transfer	: 02
Non-receipt of Dividend Warrants (old)	: 00
Non-receipt of Annual Reports	: 12
Non-receipt of demat confirmation	: Nil
Total	: 14
No. of Complaints resolved from 1-07-2011 to 31-03-2012	: 14
No. of Complaints pending as on 31-03-2012	: NIL

6. Disclosure:

- (i) Disclosure on materially significant related party transactions which have taken place during the period ended 31st March, 2012, 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. 30.5 in "Notes forming part of financial statements" annexed to the financial statements for the period.

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 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 minimization procedures including risk mitigation mechanisms, which are periodically reviewed and reported to the Board of Directors by 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. 29.9 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. 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 Chairman and Managing Director 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. Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial result while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

9. General Body Meetings:

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

AGM	Location	Dividend Declared	Date	Time	No. of Special Resolutions passed
95 th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	Nil	24-09-2009	10.30 A.M.	Nil
96 th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	Nil	28-10-2010	10.30 A.M.	Nil
97 th AGM	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006.	Nil	23-09-2011	10.30 A.M.	One

- (ii) At present there is no proposal to pass any special resolution by Postal Ballot.

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 which newspaper : In English - The Economic Times
: In Gujarati - The Economic Times
- Any website : www.mafatlals.com
- Whether it also displays official news release and the presentation made to institutional investors or to the Analysts. : Yes
- Whether Management Discussion & Analysis Report is a part of Annual Report. : Yes

11. General Shareholders Information:**A) 98th Annual General Meeting**

- Date : 19th November, 2012
- Time : 10.30 A.M.
- Venue : Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380006.

B) Financial Calendar : 01-04-2012 To 31-03-2013 (tentative)

- C) Second Quarterly Results/Half yearly** : By 14th November, 2012
- Third Quarterly Results** : By 14th February, 2013
- Audited yearly Results** : End May, 2013

D) Date of Book Closure : 25th October, 2012 to 2nd November, 2012 (both days inclusive)**E) Dividend Payment date : N.A.**

- F) Listing** : Ahmedabad Stock Exchange Ltd.[ASE]
: Bombay Stock Exchange Ltd. [BSE]

- G) Stock Code** : ASE 34100
: BSE 500264

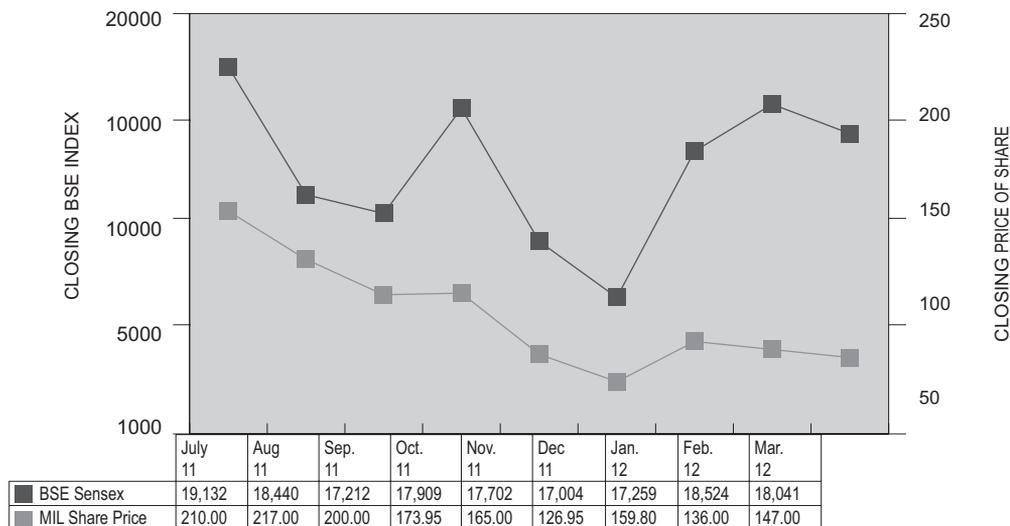
H) Monthly high & low of the shares in the last financial period:

Market Price of the Equity Shares of Rs.10/- each of the Company on Bombay Stock Exchange are as under:

Month	Highest (Rs.)	Lowest (Rs.)	BSE Sensex Highest	BSE Sensex Lowest	No.of Trades
July, 2011	210.00	182.10	19,131.70	18,131.86	1,329
August, 2011	217.00	170.00	18,440.07	15,765.53	1,259
September,2011	200.00	147.00	17,211.80	15,801.01	742
October,2011	173.95	133.00	17,908.13	15,745.43	524
November,2011	165.00	112.75	17,702.26	15,478.69	1,066
December,2011	126.95	92.15	17,003.71	15,135.86	458
January, 2012	159.80	93.00	17,258.97	15,358.02	1,518
February, 2012	136.00	107.25	18,523.78	17,061.55	728
March, 2012	147.00	111.00	18,040.69	16,920.61	842

Performance in comparison to broad based indices:

Company Share Price in BSE Sensex – Monthly High



I) 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,
Near Sakinaka Telephone Exchange,
Andheri-Kurla Road, Sakinaka,
Mumbai- 400 072.

Tel: 91-022-67720300, 67720400

Fax: 91-022-28591568/28508927

Email:sharepro@shareproservices.com

Investor Relations Centre:

912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai-400 021.

Tel: 91-022-66134700

Fax : 91-022-22825484

Email:sharepro@shareproservices.com

J) 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, Shri P. J. Desai and Shri A.C. Gandhi. In order to expedite the share transfer, transmission, split-up, consolidation, demat, remat etc, 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.

K) Distribution of shareholding as on 31.03.2012

Description (Slab)	No. of Share Holders		Holdings	
	Folios	%	No. of shares	%
Upto 50	1,11,241	97.11	5,35,629	5.46
51-500	2,726	2.38	4,49,800	4.58
501-1000	277	0.24	2,08,369	2.12
1001-2000	131	0.11	1,95,949	2.00
2001-3000	32	0.03	80,291	0.82
3001-4000	18	0.02	64,556	0.66
4001-5000	32	0.03	1,48,676	1.51
5001-10000	30	0.03	2,15,563	2.20
10001-Above	60	0.05	79,15,026	80.65
TOTAL	1,14,547	100.00	98,13,859	100.00

L) Shareholding pattern as on 31.03.2012

Sr.No.	Category	No. of shares held	% Holding
1	Promoters Holding	64,50,878	65.73
2	Mutual Fund	1,956	0.02
3	Banks, Financial Institutions, Insurance Companies, UTI, Central/State Govt Institutions	4,63,337	4.72
4	FII(Foreign Institutional Investors)	0	0.00
5	Private Corporate Bodies	4,28,679	4.37
6	Indian Public/Trust	24,16,885	24.63
7	NRI/OCBs/Foreign National	52,124	0.53
8	Any Other (please Specify) GDR	-	-
	Total	98,13,859	100.00

M) 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, 2012, **18,199** shareholders holding **92,73,438** Equity Shares have dematerialized their shares which constitutes **94.49%** of the total Equity Share Capital of the Company.

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

Not Applicable

O) Plants / Factories :

Textiles Units : (Nadiad and Navsari Units are operational)

- 1) Nadiad Unit : Kapadvanj Road, Nadiad 387 001.
- 2) Navsari Unit : Vejalpore Road, Navsari 396445.
- 3) Mazgaon Unit : Rambhau Bhogale Marg, Mumbai 400 010.

P) Registered Office / Address for correspondence :

Mafatlal Industries Limited
Asarwa Road, Ahmedabad 380 016.

Q) 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 Remuneration Committee.

ANNEXURE TO CORPORATE GOVERNANCE REPORT

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 Nine Months period ended 31st March, 2012.

Mumbai,
Dated: 10th October, 2012.

H. A. Mafatlal
Managing Director

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 9 months period from 1st July, 2011 to 31st March, 2012, 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
(Registration No. 117364W)

R. Salivati
Partner
(Membership No. 34004)

MUMBAI, 10th October, 2012

AUDITORS' REPORT

TO THE MEMBERS OF

MAFATAL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **MAFATAL INDUSTRIES LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the period from 1st July, 2011 to 31st March, 2012 both annexed thereto, in which are incorporated the Returns from Ahmedabad and Nadiad Units / Branches audited by other auditors. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. 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 statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. *Attention is invited to sub-note 9 of Note 29, 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; if the same is considered including the revision awarded by the Hon'ble Small Causes court, rental income from investment property would be higher by Rs. 754.11 lacs (aggregate to 30th June, 2011 Rs. 178.65 lacs),*

We further report that had the observation made by us above been considered, in the current period there would have been a loss of Rs 4,431.88 lacs, as against the reported loss of Rs. 5,185.99 lacs (previous period, profit would have been Rs. 38,234.65 lacs, as against the reported profit of Rs. 38,056.00 lacs), reserves and surplus would have been Rs. 30,300.07 lacs, as against the reported figure of Rs. 29,545.96 lacs (as at 30th June, 2011, Rs. 34,910.60 lacs, as against the reported figure of Rs.34,731.95 lacs), trade receivables (net of provision) would have been Rs. 5,936.10 lacs, as against the reported figure of Rs. 5181.99 lacs (as at 30th June, 2011, Rs. 6,270.35 lacs, as against the reported figure of Rs. 6,091.70 lacs).

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

(i) 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;

(ii) in our opinion, *subject to our comment in para (4) above*, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Ahmedabad and Nadiad Units / Branches audited by other auditors;

(iii) the reports on the accounts of the Ahmedabad and Nadiad Units / Branches audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report;

(iv) the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns;

(v) in our opinion, *subject to our comment in para (4) above*, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(vi) *Subject to our comment in para (4) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2012;

(b) in the case of the Statement of Profit and Loss, of the loss of the Company for the period from 1st July, 2011 to 31st March, 2012 and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period from 1st July, 2011 to 31st March, 2012.

6. On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

R. SALIVATI
Partner
(Membership No.34004)

MUMBAI, 10th October, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (xiii), (xiv), (xviii), (xix) and (xx) of CARO 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 the fixed assets.
 - (b) The fixed assets were physically verified during the period 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 period, 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 inventory:
 - (a) As explained to us, the inventories were physically verified during the period by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation 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) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - (b) In respect of loans, secured or unsecured, taken by the Company, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanation given to us:
 - (i) The Company has taken loans aggregating Nil from parties during the period. At the period end, the outstanding balance of such loan from a party was Nil and the maximum amount involved during the period was Rs. 3,443.73 lacs.
 - (ii) The rate of interest and other terms and conditions of such loan are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (iii) The payment of principal amount and interest in respect of such loan is 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 Rs. 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 except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
 - (vii) In our opinion, the internal audit functions carried out during the period by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
 - (viii) 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 reconciled with the financial statements for the period. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - (ix) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has been generally regular in depositing undisputed dues, including Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Custom 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 and Excise duty.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Cess and other material statutory dues in arrears as at 31st March, 2012, for a period of more than six months from the date they became payable. As at the period end, the arrears of statutory dues outstanding for a period of more than six months aggregate to Rs. 187.28 lacs in respect of interest on Provident Fund, Rs. 16.80 lacs in respect of interest on Employees State Insurance dues, Rs. 9.42 lacs in respect of Sales tax, Rs. 51.90 lacs in respect of Gratuity, Rs. 280.25 lacs in respect of Excise duty, Rs. 232.27 lacs in respect of Municipal Water Charges and Rs. 129.61 lacs in respect of interest on Electricity duty.
- (c) Details of dues of Excise duty, Customs duty and Labour dues which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs)
Central Excise Act, 1944	Excise Duty	Assistant Commissioner	1989-90 to 2003-04	254.29
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	133.90
Central Excise Act, 1944	Excise Duty	CESTAT	1989-90 to 2003-04	54.95
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
Customs Act, 1962	Customs Duty	Joint Director General of Foreign Trade	1989-90 to 1999-00	4.79
Bombay Industrial Relations Act, 1946	Labour Dues	Labour Court	From 1993 to 2008	1,163.29

- (x) The Company does not have accumulated losses at the end of the financial period. The Company has incurred cash losses in the financial period and the Company did not incur cash losses in the immediately preceding financial period.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to bank.
- (xii) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loans taken by other from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company. [Refer note 1(a) of Note 29 on guarantee given for a subsidiary].
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the period for long-term investment.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the period.

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

R. SALIVATI
Partner

MUMBAI, 10th October, 2012

(Membership No. 34004)

Balance Sheet as at 31st March, 2012

	Note No.	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	3,981.32	6,981.32
(b) Reserves and surplus	4	29,545.96	34,731.95
		<u>33,527.28</u>	<u>41,713.27</u>
2 Non-current liabilities			
(a) Deferred tax liabilities (net)	5	-	-
(b) Other Long term liabilities	6	257.22	344.09
(c) Long-term provisions.....	7	424.89	473.71
		<u>682.11</u>	<u>817.80</u>
3 Current liabilities			
(a) Short-term borrowings	8	554.07	6,580.55
(b) Trade payables.....	9	2,630.33	10,699.09
(c) Other current liabilities	10	1,352.10	6,970.85
(d) Short-term provisions	11	289.86	16,236.42
		<u>4,826.36</u>	<u>40,486.91</u>
Total		<u><u>39,035.75</u></u>	<u><u>83,017.98</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12 (a)	1,639.23	1,563.37
(ii) Capital work-in-progress		364.37	-
(iii) Fixed assets held for sale.....	12 (b)	-	49.97
		<u>2,003.60</u>	<u>1,613.34</u>
(b) Non-current investments	13	5,009.80	5,477.25
(c) Long-term loans and advances.....	14	2,450.82	2,128.28
(d) Other non-current assets	15	10.79	10.79
		<u>9,475.01</u>	<u>9,229.66</u>
2 Current assets			
(a) Inventories.....	16	2,877.33	2,679.55
(b) Trade receivables.....	17	5,181.99	6,091.70
(c) Cash and cash equivalents	18	18,922.84	63,462.66
(d) Short-term loans and advances	19	2,444.85	1,357.06
(e) Other current assets	20	133.73	197.35
		<u>29,560.74</u>	<u>73,788.32</u>
Total		<u><u>39,035.75</u></u>	<u><u>83,017.98</u></u>

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

H. A. Mafatal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A. C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

} Directors

Mumbai, Dated: 10th October, 2012Mumbai, Dated: 10th October, 2012

Statement of Profit and Loss for the period 1st July, 2011 to 31st March, 2012

	Note No.	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
1 Revenue from operations	21	14,374.88	68,280.58
2 Other income	22	3,694.91	2,245.37
3 Total revenue (1 + 2)		18,069.79	70,525.95
4 Expenses			
(a) Cost of materials consumed	23. a	3,528.93	5,438.88
(b) Purchases of stock-in-trade	23. b	2,638.88	2,303.48
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23. c	(63.84)	(1,030.48)
(d) Employee benefits expense	24	3,552.96	7,017.54
(e) Finance costs	25	245.11	1,085.88
(f) Cost of Land sold (Refer Note 29.3 (a))		-	0.52
(g) Depreciation and amortisation expense (including impairment Rs.46.87 lacs, Previous period Rs. NIL)	26	203.42	252.48
(h) Other expenses	27	9,509.56	20,771.30
Total expenses		19,615.02	35,839.60
5 (Loss) / Profit before exceptional items and tax (3 - 4)		(1,545.23)	34,686.35
6 Exceptional items (net)	28	(5,040.76)	16,086.77
7 (Loss) / Profit before tax		(6,585.99)	50,773.12
8 Tax (expense) / credit:			
(a) Current tax (expense) / credit for the current period		-	(12,450.00)
(b) Current tax (expense) / credit relating to prior years		1,400.00	(267.12)
		1,400.00	(12,717.12)
9 (Loss) / Profit for the period		(5,185.99)	38,056.00
10 Earnings per share (of face value of Rs. 10/- each) - (Refer Note 30.2)			
(a) Basic		(52.84)	387.78
(b) Diluted		(52.84)	387.78

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

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A. C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

} Directors

Mumbai, Dated: 10th October, 2012

Mumbai, Dated: 10th October, 2012

Cash Flow Statement for the period 1st July, 2011 to 31st March, 2012

	Period 1 st July, 2011 to 31 st March, 2012 (Rupees In lacs)	Period 1 st June, 2010 to 30 th June, 2011 (Rupees In lacs)
A. Cash flow from operating activities		
Net (Loss) / Profit before tax	(6,585.99)	50,773.12
adjustments for,		
Depreciation and amortisation expense (including impairment of Rs.46.87 lacs, Previous period Rs. NIL)..	203.42	252.48
(Profit) on sale/ disposal of fixed assets.....	(129.48)	(12,941.92)
(Profit) on sale of investments	(31.26)	(732.91)
Investments written off (net)	2.36	-
Finance costs	245.11	1,085.88
Interest income	(2,211.07)	(438.29)
Dividend income	(22.81)	(24.90)
Loss on sale of fixed assets sold/scrapped / written off	9.77	-
Liabilities/ Provisions no longer required	(1,173.15)	(846.05)
Bad trade and other receivables/ Loans & advances w/off	620.39	4.25
Provision for doubtful debts/ advances	1.46	475.29
Provision for diminution in the value of long term Investments	500.00	6,400.00
Net unrealised exchange (gain)/ loss	(109.20)	-
Operating (loss) / profit before working capital changes	(8,680.45)	44,006.95
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(197.78)	(1,112.23)
Trade receivables	601.60	(1,544.17)
Loans and advances	(1,394.42)	543.17
Other current assets	63.62	-
Adjustments for (decrease) / increase in operating liabilities:		
Trade and other payables	(15,225.64)	4,660.15
	(16,152.62)	2,546.92
Cash (used in) / generated from Operations	(24,833.07)	46,553.87
Direct taxes paid (net)	(12,103.57)	5.60
Net cash generated from (used in) operating activities	(36,936.64)	46,559.47
B. Cash flow from investing activities		
Capital expenditure on fixed assets (including capital advances)	(599.80)	(81.84)
Purchase of Long term Investments / Immoveable properties	(38.29)	(18.84)
Sale of fixed assets	126.72	13,104.58
Proceeds from sale of Long term investments	32.76	1,351.43
Dividend received - others	22.81	24.90
Interest received - others	2,211.08	293.08
Net cash generated from investing activities	1,755.28	14,673.31
C. Cash flow from financing activities		
Redemption of Preference shares	(3,000.00)	-
Repayment of other borrowings (net).....	-	(41.35)
Repayment of long term borrowings.....	-	(500.00)
Finance costs	(245.11)	(773.87)
Repayment of other long term liabilities.....	(86.87)	-
Repayment of short term borrowings.....	(6,026.48)	-
Net cash (used in) financing activities	(9,358.46)	(1,315.22)
Net (decrease) / increase in cash and cash equivalents	(44,539.82)	59,917.56
Cash and cash equivalents at the beginning of the period	63,462.66	3,545.10
Cash and cash equivalents at the end of the period (Note no. 18)	18,922.84	63,462.66

Notes: Cash and cash equivalents include the following: (a) Includes Rs. 2,031.94 lacs in Fixed Deposit Escrow account and Rs. 409.23 lacs in escrow current account (operated under the supervision of Monitoring Committee constituted by the Govt. of Maharashtra under Development Control Regulations, 1991) (as at 30th June, 2011 Rs. 60,616.13 lacs) (b) Includes Rs. 2,781.77 lacs in Fixed Deposits accounts (as at 30th June, 2011 Rs. 0.83 lacs) over which the banks have lien.

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

H. A. Mafatal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A. C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

Directors

Mumbai, Dated: 10th October, 2012

Mumbai, Dated: 10th October, 2012

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 Bombay 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 having its operating 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.

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

d. Depreciation on tangible fixed assets

Depreciation on fixed assets is provided on the straight-line basis in accordance with the Companies Act, 1956 at the rates and in the manner specified in the Schedule XIV of the Act except as stated below:

Cost of leasehold land is written off over the period of lease.

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.

g. Tangible fixed assets

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

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 amortised 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 (where applicable) 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 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 statute/ 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 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 lesser 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 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 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.

n. Impairment of tangible assets

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). 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 statements.

Notes forming part of the Financial Statements

3 SHARE CAPITAL

	As at 31st March, 2012		As at 30th June, 2011	
	Number of shares	Rupees in lacs	Number of shares	Rupees in lacs
(a) Authorised				
Equity shares of Rs.10/- each with voting rights	10,146,054	1,014.61	10,146,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of Rs.10/- each	60,000,000	6,000.00	60,000,000	6,000.00
Unclassified Shares of Rs.10/- each	29,853,946	2,985.39	29,853,946	2,985.39
		<u>10,000.00</u>		<u>10,000.00</u>
(b) Issued				
Equity shares of Rs.10/- each with voting rights	10,146,054	1,014.61	10,146,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of Rs.10/- each	30,000,000	3,000.00	60,000,000	6,000.00
		<u>4,014.61</u>		<u>7,014.61</u>
(c) Subscribed and fully paid up				
Equity shares of Rs.10/- each with voting rights	9,813,860	981.38	9,813,860	981.38
Less: Allotment money/ Calls in arrears		0.06		0.06
		<u>981.32</u>		<u>981.32</u>
Fully Redeemable Non-Cumulative Preference Shares of Rs.10/- each	30,000,000	3,000.00	60,000,000	6,000.00
		<u>3,981.32</u>		<u>6,981.32</u>
Total		<u>3,981.32</u>		<u>6,981.32</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Particulars	Opening balance	Closing balance
(i) Equity shares with voting rights		
Period ended 31st March, 2012		
- Number of shares	9,813,860	9,813,860
- Amount (Rs. in lacs)	981.38	981.38
Period ended 30th June, 2011		
- Number of shares	9,813,860	9,813,860
- Amount (Rs. in lacs)	981.38	981.38
(ii) Fully Redeemable Non-Cumulative Preference Shares	Opening balance	Redemption
Period ended 31st March, 2012		
- Number of shares	60,000,000	30,000,000
- Amount (Rs. in lacs)	6,000.00	3,000.00
Period ended 30th June, 2011		
- Number of shares	60,000,000	-
- Amount (Rs. in lacs)	6,000.00	-

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

The Company has only one class of equity shares having a par value of Rs.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 period ended 31st March, 2012, the amount of dividend, per share, recognized as distributions to equity shareholders is Rs. NIL (period ended 30th June, 2011 Rs. NIL).

(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 Rs. 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. 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 Rs.10/- each fully paid Name	31st March, 2012		30th June, 2011	
	Nos.	% holding	Nos.	% holding
Vishad Padmanabh Mafatlal	1,211,581	12.35	1,209,708	12.33
Rupal Vishad Mafatlal	1,203,465	12.26	1,203,465	12.26
Hrishikesh Arvind Mafatlal	820,793	8.36	819,151	8.35
Rekha Hrishikesh Mafatlal	804,283	8.20	804,232	8.19
NOCIL Limited	566,320	5.77	566,320	5.77
Priyavrata Hrishikesh Mafatlal	554,232	5.65	554,044	5.65

Notes forming part of the Financial Statements

Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each

Name	Nos.	% holding	Nos.	% holding
Navin Fluorine International Limited	30,000,000	100.00	60,000,000	100.00

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

	As at 31st March, 2012	As at 30th June, 2011	As at 31st May, 2010	As at 31st March, 2009	As at 31st March, 2008
Preference shares redeemed by the company	30,000,000	NIL	NIL	NIL	NIL

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

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
Calls Unpaid	0.06	0.06

f. During 1987-88, 535,000 shares (of Rs. 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 period of 14 months ended 31st May, 2010, in terms of Modified Scheme (MS) approved by BIFR, 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each were converted into 48,13,860 Equity Share of Rs.10/- each of the Company at a premium of Rs.52.32 per equity share.

4 RESERVES AND SURPLUS

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
(a) Capital Reserve no. 1		
Opening Balance	61.16	61.16
(b) Capital Reserve no. 2		
Opening Balance	35.00	35.00
(c) Capital Redemption Reserve		
Opening balance	1,200.00	1,200.00
Add: Transferred from Surplus in Statement of Profit and Loss	3,000.00	-
Closing balance	4,200.00	1,200.00
(d) Securities Premium Account		
Opening Balance	21,383.78	21,383.78
(e) Capital Investment Reserve:		
(Non-taxable excess of sale proceeds over book value)	75.96	75.96
Opening Balance		
(f) Investment Reserve:		
(Taken over from Mafatlal Gagalbhai and Company Private Limited as from 01-04-1972 on amalgamation)	1.78	1.78
Opening Balance.....		
(g) Export Profit Reserve		
(Taken over from erstwhile The Mafatlal fine Spg. & Mfg. Co. Ltd. on amalgamation)	20.00	20.00
Opening Balance		
(h) Surplus/ (Deficit) in Statement of Profit and Loss		
Opening balance	11,954.27	(26,101.73)
Add: (Loss) / Profit for the period	(5,185.99)	38,056.00
	6,768.28	11,954.27
Less: Transferred to Capital Redemption Reserve	3,000.00	-
Closing balance	3,768.28	11,954.27
Total	29,545.96	34,731.95

5 DEFERRED TAX LIABILITIES (NET)

Tax effect of items constituting deferred tax liability

On difference between book balance and tax balance of fixed assets	(445.62)	(507.74)
Tax effect of items constituting deferred tax liability	(445.62)	(507.74)

Tax effect of items constituting deferred tax assets

Provision for doubtful debts / advances	333.80	271.04
Disallowances under Section 35DDA, 40 (a) (i), 43B of the Income Tax Act, 1961 (restricted to the extent of deferred tax liability on depreciation)	111.82	236.70
Tax effect of items constituting deferred tax assets	445.62	507.74

Net deferred tax (liability) / asset	-	-
---	----------	----------

Notes forming part of the Financial Statements

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
6 OTHER LONG-TERM LIABILITIES		
(a) Trade Payables - Other than acceptances (Refer Note no. 29.8)	4.55	4.55
(b) Others		
(i) Trade / security deposits received	249.42	338.09
(ii) Others - advances	3.25	1.45
Total.....	257.22	344.09
7 LONG-TERM PROVISIONS		
Provision for employee benefits		
(i) Provision for Compensated absences	219.86	212.02
(ii) Provision for Gratuity (Refer Note no. 30.4)	205.03	261.69
Total.....	424.89	473.71
8 SHORT-TERM BORROWINGS		
(a) Loans repayable on demand		
(i) From Banks		
Secured *	544.73	-
Unsecured **	9.34	8.89
(ii) From Other Parties		
Unsecured	-	560.47
(b) Loans and Advances from related parties (Refer Note no. 30.5)		
Secured ***	-	3,108.97
Unsecured	-	2,902.22
Total.....	554.07	6,580.55
* Secured against Fixed Deposits of Rs.2,580.95 lacs, date of maturity 14th March, 2013		
** Short term loan from bank is obtained by placing fixed deposit of Mafatlal Industries Employee's Co-operative Credit Society at Nadiad as Collateral.		
*** As assignee of bank, secured by first charge on all the fixed and current assets at Navsari and Nadiad.		
9 TRADE PAYABLES		
Other than acceptances (Refer Note no. 29.8)	2,630.33	10,699.09
Total.....	2,630.33	10,699.09
10 OTHER CURRENT LIABILITIES		
(a) Interest accrued and due on borrowings	-	312.01
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	752.36	2,003.79
(ii) Contractually reimbursable expenses	0.02	0.16
(iii) Interest accrued on other than borrowings	378.19	728.59
(iv) Trade / security deposits received	24.91	26.56
(v) Advances from customers	60.36	570.41
(vi) Others includes Voluntary Retirement Scheme, electricity dues.	136.26	3,329.33
Total.....	1,352.10	6,970.85
11 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits		
(i) Provision for Compensated absences	80.63	62.22
(ii) Provision for Gratuity (Refer Note no. 30.4)	200.66	2,677.33
Total.....	281.29	2,739.55
(b) Provisions - Others		
Provision for tax (net of advance tax Rs. 1,541.43 lacs (As at 30th June, 2011 Rs. 53.14 lacs)) .	8.57	13,496.87
Total.....	8.57	13,496.87
Total.....	289.86	16,236.42

Notes forming part of the Financial Statements

Note 12(a) Fixed assets

(Rupees in lacs)

Tangible assets	Gross block				
	Balance as at 1st July, 2011	Additions	Disposals	Other adjustments	Balance as at 31st March, 2012
(a) Land - Freehold	32.27	-	(11.19)	-	21.08
- Leasehold	0.08	-	-	-	0.08
(b) Buildings					
Owned	1,552.46	-	(1.41)	-	1,551.05
Given under operating lease	63.60	-	-	-	63.60
(c) Plant and Equipment	17,545.83	187.22	(0.35)	(343.25)	17,389.45
(d) Furniture and Fixtures	600.25	1.56	(18.29)	(371.95)	211.57
(e) Vehicles	88.99	36.38	(0.69)	-	124.68
(f) Office equipment	-	25.59	(45.36)	715.20	695.43
(g) Railway sidings	2.70	-	-	-	2.70
Total	19,886.18	250.75	(77.29)	-	20,059.64
Previous period	21,731.30	52.63	(1,897.75)	-	19,886.18

Note: Buildings include a sum of Rs. NIL (Previous period Rs. 1.41 lacs) being cost of ownership premises in co-operative society including cost of shares of the face value of Rs. Nil (Previous period Rs. 500/-) received under the bye-laws of the Society.

Note 12(a) Fixed assets (contd.)

(Rupees in lacs)

Tangible assets	Accumulated depreciation				Net block		
	Balance as at 1st July, 2011	Depreciation / amortisation expense for the period	Eliminated on disposal of assets	Other adjustments	Balance as at 31st March, 2012	Balance as at 31st March, 2012	Balance as at 30th June, 2011
(a) Land - Freehold	-	-	-	-	-	21.08	32.27
- Leasehold	-	-	-	-	-	0.08	0.08
(b) Buildings							
Owned	851.83	29.06	(0.52)	-	880.37	670.68	700.63
Given under operating lease	12.45	0.78	-	-	13.23	50.37	51.15
(c) Plant and Equipment	16,920.18	94.66	(0.32)	(317.18)	16,697.34	692.11	625.65
(d) Furniture and Fixtures	485.89	3.62	(13.39)	(282.78)	193.34	18.23	114.36
(e) Vehicles	49.89	6.06	(0.50)	-	55.45	69.23	39.10
(f) Office equipment	-	17.40	(39.25)	599.96	578.11	117.32	-
(g) Railway sidings	2.57	-	-	-	2.57	0.13	0.13
Total	18,322.81	151.58	(53.98)	-	18,420.41	1,639.23	1,563.37
Previous period	19,756.13	251.80	(1,685.12)	-	18,322.81	1,563.37	

As at
31st March, 2012
(Rupees in lacs)

As at
30th June, 2011
(Rupees in lacs)

Note 12(b) Fixed assets held for sale

Assets held for sale

Balance as per last Balance Sheet	123.45	-
Add : Additions	-	123.45
	123.45	123.45
Less : Accumulated depreciation	76.58	73.48
Less : Accumulated impairment	46.87	-
Net block	-	49.97

Notes forming part of the Financial Statements

NOTE 13 NON-CURRENT INVESTMENTS

(Rupees In lacs)

Particulars	As at 31 March, 2012			As at 30th June, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost)						
I Trade						
(a) Investment in equity instruments						
Associates						
1,46,364 Equity shares of Rs.100/- each of Mafatlal Engineering Industries Ltd ###		(1.00)	(1.00)		(1.00)	(1.00)
5,80,000 Equity shares of Rs. 10/- each of Mafatlal V K Intex Ltd		(1.00)	(1.00)		(1.00)	(1.00)
(i) Associates		-	-		-	-
Other entities						
13,350 Equity shares of Rs.10/- each of Matcon Export Enterprises Ltd		(1.00)	(1.00)		(1.00)	(1.00)
20 Equity shares of Rs.10/- each of Integra Engineering India Ltd (formerly known as Schlafhorst Engineering (India) Ltd)		(286.00)	(286.00)		(286.00)	(286.00)
(ii) Other entities		-	-		-	-
Total Trade Investments - (I)		-	-		-	-
II Other Investments						
a Investment Properties (Refer Note 1 below)						
Immoveable Property (net of accumulated depreciation)		69.41	69.41		32.99	32.99
b Investment in equity instruments						
Subsidiaries						
2,72,800 Equity shares of Rs.100/- each of Mafatlal Services Ltd		272.80	272.80		272.80	272.80
78,00,000 Equity shares of Rs. 100/- each of Mishapar Investments Ltd.		12,300.10	12,300.10		12,300.10	12,300.10
NIL (Previous period 2) Equity shares of Rs.10/- each of Sudas Manufacturing and Trading Ltd		-	-		(20.00)	(20.00)
NIL (Previous period 2) Equity shares of Rs.10/- each of Sunanda Industrial Machinery Ltd @		-	-		(20.00)	(20.00)
13,50,000 Equity shares of Rs.10/- each of Ibiza Industries Limited ###		(1.00)	(1.00)		(1.00)	(1.00)
(i) Subsidiaries		12,572.90	12,572.90		12,572.90	12,572.90
Associates						
35,76,002 Equity shares of Rs.10/- each of Sunanda Industries Ltd. *		(1.00)	(1.00)		(1.00)	(1.00)
14,700 Equity shares of Rs.10/- each of Mafatlal Ltd, UK##		(1.00)	(1.00)		39.30	39.30
1,53,000 Equity shares of Rs.10/- each of Sushmita Engineering and Trading Ltd.		(1.00)	(1.00)		(1.00)	(1.00)
(ii) Associates		-	-		39.30	39.30
Other entities						
2,320 Equity shares of Rs.10/- each of Anil Products Limited		(1.00)	(1.00)		(1.00)	(1.00)
116 Equity shares of Rs.10/- each of Anil Biochem Limited		(1.00)	(1.00)		(1.00)	(1.00)
100 Equity shares of Rs.10/- each of Arlabs Ltd		(1.00)	(1.00)		(1.00)	(1.00)
45,000 Equity shares of Rs.10/- each of Cama Hotels Ltd.		5.95	5.95		5.95	5.95
15,000 Equity shares of Rs.10/- each of Cellulose Products of India Ltd.		(1.00)	(1.00)		(1.00)	(1.00)
10 Equity shares of Rs. 25/- each of Universal Dyestuff Industries Ltd.		(430.00)	(430.00)		(430.00)	(430.00)
5,870 Equity shares of Rs.100/- each of SLM - Maneklal Industries Ltd		(1.00)	(1.00)		(1.00)	(1.00)
92,100 Equity shares of Rs. 2/- each of Housing Development Finance Corporation Ltd.		3.69	3.69		3.69	3.69
79,920 Equity shares of Rs. 10/- each of Stanrose Mafatlal Investments and Finance Ltd.		24.98	24.98		24.98	24.98
13,950 (Previous period 27,950) Equity shares of Rs.10/- each of TAK Machinery and Leasing Ltd.		1.50	1.50		3.01	3.01
9,600 Equity shares of Rs. 2/- each of Ultramarine and Pigments Ltd.		0.02	0.02		0.02	0.02
61,880 Equity shares of Rs. 10/- each of NOCIL Limited		16.97	16.97		16.97	16.97
(iii) Other entities		47.16	53.11		48.67	54.62
c Investment in preference shares						
(i) Associates						
In fully paid, 90,00,000 13.5% Cumulative Redeemable Preference Shares of Rs. 10/- each of Sushmita Holdings Ltd.		-	-		900.00	900.00
Investment in preference shares		-	-		900.00	900.00
d Investments in Government securities						
In Government securities (Face value of Rs.2.89 lacs (as at 30th June, 2011 Face value Rs.5.25 lacs)) have been lodged with various authorities		2.89	2.89		5.25	5.25
Investments in Government securities		2.89	2.89		5.25	5.25
e Investment in debentures or bonds (Fully paid)						
(i) Associates						
10% Secured Redeemable Convertible Debentures of Mafatlal Engineering Industries Ltd. ##		(1.00)	(1.00)		(1.00)	(1.00)
(ii) Other entities						
2,050 Corporate Bonds of Housing Development Finance Corporation Ltd. 11% - Series IV #		20.50	20.50		20.50	20.50
Investment in debentures or bonds		20.50	20.50		20.50	20.50
f Investment in Mutual funds						
4,32,000 Master Shares of Unit Trust of India of Rs.10/- each.		36.29	36.29		36.29	36.29
Investment in Mutual funds		36.29	36.29		36.29	36.29
g Other Non-current Investments						
5 Fully paid Shares of Rs. 50/- each of Sea- Face Park Co-op Hsg Society Ltd.		(250.00)	(250.00)		(250.00)	(250.00)
Subsidiaries						
Preference Shares suspense (Refer Note 29.10)		900.00	900.00		-	-
Other Non-current Investments		900.00	900.00		-	-
Total Other Investments - (II)		47.16	13,607.94		13,613.18	13,661.85
Total Investments - (I + II)		47.16	13,607.94		13,613.18	13,661.85
Less: Provision for diminution in value of investments			8,645.30		8,184.60	8,184.60
Grand Total Investments		47.16	4,962.64		5,428.58	5,477.25
Aggregate amount of quoted investments			47.16			48.67
Aggregate market value of listed and quoted investments			728.93			790.76
Aggregate value of listed but not quoted investments			4,962.64			5,428.57

Figures in () are in Full Rupees

* Subject to non disposal undertakings given to financial institutions.

@ Not available for physical verification / confirmation not available. (Previous year)

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

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

110,335 nos- not available for physical verification; currently under liquidation.

Following Investment has been pledged for loans/deposit taken by the company / other companies:

13,50,000 Equity Shares of Ibiza Industries Limited of the face value of Rs 10/- each (Cost Rs 177.50 lacs)

Notes forming part of the Financial Statements

Note 1	Particulars	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
	Investment in Properties		
	Balance as per last Balance Sheet	47.00	28.16
	Add: Addition during the period	38.29	18.84
	Less: Deduction during the period	-	-
		<u>85.29</u>	<u>47.00</u>
	Less : Accumulated Depreciation	<u>15.88</u>	<u>14.01</u>
		<u>69.41</u>	<u>32.99</u>
14	LONG-TERM LOANS AND ADVANCES		
(a)	Capital advances		
	Unsecured, considered good	1.00	29.21
(b)	Security deposits		
	Unsecured, considered good	592.60	581.34
	Doubtful	92.96	92.96
	Less: Provision for doubtful deposits	<u>(92.96)</u>	<u>(92.96)</u>
		<u>592.60</u>	<u>581.34</u>
(c)	Loans and advances to related parties (Refer Note no. 30.5)		
	Secured, considered good	685.48	685.48
	Unsecured, considered good	1.02	1.19
	Doubtful	265.00	265.00
	Less: Provision for doubtful loans and advances	<u>(265.00)</u>	<u>(265.00)</u>
		<u>686.50</u>	<u>686.67</u>
(d)	Loans and advances to employees		
	Doubtful	1.64	1.64
	Less: Provision for doubtful loans and advances	<u>(1.64)</u>	<u>(1.64)</u>
		-	-
(e)	Advance income tax (net of provisions Rs. 11,135.67 lacs) (As at 30th June, 2011 Rs. 535.67 lacs)		
	Unsecured, considered good	686.86	671.60
(f)	Advance Fringe Benefit tax (net of provisions Rs. NIL) (As at 30th June, 2011 Rs. NIL)		
	Unsecured, considered good	2.25	2.25
(g)	Balances with government authorities		
	Unsecured, considered good		
	(i) CENVAT credit receivable	26.20	54.24
	(ii) Service Tax credit receivable	43.94	49.87
	(iii) Deposit with Excise authorities in Escrow account	359.23	-
	Doubtful		
	Disputed Central excise deposits	22.54	23.34
	Less: Provision for doubtful loans and advances	<u>(22.54)</u>	<u>(23.34)</u>
		<u>429.37</u>	<u>104.11</u>
(h)	Other loans and advances		
	Unsecured, considered good		
	Deposits recoverable from parties	21.29	25.73
	Lease rent / utilities equilisation	30.95	27.37
	Doubtful	-	41.25
	Less: Provision for other doubtful loans and advances	-	(41.25)
		<u>52.24</u>	<u>53.10</u>
	Total.....	<u>2,450.82</u>	<u>2,128.28</u>
15	OTHER NON CURRENT ASSETS		
	Accruals		
	(i) Interest accrued on deposits	3.91	3.91
	(ii) Interest accrued on investments	6.88	6.88
	Total.....	<u>10.79</u>	<u>10.79</u>
16	INVENTORIES (at lower of cost and net realizable value)		
	(a) Raw materials	271.76	71.80
	(b) Work in progress	2,131.11	1,848.16
	(c) Finished goods	328.97	548.07
	(d) Stores and spares	144.91	210.94
	(e) Others (Land)	0.58	0.58
	Total.....	<u>2,877.33</u>	<u>2,679.55</u>

Notes forming part of the Financial Statements

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
17 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	3,359.51	3,155.33
Unsecured, considered good	93.16	703.12
Doubtful	632.64	835.37
	<u>4,085.31</u>	<u>4,693.82</u>
Less: provision for doubtful trade receivables	632.64	835.37
	<u>3,452.67</u>	<u>3,858.45</u>
Other Trade receivables		
Unsecured, considered good	1,729.32	2,233.25
Total	<u>5,181.99</u>	<u>6,091.70</u>
18 CASH AND CASH EQUIVALENTS		
Cash and Cash equivalents		
Cash on hand	12.32	25.88
Cheques on hand	32.11	-
Balances with Scheduled Banks:		
In Current Accounts	535.65	282.38
In Fixed Deposits Accounts	13,119.82	2,537.44
in Earmarked accounts (Refer Note ii below)	5,222.94	60,616.96
	<u>18,922.84</u>	<u>63,462.66</u>
(i) Balances with earmarked accounts include deposits amounting to Rs. 2,781.77 lacs (as at 30th June, 2011 Rs. Nil) and Fixed Deposits account current period Rs. Nil (as at 30th June, 2011 Rs. 33.88 lacs) which have an original maturity of more than 12 months.		
(ii) Earmarked accounts		
(a) Includes Rs. 2,031.94 lacs in Fixed Deposit Escrow Account and Rs. 409.23 lacs in escrow current account (operated under the supervision of Monitoring Committee constituted by the Govt. of Maharashtra under Development Control Regulations, 1991) (as at 30th June, 2011 Rs. 60,616.13 lacs)		
(b) Includes Rs. 2,781.77 lacs in Fixed Deposits accounts (as at 30th June, 2011 Rs. 0.83 lacs) over which the banks have lien.		
Total	<u>18,922.84</u>	<u>63,462.66</u>
19 SHORT TERM LOANS AND ADVANCES		
(a) Loans and advances to related parties (Refer Note no. 30.5)		
Unsecured, considered good	2,200.00	1,000.02
(b) Security deposits		
Unsecured, considered good	19.52	25.85
(c) Loans and advances to employees		
Unsecured, considered good	26.59	23.90
(d) Prepaid expenses - Unsecured, considered good	32.64	18.26
(e) Balances with government authorities		
Unsecured, considered good		
(i) MODVAT receivable	14.18	2.80
(ii) Duty-drawback receivable	12.98	-
	<u>27.16</u>	<u>2.80</u>
(f) Others		
Unsecured, considered good		
Trade advances	138.94	286.23
Doubtful	13.95	359.47
Less: Provision for other doubtful loans and advances	(13.95)	(359.47)
	<u>138.94</u>	<u>286.23</u>
Total	<u>2,444.85</u>	<u>1,357.06</u>
Note: Short-term loans and advances include amounts due from:		
Other officers of the Company	9.45	11.14
Private companies in which any director is a director or member	16.61	23.99

Notes forming part of the Financial Statements

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
20 OTHER CURRENT ASSETS		
(a) Accruals		
(i) Interest accrued on deposits	126.65	135.10
(ii) Interest accrued on investments	6.97	10.18
Total	133.62	145.28
(b) Others		
(i) Water charges recoverable	0.11	0.51
(ii) Export benefit receivable	-	51.56
Total	0.11	52.07
	133.73	197.35
	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
21 REVENUE FROM OPERATIONS		
(a) Sale of products (Refer note (I) below).....	12,566.80	64,858.95
(b) Other operating revenues (Refer note (II) below).....	1,808.08	3,421.63
Revenue from operations (gross)	14,374.88	68,280.58
Note:		
I Sale of products comprises:		
a Manufactured goods		
Cloth	10,029.73	14,205.96
Yarn	65.67	152.60
Waste	68.24	126.95
Total - Sale of Manufactured goods	10,163.64	14,485.51
b Traded goods		
Cloth	2,403.16	2,046.57
Total - Sale of Traded goods	2,403.16	2,046.57
c Others		
Land.....	-	48,326.87
Total - Others (Land)	-	48,326.87
Total - Sale of Products (a + b + c)	12,566.80	64,858.95
II Other operating revenues		
Processing Charges	911.74	2,015.62
Duty drawback and other export incentive	12.14	175.66
Rental income from investment property.....	201.90	220.40
Utility/ Business Service / Airconditioning charges and other receipts	682.30	1,009.95
Total	1,808.08	3,421.63
22 OTHER INCOME		
Interest income (Refer note 1, below)	2,211.07	438.29
Dividend income from long term investments.....	22.81	24.90
Net gain on sale of long term Investments	31.26	732.91
Net gain on foreign currency transaction and translation	109.20	4.40
Other non-operating income (Refer note 2, below)	1,320.57	1,044.87
Total	3,694.91	2,245.37

Notes forming part of the Financial Statements

	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
Notes:		
1 Interest income comprises:		
Interest from banks on deposits	2,185.50	272.93
Other interest.....	25.57	165.36
Total	2,211.07	438.29
2 Other non-operating income:		
Miscellaneous income	147.13	193.68
Profit on sale of fixed assets.....	0.29	5.14
Liabilities / Provisions no longer required.....	1,173.15	846.05
Total	1,320.57	1,044.87
23. a COST OF MATERIALS CONSUMED		
Opening stock.....	71.80	77.34
Add: Purchases	3,728.89	5,433.34
Less: Closing stock.....	271.76	71.80
Cost of material consumed	3,528.93	5,438.88
Material consumed comprises:		
Cotton & Fibre	2,413.13	4,411.09
Yarn	629.91	865.74
Fabrics.....	485.89	162.05
Total	3,528.93	5,438.88
23. b PURCHASE OF TRADED GOODS		
Cloth	2,638.88	2,303.48
Total	2,638.88	2,303.48
23. c CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the period		
Finished goods	328.97	548.07
Work-in-progress.....	2,131.10	1,848.16
	2,460.07	2,396.23
Inventories at the beginning of the period		
Finished goods	548.07	172.08
Work-in-progress.....	1,848.16	1,193.67
	2,396.23	1,365.75
Net increase	63.84	1,030.48
24 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,689.72	5,851.72
Contributions to provident and other funds (Refer Note no. 30.4).....	799.57	1,104.73
Staff welfare expenses	63.67	61.09
Total	3,552.96	7,017.54
25 FINANCE COSTS		
Interest expense on:		
(i) Borrowings	46.54	354.69
(ii) Trade payables	117.33	54.09
(iii) Others (includes for delayed payment of income tax, employee dues).....	81.24	677.10
Total	245.11	1,085.88

Notes forming part of the Financial Statements

	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
26 DEPRECIATION AND AMORTISATION EXPENSE		
(Refer Note no. 12 (a), 12 (b) and 13)		
Depreciation and amortisation for the period on tangible assets.....	151.58	251.80
Depreciation of investment property.....	1.87	0.68
Depreciation / Impairment of fixed assets held for sale.....	49.97	-
Total	203.42	252.48
27 OTHER EXPENSES		
Consumption of stores and spare parts.....	1,391.59	2,116.84
Processing Charges	332.90	281.41
Power and Fuel	3,438.09	5,689.66
Repairs and maintenance - Buildings.....	62.81	58.38
Repairs and maintenance - Machinery.....	98.94	179.25
Insurance.....	19.71	29.59
Lease Rent	44.70	187.02
Rates and Taxes (including wealth tax Rs. 0.55 lacs (Previous period Rs. 0.40 lacs)).....	176.93	1,051.08
Commission, Brokerage and Discount	447.09	606.00
Transport and Freight Charges (net)	98.34	104.40
Creditors balance written off.....	897.99	-
Bad trade and other receivables / Loans & advances w/off	620.39	4.79
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).....	1.46	475.29
Provision for diminution in the value of long term Investments - Subsidiary / Associates (net).....	500.00	6,400.00
Donations and Contributions	0.19	0.17
Loss on fixed assets sold / scrapped / written off	9.77	-
Legal and Professional fees	272.94	1,948.13
Payments to Auditors (Refer note (I) below).....	26.48	64.02
Miscellaneous Expenses	1,066.88	1,575.27
Total	9,509.56	20,771.30
Note:		
(I) Payments to auditors (excluding service tax)		
Statutory Auditors		
Audit fees	10.00	10.75
For taxation matters	4.00	40.91
For other services	8.00	7.14
Reimbursement of expenses	0.20	0.03
Total	22.20	58.83
Branch Auditors		
Audit fees	2.05	2.65
For taxation matters	0.70	0.70
For other services	1.07	1.45
Reimbursement of expenses	0.46	0.39
Total	4.28	5.19
28 EXCEPTIONAL ITEMS (NET)		
Profit on sale of fixed assets [including profit on transfer of development rights in Leasehold Land amounting to Rs. 12,202.86 lacs in the Previous period].....	129.19	12,936.77
Compensation received on transfer of tenancy right.....	-	3,150.00
Voluntary Retirement Scheme	(2,997.26)	-
Interest on deferred payment of electricity dues.....	(2,172.69)	-
Total	(5,040.76)	16,086.77

Notes forming part of the Financial Statements

Note 29 Additional information to the financial statements

Note	Particulars	As at 31 March, 2012 Rupees in Lacs	As at 30 June, 2011 Rupees in Lacs
29.1	Contingent liabilities and commitments (to the extent not provided for)		
(a)	Guarantees given on behalf of a Subsidiary Company – Ibiza Industries Limited	850.28	850.28
(b)	Other money for which the Company is contingently liable		
i	Bills of exchange discounted	112.46	217.03
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))	669.35	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))	2,697.21	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	-
v	Claims against the Company not acknowledged as debts (mainly relating to dispute on fixed water charges at Navsari Unit)	743.09	2,673.22
vi	Concessional customs duty on import of machinery under EPCG Scheme payable subject to fulfillment of mandatory import/ export obligation	1,074.01	1,027.39
vii	Claims made by workers against the Company (mainly relating to matters like termination, compensation etc.)	1,163.29	1,101.12
viii	Demands from Director General of Foreign Trade against Advance License	4.79	311.56
ix	The Company is the lessee in respect of the land on which Mafatal Centre is erected. A demand for Rs. 4,435.36 lacs (Previous period Rs. 3,010.05 lacs) for the period from April 2009 to March 2012 has been raised in respect of the properties owned by various owners for the respective floors of Mafatal Centre. 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 sub-judice. 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.	-	-
	In the above matters (i to ix), the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.		
29.2	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for:-		
	Tangible assets	8.78	9.73
29.3 (a)	During the previous period, the Company had concluded an Agreement with Gliders Buildcon LLP ('the developer'), an entity of Ajay Piramal Group, on 17th June, 2011 for transfer of development rights in leasehold land at its Mazgaon unit, admeasuring about 30,910 square meters for a lump sum consideration of Rs. 60,580.00 lacs. The proceeds from the development agreement (to the extent pertaining to leasehold land held as stock in trade) amounting to Rs. 48,326.87 lacs for the previous period has been included in Note 21 'Revenue from Operations- Sale of Products.' The remaining proceeds (pertaining to leasehold land held as fixed assets) amounting to Rs. 12,202.86 lacs (net of book value of leasehold land amounting to Rs. 0.01 lac and portion of building amounting to Rs. 50.26 lacs on date of sale) for the previous period is included in 'Profit on sale of Fixed assets' under Note 28 'Exceptional Items (net)'. As required by the Development Control Rules, Government of Maharashtra, the utilization of sales proceeds from sale of textile mill lands is being monitored by a Monitoring Committee appointed by the Government of Maharashtra under Development Control Regulations, 1991.		
29.3 (b)	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 abovementioned agreement, the developer will construct a structure and hand it over to the Company.		
29.4	In the previous period, the Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 19th August, 2010 discharged the Company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) / (BIFR) consequent to the networth of the Company turning positive.		
29.5	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 Rs. 10/- each, fully paid-up, in SSL for every 500 shares of Rs. 100/- each, fully paid-up, held in the Company as consideration for the demerger, aggregating to Rs. 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 Rs. 1.00 lac from NFIL on behalf of the shareholders, which is pending disbursement upon completion of formalities.		
29.6	The Ahmedabad Unit of the Company has discontinued operations with effect from 1st March, 2003. On 21st May, 2003, the Company entered into an 'Agreement to Sell' with Annapurna Polymers Private Limited (APPL) for this Unit at an aggregate consideration of Rs. 677.70 lacs. The sale, after getting all approvals, was to be completed on or before 31st December, 2003. Pending this, a separate 'Conducting Agreement' was entered with APPL, effective 1st June, 2003, under which APPL operated the Unit on the Company's behalf. The conducting agreement was extended from time to time. The said sale was completed on 14th December, 2010 and the profit of Rs. 611.76 lacs on sale of unit and profit on sale of building of Rs. 24.31 lacs had been recognized in the previous period.		
29.7	Depreciation on fixed assets of (a) the Old Unit at Nadiad and Unit at 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 period changed the method of depreciation retrospectively of the above mentioned fixed assets from WDV to SLM for uniformity in the method of depreciation. Depreciation for the period is higher by Rs. 1.93 lacs (Previous period Rs.NIL) on account of change in the accounting policy.		

Notes forming part of the Financial Statements

29.8 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received intimation from most of the suppliers regarding the status under the Micro, Small and Medium Enterprise Development Act, 2006, and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 is not being provided. 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.

29.9 As legally advised, the Company has not recognised rent / recovery of expenses of Rs. 181.92 lacs (Rs. 178.65 lacs upto 30th June, 2011) pending final resolution of the legal dispute with certain tenants/ex-tenants of a property in South Mumbai. During the financial period 2011, the Hon'ble Court of Small Causes Court has 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 have filed Appeals and Cross-Appeals respectively which have been admitted and are pending for final hearing.

29.10 Pursuant to the scheme of Amalgamation (the Scheme) under section 391 to 394 of the Companies Act 1956 (the Act) the erstwhile following companies (Amalgamating Companies) merged with the wholly owned subsidiary Mishapar Investments Limited (Mishapar) (the Amalgamated Company) w.e.f. 1st April 2011, (the Appointed date) in terms of order dated 7th September, 2012 of the Hon'ble High Court of Bombay sanctioning the Scheme. The balances held in the Transferor Companies have been transferred to the Subsidiary company on the appointed date. Upon this merger the entire business including assets and liabilities of the Transferor Companies stand transferred to and vested in the Amalgamated Company at their book values. The following Companies have been Amalgamated:-

- a) Vibhadeep Investments & 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 Investment Limited

In terms of the scheme, the Company is to receive 9,00,000 13.5% Cumulative Preference shares of Rs. 100/- each of Mishapar Investments Limited (the subsidiary), pending issue of such shares the amount has been disclosed under Non-current Investments as preference shares suspense.

29.11 In the current period the Company has changed the method of valuation of trading goods from FIFO to weighted average cost method for achieving greater uniformity and hence changed the accounting policy. This change has no impact as there is no closing stock of trading goods.

29.12 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:

Name of the party	Relationship	Rupees in lacs	Rupees in lacs
		Amount outstanding as at 31st March, 2012	Maximum balance outstanding during the period
Mishapar Investments Limited (The loan was given to Sunanda Industrial Machinery Limited which later got amalgamated into Mishapar Investments Limited)	Wholly Owned Subsidiary	2,200.00 (Nil)	2,700.00 (Nil)

Note: Figures in () relates to the previous period

29.13 **Details on derivatives instruments and unhedged foreign currency exposures**

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

As at 31st March, 2012 (Rupees in lacs)		As at 30th June, 2011 (Rupees in lacs)	
Receivable / Payable	Receivable / Payable in Foreign currency (indicate amount with currency)	Receivable/ Payable	Receivable/ Payable in Foreign currency (indicate amount with currency)
Receivable against export of goods			
75.56	USD 1.55	70.57	USD 1.58
Payable against export commission			
61.30	USD 1.25	64.86	USD 1.45
69.64	EURO 1.05	68.20	EURO 1.05
0.45	GBP 0.005	0.24	GBP (330.53)

Figures in () are full figures.

Notes forming part of the Financial Statements

	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
29.14 Value of imports calculated on CIF basis :		
Stores and Spare parts	25.42	30.54
Total	25.42	30.54
29.15 Expenditure in foreign currency :		
Travelling	7.31	2.24
Commission	23.01	22.28
Other matters	150.98	54.57
Total	181.30	79.09
29.16 Details of consumption of imported and indigenous items :	For the period 1st July, 2011 to 31st March, 2012 (Rupees in Lacs)	%
Imported		
Stores and Spare parts	22.77	1.64%
	<i>37.69</i>	<i>1.78%</i>
Total	22.77	0.46%
	<i>37.69</i>	<i>0.50%</i>
Indigenous		
Raw materials	3,528.93	100%
	<i>5,438.88</i>	<i>100%</i>
Stores & Spare parts	1,368.82	98.36%
	<i>2,079.16</i>	<i>98.22%</i>
Total	4,897.75	99.54%
	<i>7,518.04</i>	<i>99.50%</i>
Note: Figures / percentages in italics relates to the previous period		
	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
29.17 Earnings in foreign exchange:		
Direct Export of goods calculated on FOB basis	2,558.68	3,062.68
29.18 Details of research and development expenditure recognised as an expense		
Employee benefits expense	24.08	15.89
Consumables	2.81	4.22
Repairs and Maintenance	11.12	8.01
Total	38.01	28.12

Notes forming part of the Financial Statements

30	Disclosures under Accounting Standards	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
30.1	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	232.82	179.30
	later than one year and not later than five years	297.30	441.43
	Total	<u>530.12</u>	<u>620.73</u>
	Depreciation recognised on the leased assets	1.66	1.26
	<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 of 1 to 3 years and may be renewed for a further period of 1 year based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 6 to 10%.		
	Future minimum lease payments		
	not later than one year	28.59	28.80
	later than one year and not later than five years	1.37	19.92
	Total	<u>29.96</u>	<u>48.72</u>
	Lease payments recognised in the Statement of Profit and Loss	21.73	35.11
30.2	Earnings per share		
	<u>Continuing operations</u>		
	Net (Loss) / Profit for the period from continuing operations attributable to the equity shareholders	(5185.99)	38,056.00
	Weighted average number of equity shares	9,813,860	9,813,860
	Par value per share	10.00	10.00
	Earnings per share from continuing operations - Basic & Diluted	(52.84)	387.78
30.3	Segment Information		
	Disclosures relating to segment information has been made in the consolidated financial statements.		
30.4	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 Rs.355.80 lacs (Previous period Rs. 566.85 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:		
	Components of employer expense		
	Current service cost	92.92	107.57
	Interest cost	188.38	210.90
	Expected return on plan assets	(0.95)	(2.20)
	Curtailment cost / (credit)	-	-
	Actuarial losses / (gains)	163.41	221.60
	Total expense recognised in the Statement of Profit and Loss	443.77	537.87
	Actual contribution and benefit payments for the period		
	Actual benefit payments	(1,497.22)	(221.82)
	Actual contributions	2,977.11	207.54
	Net Liability recognised in the Balance Sheet		
	Present value of defined benefit obligation	(2,014.05)	(2,954.97)
	Fair value of plan assets	1,608.26	15.84
	Net Liability recognised in the Balance Sheet	(405.79)	(2,939.13)
	Change in defined benefit obligations (DBO) during the period		
	Present value of DBO at beginning of the the period	(2,954.97)	(2,636.30)

Notes forming part of the Financial Statements

30 Disclosures under Accounting Standards	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)	
30.4 - Contd..			
Current service cost	(92.92)	(107.57)	
Interest cost	(188.38)	(210.90)	
Actuarial (gains) / losses	(274.99)	(222.02)	
Benefits paid	1,497.22	221.82	
Present value of DBO at the end of the period	(2,014.05)	(2,954.97)	
Change in fair value of assets during the period			
Plan assets at beginning of the period	15.84	27.50	
Expected return on plan assets	0.95	2.20	
Actual company contributions	2,977.11	207.54	
Actuarial gain / (loss)	111.58	0.42	
Benefits paid	(1,497.22)	(221.82)	
Plan assets at the end of the year	1,608.26	15.84	
Actual return on plan assets	112.53	2.62	
Composition of the plan assets is as follows:			
Government bonds	Nil	Nil	
PSU bonds	Nil	Nil	
Others	Nil	Nil	
Insurer Managed Funds	100.00%	Nil	
Deposits with Nationalised Banks	Nil	53.00%	
Various Debt Instruments	Nil	47.00%	
Actuarial assumptions			
Discount rate	8.50%	8.50%	
Expected return on plan assets	8.60%	8.00%	
Salary escalation	5.00%	5.00%	
Attrition	2.00%	2.00%	
Mortality tables	LIC 1994-96 (Ultimate)	LIC 1994-96 (Ultimate)	
Estimate of amount of contribution in the immediate next year	200.75	2,977.11	
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	9 months ended 31st March, 2012 (Rupees in lacs)	13 months ended 30th June, 2011 (Rupees in lacs)	14 months ended 31st May, 2010 (Rupees in lacs)
Experience gain / (loss) adjustments on plan liabilities	274.99	131.94	283.07
Experience gain / (loss) adjustments on plan assets	111.58	0.42	(5.61)
Actuarial assumptions for long-term compensated absences			
Discount rate	8.50%	8.50%	
Expected return on plan assets	8.60%	8.00%	
Salary escalation	5.00%	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.			
Compensated Absences			
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 Rs. 300.49 lacs (Previous period Rs. 274.24 lacs.) charge for the period Rs.198.21 lacs (Previous period Rs. 203.30 lacs).			

Notes forming part of the Financial Statements

Disclosures under Accounting Standards

Note 30.5

Related Parties transactions

Details of Related Parties

A Subsidiary companies

Ibiza Industries Limited (also a joint venture) (Currently under Liquidation)
Mishapar Investments Limited
Sunanda Industrial Machinery Limited (till 01.04.2011)
Sudas Manufacturing & Trading Limited (till 01.04.2011)
Mafatlal Services Limited
Mafatlal Global Apparel Limited (since 01.04.2011 through wholly owned subsidiary, Mishapar Investments Limited)
Silvia Apparel Limited (since 01.04.2011 through wholly owned subsidiary, Mishapar Investments Limited)
Mayflower Textiles Private Limited (since 01.04.2011 through wholly owned subsidiary, Mishapar Investments Limited)
Mrytle Textiles Private Limited (since 01.04.2011 through wholly owned subsidiary, Mishapar Investments Limited)
Sunanda Industries Limited (since 01.04.2011 through wholly owned subsidiary, Mishapar Investments Limited)
Repal Apparel Private Limited (since 01.04.2011 through wholly owned subsidiary, Mishapar Investments Limited)

B Associates

Mafatlal VK Intex Limited
Sunanda Industries Limited (till 01.04.2011)
Mafatlal Holdings Limited (till 01.04.2011)
Mafatlal Engineering Industries Limited
Mafatlal Limited (Incorporated in United Kingdom)
Repal Apparel Private Limited (till 31.03.2011)
Sushmita Engineering and Trading Limited
Sumish Associates (till 01.04.2011)
Sushmita Holdings Limited (till 01.04.2011)

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

Ensen Holdings Limited
NOCIL Limited
Marigold International Private Limited
Navlekh Investment Limited (till 01.04.2011)
Navin Fluorine International Limited
Romago AG, Zurich
Sulakshana Securities Limited
Vibhadeep Investments & Trading Limited (till 01.04.2011)
Krishnadeep Housing Development Private Limited
Urvija Associates
Mafatlal Impex Private Limited
Eyeindia.Com Private Limited
Mafatlal Denim Limited
Sushripada Investments Private Limited
Mafatlal Fabrics Private Limited

D Key managerial personnel

Hrishikesh A. Mafatlal

E Relatives of Key Management Personnel

Priyavrata H. Mafatlal (w.e.f. 01.01.2011)

Notes forming part of the Financial Statements

Disclosures under Accounting Standards

F Details of transactions with related parties during the period : 01-07-2011 to 31-03-2012

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Subsidiaries	Key Management Personnel	Total
Rendering of services (Income)					167.34
					239.90
Mafatlal Denim Limited	24.82	-	-	-	24.82
	35.85	-	-	-	35.85
Sulakshana Securities Limited	14.01	-	-	-	14.01
	17.41	-	-	-	17.41
NOCIL Limited	43.03	-	-	-	43.03
	63.09	-	-	-	63.09
Krishnadeep Housing Development Private Limited	5.42	-	-	-	5.42
	7.91	-	-	-	7.91
Navin Flourine International Limited	80.06	-	-	-	80.06
	115.64	-	-	-	115.64
Rent from Property (Income)					45.19
					49.07
Krishnadeep Housing Development Private Limited	0.48	-	-	-	0.48
	0.70	-	-	-	0.70
Mafatlal Denim Limited	44.71	-	-	-	44.71
	48.37	-	-	-	48.37
Other Income					46.55
					65.64
Mafatlal Denim Limited	46.55	-	-	-	46.55
	65.64	-	-	-	65.64
Yarn Sales					4.44
					20.22
Mafatlal Denim Limited	4.44	-	-	-	4.44
	20.22	-	-	-	20.22
Credit balance written back					0.87
					-
Mishapar Investments Limited	-	-	0.87	-	0.87
	-	-	-	-	-
Amount written back					-
					32.11
Mafatlal Limited (Incorporated in United Kingdom)	-	-	-	-	-
	-	32.11	-	-	32.11
Excess provision written back - Trade Receivables					204.19
					-
Mishapar Investments Limited	-	-	204.19	-	204.19
	-	-	-	-	-
Spinning Jobworks					14.80
					13.46
Mafatlal Denim Limited	14.80	-	-	-	14.80
	13.46	-	-	-	13.46
Receiving of Services (Expense)					40.20
					44.90
Mafatlal Services Limited	-	-	9.40	-	9.40
	-	-	9.51	-	9.51
Sulakshana Securities Limited	24.05	-	-	-	24.05
	25.64	-	-	-	25.64
Mafatlal Denim Limited	6.75	-	-	-	6.75
	9.75	-	-	-	9.75
Reimbursement of Expenses					34.58
					42.80
Mafatlal Denim Limited	15.74	-	-	-	15.74
	14.85	-	-	-	14.85
NOCIL Limited	1.45	-	-	-	1.45
	2.09	-	-	-	2.09
Navin Flourine International Limited	17.39	-	-	-	17.39
	25.86	-	-	-	25.86
Purchase of Stores / Spares					0.21
					0.76
Mafatlal Denim Limited	0.21	-	-	-	0.21
	0.76	-	-	-	0.76
Interest paid on loan					25.30
					346.67
Navin Flourine International Limited	25.30	-	-	-	25.30
	346.67	-	-	-	346.67

Notes forming part of the Financial Statements

Disclosures under Accounting Standards

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Subsidiaries	Key Management Personnel	Total
Remuneration					9.00
Priyavrata H. Mafatlal	-	-	-	9.00	9.00
	-	-	-	4.18	4.18
Debit balance written off					192.19
Mafatlal Denim Limited	0.25	-	-	-	0.25
NOCIL Limited	191.94	-	-	-	191.94
	-	-	-	-	-
Provision for doubtful advances during the period					267.07
Mishapar Investments Limited	-	-	265.00	-	265.00
Navin Flourine International Limited	2.07	-	-	-	2.07
	-	-	-	-	-
Provision for diminution in value of Investments during the period					1,400.00
Sushmita Holdings Limited	-	-	-	-	6,400.00
	-	900.00	-	-	900.00
Mishapar Investments Limited - Equity Shares	-	-	500.00	-	500.00
Mishapar Investments Limited - Preference Shares	-	-	5,500.00	-	5,500.00
Suspense	-	-	900.00	-	900.00
	-	-	-	-	-
Provision for diminution in value of Investments written back					900.00
Sushmita Holdings Limited *	-	900.00	-	-	900.00
	-	-	-	-	-
Purchase of assets					4.50
Navin Flourine International Limited	4.50	-	-	-	4.50
	-	-	-	-	-
Sale of assets					0.34
Mafatlal Denim Limited	0.34	-	-	-	0.34
	-	-	-	-	-
Provision for diminution in value of Investments adjusted against Investments					-
Mafatlal V.K.Intex Limited	-	-	-	-	1,323.67
Ibiza Industries Limited	-	58.00	-	-	58.00
Sushmita Engineering & Trading Limited	-	-	177.50	-	177.50
Mafatlal Engineering Industries Limited	-	15.38	-	-	15.38
Sunanda Industries Limited	-	162.44	-	-	162.44
	-	910.35	-	-	910.35
Sale of Investments to					(172.00)
Mishapar Investments Limited	-	-	(172.00)	-	(172.00)
Vibhadeep Investments & Trading Limited	-	-	-	-	1,341.03
Mafatlal Holdings Limited	640.53	-	-	-	640.53
	700.50	-	-	-	700.50
Loan given					2,700.00
Mishapar Investments Limited	-	-	2,700.00	-	2,700.00
	-	-	-	-	-
Advance given					23.94
Mishapar Investments Limited	-	-	23.83	-	3.60
Sulakshana Securities Limited	0.11	-	-	-	0.11
Navlekh Investment Limited	2.97	-	-	-	2.97
	-	-	-	-	-
	0.63	-	-	-	0.63

Notes forming part of the Financial Statements

Disclosures under Accounting Standards

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Subsidiaries	Key Management Personnel	Total
<u>Advance write off / adjusted against provision for doubtful advance</u>					-
Navlekh Investment Limited	-	-	-	-	1,353.73
	265.00	-	-	-	265.00
Marigold International Private Limited	-	-	-	-	-
	4.36	-	-	-	4.36
Mafatlal V.K.Intex Limited	-	-	-	-	-
	-	38.00	-	-	38.00
Repal Apparel Private Limited	-	-	-	-	-
	-	220.18	-	-	220.18
Ibiza Industries Limited	-	-	-	-	-
	-	-	702.23	-	702.23
Sunanda Industrial Machinery Limited	-	-	-	-	-
	-	-	123.96	-	123.96
<u>Loan taken</u>					-
Sunanda Industrial Machinery Limited	-	-	-	-	200.00
	-	-	200.00	-	200.00
<u>Loan repaid</u>					6,600.19
Navin Flourine International Limited	3,420.97	-	-	-	908.00
	-	-	-	-	3,420.97
NOCIL Limited	2,371.00	-	-	-	-
	-	-	-	-	2,371.00
Mishapar Investments Limited	-	-	808.22	-	808.22
	-	-	158.00	-	158.00
Sunanda Industrial Machinery Limited	-	-	-	-	-
	-	-	750.00	-	750.00
<u>Advance taken</u>					5.28
Navin Flourine International Limited	5.28	-	-	-	-
	-	-	-	-	5.28
<u>Advance refunded</u>					23.94
Mishapar Investments Limited	-	-	23.83	-	3.60
	-	-	-	-	23.83
Sulakshana Securities Limited	0.11	-	-	-	0.11
	2.97	-	-	-	2.97
Navlekh Investment Limited	-	-	-	-	-
	0.63	-	-	-	0.63
<u>Redemption of Preference Shares</u>					3,000.00
Navin Flourine International Limited	3,000.00	-	-	-	-
	-	-	-	-	3,000.00
<u>Guarantees Outstanding</u>					850.28
Ibiza Industries Limited	-	-	850.28	-	850.28
	-	-	850.28	-	850.28
<u>Provision for doubtful debts - as at March 31, 2012</u>					-
Mafatlal Holdings Limited	-	-	-	-	475.30
	104.87	-	-	-	104.87
Sushmita Holdings Limited	-	-	-	-	-
	-	155.70	-	-	155.70
Sudas Manufacturing & Trading Limited	-	-	-	-	-
	-	-	214.73	-	214.73
<u>Amount due from - as at March 31, 2012</u>					7,355.35
NOCIL Limited	13.80	-	-	-	5,219.04
	575.55	-	-	-	13.80
Sudas Manufacturing & Trading Limited (Trade Receivables)	-	-	-	-	575.55
	-	-	2,350.59	-	-
Sudas Manufacturing & Trading Limited (Advances)	-	-	-	-	2,350.59
	-	-	0.05	-	-
Mafatlal Holdings Limited (Trade Receivables)	-	-	-	-	0.05
	991.00	-	-	-	991.00
Mafatlal Holdings Limited (Advances)	-	-	-	-	-
	0.97	-	-	-	0.97

Notes forming part of the Financial Statements

Disclosures under Accounting Standards

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Subsidiaries	Key Management Personnel	Total
Sushmita Holdings Limited (Trade Receivables)	-	-	-	-	-
Sushmita Holdings Limited (Advances)	-	288.00	-	-	288.00
Sushmita Holdings Limited (Loans)	-	209.88	-	-	209.88
Mafatlal Denim Limited	21.05	-	-	-	21.05
Krishnadeep Housing Development Private Limited	25.41	-	-	-	25.41
Mishapar Investments Limited (Trade Receivables)	3.31	-	-	-	3.31
Mishapar Investments Limited (Provision Trade Receivables as at 31.03.2012)	1.99	-	-	-	1.99
Mishapar Investments Limited (Advances)	-	-	3,629.59	-	3,629.59
Mishapar Investments Limited (Loans)	-	-	271.10	-	271.10
Mishapar Investments Limited (Provision Loans as at 31.03.2012)	-	-	686.50	-	686.50
Vibhadeep Investments & Trading Limited	-	-	2,465.00	-	2,465.00
	-	-	265.00	-	265.00
	300.00	-	-	-	300.00
Amount due to - as at March 31, 2012					81.02
Sulakshana Securities Limited	42.54	-	-	-	42.54
Mafatlal Services Limited	32.50	-	4.53	-	32.50
Navin Flourine International Limited	-	-	2.54	-	2.54
NOCIL Limited (Office / Flat Deposit taken)	11.67	-	-	-	11.67
Vibhadeep Investments & Trading Limited	3,425.28	-	-	-	3,425.28
Sunanda Industrial Machinery Limited	22.28	-	-	-	22.28
Ensen Holdings Limited	2116.28	-	-	-	2,116.28
Navlekh Investment Limited	-	-	-	-	-
Sumish Associates	300.00	-	-	-	300.00
	-	-	500.00	-	500.00
	-	-	-	-	-
	277.00	-	-	-	277.00
	-	-	-	-	-
	8.22	-	-	-	8.22
	0.87	-	-	-	0.87

Figures in bracket represent full figures.

* Associate amalgamated with Mishapar Investments Limited.

31.1 Figures for the current period are for nine months and figures for the previous period are for thirteen months. Hence the figures of Statement of Profit and Loss are not strictly comparable.

31.2 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous period figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For and on behalf of the Board of Directors

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A. C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

} Directors

Mumbai, Dated: 10th October, 2012

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MAFATLAL INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **MAFATLAL INDUSTRIES LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the period ended on that date, both annexed thereto. 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. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit of the financial statement 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 statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of Rs.12,600.11 lacs as at 31st March, 2012, total revenue of Rs.1,405.15 lacs and net cash flows amounting to Rs.1,115.94 lacs for the period ended on that date as considered in the consolidated accounts. We have also not audited the financial statements of certain associates in which the Company's share of profits amounts to Rs. 1,129.46 lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.
4. Without qualifying our report attention is invited to:
 - a. Note No. 29.2.4 (i) regarding opinion framed by the Company for the adequacy of provision made for diminution in the value of quoted investments.
 - b. Investments made by the group in certain companies for which share certificates were not available for physical verification Note No. 29.2.4 (iii).
 - c. Non provision for loans and advances, in the previous period, amounting to Rs. 1,028.90 lacs for the reasons stated in the Note No. 29.2.4 (ii).The above matters were qualified by us in the previous period.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006 except that the latest financial statements of two associates and one subsidiary are not available for consolidation.
6. We draw attention to the following:
 - a. *Note No.29.2.1 regarding non-accounting of rent/ recovery of expenses, which was also the subject matter of our report similarly modified in the previous period; had the same been considered, including the revision awarded by the Hon'ble Small Causes Court, rental income from investment property would have been higher by Rs. 754.11 lacs (previous period aggregating to Rs. 178.65 lacs). This was also the subject matter of our report similarly qualified in the previous period.*
 - b. *Note No. 29.2.2 (ii) and 29.2.3 (ii) regarding the latest accounts of the one subsidiary and two associates not available for consolidation. This was also the subject matter of our report similarly qualified in the previous period for three associates.*
 - c. *Note No. 29.2.5 (a to c) regarding non provision in a subsidiary for;*
 - (i) *Workers dues of salaries and wages, provident fund etc for the period of suspension of operations from 30.09.2001 to 31.03.2012. Workers claims with respect to reinstatement, back wages and other benefits as per the settlement. The above matters are before the labour court and the amounts are not ascertainable.*
 - (ii) *Interest and liquidated damages of Rs. 20,964.13 lacs including Rs. 4,413.80 lacs for the year on unsecured loans.*
 - d. *Crediting of principal amount of loan written back of Rs. 1,480.28 lacs to the capital reserve in a subsidiary with consequent impact on the loss for the year. We further report that without considering items(b) and (c) (i) of para 6 above (in the case of the previous period item (b)), the effect of which on the financial statements for the period ended 31st March, 2012 and on the corresponding figures for the previous period ended 30th June, 2011 could not be determined, had the observation made by us in item (a) (c) (ii) and (d), above been considered, the loss for the period would have been Rs. 27,124.45 lacs, as against the reported loss figure of Rs. 8,394.71 lacs (previous period, the profit would have been Rs. 37,613.95 lacs, as against the reported figure of Rs. 37,435.30 lacs), the reserves and surplus as at 31st March, 2012 would have been Rs. 8,110.04 lacs, as against the reported figure of Rs. 28,320.06 lacs (as at 30th June, 2011 reserves and surplus would have been Rs. 36,912.83 lacs, as against the reported figure of Rs. 36,734.18 lacs), trade receivables (net of provision) would have been Rs. 2,782.50 lacs as against reported figure of Rs. 2,028.39 lacs (as at 30th June, 2011, Rs. 6,587.31 lacs, as against reported figure of Rs.6,408.66 lacs) and the Unsecured Loan under short term borrowings would have been Rs. 21,704.54 lacs as against short term borrowings of Rs. 740.41 lacs.*
7. *In view of the foregoing and more particularly para (6)(c)(ii) above based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, the subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements do not give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss of the loss of the Group for the period from 1st July, 2011 to 31st March, 2012 and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period from 1st July, 2011 to 31st March, 2012.

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

R.Salivati
Partner
(Membership No.34004)

Mafatlal Industries Limited

Consolidated Balance Sheet as at 31st March, 2012

	Note No.	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	3,973.06	6,981.32
(b) Reserves and surplus	4	28,320.06	36,734.18
		<u>32,293.12</u>	<u>43,715.50</u>
2 Minority Interest			
		27.05	4.16
3 Non-current liabilities			
(a) Long-term borrowings	4(a)	3.20	-
(b) Deferred tax liabilities (net)	5(a)	-	-
(c) Other Long term liabilities	6	257.22	344.09
(d) Long-term provisions	7	473.32	473.71
		<u>733.74</u>	<u>817.80</u>
4 Current liabilities			
(a) Short-term borrowings	8	740.41	8,106.84
(b) Trade payables	9	3,384.68	10,811.26
(c) Other current liabilities	10	5,500.25	7,541.07
(d) Short-term provisions	11	331.67	16,239.75
		<u>9,957.01</u>	<u>42,698.92</u>
Total		<u><u>43,010.92</u></u>	<u><u>87,236.38</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12 (a)	1,656.41	1,563.37
(ii) Capital work-in-progress		364.37	-
(iii) Fixed assets held for sale	12 (b)	-	49.97
		<u>2,020.78</u>	<u>1,613.34</u>
(b) Goodwill on consolidation		2,994.30	2,994.30
(c) Non-current investments	13	8,939.01	3,949.18
(d) Deferred tax assets (net).....	5 (b)	28.88	-
(e) Long-term loans and advances	14	1,807.07	2,249.86
(f) Other non-current assets	15	11.04	10.79
		<u>15,801.08</u>	<u>10,817.47</u>
2 Current assets			
(a) Inventories	16	3,258.32	2,679.55
(b) Trade receivables	17	2,028.39	6,408.66
(c) Cash and cash equivalents	18	20,275.36	64,547.54
(d) Short-term loans and advances	19	1,505.73	2,582.98
(e) Other current assets	20	142.04	200.18
		<u>27,209.84</u>	<u>76,418.91</u>
Total		<u><u>43,010.92</u></u>	<u><u>87,236.38</u></u>

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

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A.C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

Directors

Mumbai, Dated: 10th October, 2012

Mumbai, Dated: 10th October, 2012

Consolidated Statement of Profit and Loss for the period 1st July, 2011 to 31st March, 2012

Particulars	Note No.	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
1 Revenue from operations (gross).....	21	15,874.34	68,348.32
Less: Excise Duty		(128.58)	-
Revenue from operations (net)		15,745.76	68,348.32
2 Other income	22	4,874.04	2,811.92
3 Total revenue (1 + 2)		20,619.80	71,160.24
4 Expenses			
(a) Cost of materials consumed	23 (a)	4,287.78	5,438.88
(b) Purchases of stock-in-trade	23 (b)	2,638.88	2,370.13
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23 (c)	(246.13)	(1,030.48)
(d) Employee benefits expense	24	3,671.82	7,029.89
(e) Finance costs	25	388.89	1,288.49
(f) Cost of Land sold (Refer Note 29.3 (b)		-	0.52
(g) Depreciation and amortisation expense (including impairment of Rs. 46.87 lacs, Previous period Rs. NIL)	26	205.29	252.48
(h) Goodwill on consolidation written off		5,101.69	-
(i) Other expenses	27	10,323.29	20,728.22
Total expenses		26,371.51	36,078.13
5 (Loss) / Profit before exceptional items and tax (3 - 4)		(5,751.71)	35,082.11
6 Exceptional items (net)	28	(5,040.76)	16,086.77
7 (Loss) / Profit before tax		(10,792.47)	51,168.88
8 Tax (expense) / credit :			
(a) Current tax (expense) / credit for the current period		(129.66)	(12,450.35)
(b) Current tax (expense) / credit relating to prior years		1,400.00	(266.57)
		1,270.34	(12,716.92)
9 (Loss) / Profit after tax		(9,522.13)	38,451.96
Share of Profit / (Losses) in Associates (net)		1,129.46	(1,016.59)
Minority Interest		(2.04)	(0.07)
(Loss) / Profit for the period		(8,394.71)	37,435.30
10 Earnings per share (of face value of Rs. 10/- each)			
(a) Basic (Refer Note 30.2)		(85.54)	381.45
(b) Diluted (Refer Note 30.2)		(85.54)	381.45

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

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A. C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

} Directors

Mumbai, Dated: 10th October, 2012Mumbai, Dated: 10th October, 2012

Consolidated Cash Flow Statement for the period 1st July, 2011 to 31st March, 2012

	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
A. Cash flow from operating activities		
(Loss) / Profit before tax	(10,792.47)	51,168.88
adjustments for,		
Depreciation and amortisation expense (including impairment of Rs. 46.87 lacs, Previous period Rs. NIL)	205.29	252.48
(Profit) on sale/ disposal of fixed assets (net)	(129.48)	(12,941.92)
(Profit) on sale of investments (net)	(31.26)	(1,168.00)
Loss on sale of Investments	175.66	-
Finance costs.....	388.89	1,288.49
Interest income.....	(2,215.78)	(515.28)
Dividend income.....	(22.81)	(73.42)
Liabilities/ Provisions no longer required	(2,335.46)	(846.59)
Goodwill on Consolidation written off	5,101.69	-
Sundry creditors balance written off	897.99	-
Investments written off (net).....	2.36	-
Bad trade and other receivables/ Loans & advances w/off	631.44	4.79
Loss on sale of fixed assets/scrap written off	9.77	-
Provision for doubtful debts.....	145.93	5,736.57
Provision for Diminution in the value of long term Investments.....	100.03	900.00
Net unrealised exchange (gain)/ loss	(109.20)	-
Operating (loss) / profit before working capital changes	(7,977.41)	43,806.00
<u>Changes in working capital</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Trade receivables.....	6,137.95	(1,543.52)
Inventories.....	(517.07)	(1,112.23)
Loans and advances.....	7,959.76	170.21
Other current assets.....	55.59	-
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade and other payables	(24,111.91)	4,548.85
	(10,475.68)	2,063.31
Net cash (used in) / generated from Operations	(18,453.09)	45,869.31
Direct taxes paid (net).....	(12,122.10)	(1.17)
Net cash (used in) / generated from operating activities	(30,575.19)	45,868.14
B. Cash flow from investing activities		
Capital expenditure on fixed assets (including capital advances)	(642.98)	(54.41)
Sale of fixed assets.....	153.18	13,106.35
Redemption / Sale of Investments	558.58	1,354.13
Purchase of Long term Investments / Immovable Properties.....	(38.08)	(1,078.84)
Adjustments on account of amalgamation in a subsidiary company.....	3,466.52	-
Dividend received - others	22.81	73.42
Interest received - others	2,215.78	423.67
Fixed deposits included in non-current account not considered as cash & cash equivalents.....	0.25	-
Net cash generated from investing activities	5,736.06	13,824.32

	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
C. Cash flow from financing activities		
Redemption of Preference shares	(3,000.00)	-
Adjustment on Consolidation of Cross holdings	(8.26)	-
Receipts / (Repayments) of other borrowings (net)	(4,272.16)	8.65
Receipts / (Repayments) of long term borrowings.....	(2,602.89)	399.95
Finance costs	(388.89)	(608.26)
Receipts / (Repayments) of other long term liabilities.....	(86.87)	-
Receipts / (Repayments) of short term borrowings.....	(10,061.56)	-
Minority Interest.....	20.85	-
Net cash (used in) financing activities	(20,399.78)	(199.66)
Net (decrease) / increase in cash and cash equivalents	(45,238.92)	59,492.80
Cash and cash equivalents at the beginning of the period	64,547.54	5,139.44
Add: Adjustment due to amalgamation in a subsidiary company.....	944.07	-
Less: adjustment on derecognition of a Subsidiary	22.67	(84.70)
Cash and cash equivalents at the end of the period (Refer Note No. 18)	20,275.36	64,547.54
	(45,238.92)	59,492.80

Notes :

Cash and cash equivalents include the following:

- Includes Rs. 2,031.94 lacs in Fixed Deposit Escrow account and Rs. 409.23 lacs in escrow current account (operated under the supervision of Monitoring Committee constituted by the Govt. of Maharashtra under Development Control Regulations 1991) (as at 30th June, 2011 Rs. 60,613.13 lacs).
- Includes Rs. 2,793.87 lacs in Fixed Deposits accounts (as at 30th June, 2011 Rs. 0.83 lacs) over which the banks have lien.
- Scheme of Merger as referred in Note 29.3.(a) has not been considered above, being a non-cash transaction.
- Figures of the current period are after taking into account the effect of the scheme of amalgamation in a wholly owned subsidiary and are not accordingly comparable.

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

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A. C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

} Directors

Mumbai, Dated: 10th October, 2012Mumbai, Dated: 10th October, 2012

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 Bombay 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 having its operating 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.

b. Principles of Consolidation

The subsidiaries are consolidated on a line – by- line basis in accordance with Accounting Standard - 21 on "Consolidated Financial Statements". 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 period. 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

e. Depreciation on tangible fixed assets

Depreciation on fixed assets is provided on the straight-line basis in accordance with the Companies Act, 1956 at the rates and in the manner specified in the Schedule XIV of the Act except as stated below;

Cost of leasehold land is written off over the period of lease.

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.

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 period-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 period, 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 amortised 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 (where applicable) 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 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 statute / 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 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 lesser are recognized as Operating Lease. Operating Lease receipts and payments are recognized as income or expense, as the case may be, in the profit and loss account on a straight-line basis over the lease term.

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.

o. Impairment of tangible assets

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). 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 statements.

Notes forming part of Consolidated Financial Statements

3 SHARE CAPITAL

	As at 31st March, 2012		As at 30th June, 2011	
	Number of shares	Rupees in lacs	Number of shares	Rupees in lacs
(a) Authorised				
Equity shares of Rs. 10/- each with voting rights	10,146,054	1,014.61	10,146,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	60,000,000	6,000.00	60,000,000	6,000.00
Unclassified Shares of Rs. 10/- each	29,853,946	2,985.39	29,853,946	2,985.39
		<u>10,000.00</u>		<u>10,000.00</u>
(b) Issued				
Equity shares of Rs. 10/- each with voting rights	10,146,054	1,014.61	10,146,054	1,014.61
Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	30,000,000	3,000.00	60,000,000	6,000.00
		<u>4,014.61</u>		<u>7,014.61</u>
(c) Subscribed and fully paid up				
Equity shares of Rs. 10/- each with voting rights	9,813,860	981.38	9,813,860	981.38
Less: Allotment money / Calls in arrears / Adjustment on Consolidation		8.32		0.06
		<u>973.06</u>		<u>981.32</u>
Fully Redeemable Non-Cumulative Preference Shares of Rs.10/- each	30,000,000	3,000.00	60,000,000	6,000.00
		<u>3,973.06</u>		<u>6,981.32</u>
Total		<u>3,973.06</u>		<u>6,981.32</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Particulars	Opening balance	Allotment money/ Calls in arrears / Adjustment on Consolidation	Closing balance
(i) Equity shares with voting rights			
Period ended 31st March, 2012			
- Number of shares	9,813,860		9,813,860
- Amount (Rs. in lacs)	981.38	8.32	973.06
Period ended 30th June, 2011			
- Number of shares	9,813,860		9,813,860
- Amount (Rs. in lacs)	981.38		981.38
	Opening balance	Redemption	Closing balance
(ii) Fully Redeemable Non-Cumulative Preference Shares			
Period ended 31st March, 2012			
- Number of shares	60,000,000	30,000,000	30,000,000
- Amount (Rs. in lacs)	6,000.00	3,000.00	3,000.00
Period ended 30th June, 2011			
- Number of shares	60,000,000	-	60,000,000
- Amount (Rs. in lacs)	6,000.00	-	6,000.00

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

The Company has only one class of equity shares having a par value of Rs.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 period ended 31st March, 2012, the amount of dividend, per share, recognized as distributions to equity shareholders is Rs. NIL (period ended 30th June, 2011 Rs. NIL).

(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 Rs. 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. 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 Rs.10/- each fully paid	31st March, 2012		30th June, 2011	
	Nos.	% holding	Nos.	% holding
Name				
Vishad Padmanabh Mafatlal	1,211,581	12.35	1,209,708	12.33
Rupal Vishad Mafatlal	1,203,465	12.26	1,203,465	12.26
Hrshikesh Arvind Mafatlal	820,793	8.36	819,151	8.35
Rekha Hrshikesh Mafatlal	804,283	8.20	804,232	8.19
NOCIL Limited	566,320	5.77	566,320	5.77
Priyavrata Hrshikesh Mafatlal	554,232	5.65	554,044	5.65
Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each				
Name	Nos.	% holding	Nos.	% holding
Navin Fluorine International Limited	30,000,000	100.00	60,000,000	100.00

Notes forming part of Consolidated Financial Statements

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

	As at 31st March, 2012	As at 30th June, 2011	As at 31st May, 2010	As at 31st March, 2009	As at 31st March, 2008
Preference shares redeemed by the company	30,000,000	NIL	NIL	NIL	NIL

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

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
Calls Unpaid	0.06	0.06

f. During 1987-88, 535,000 shares (of Rs. 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 period of 14 months ended 31st May, 2010, in terms of Modified Scheme (MS) approved by BIFR, 300,00,000 Optionally Convertible Fully Redeemable Non-Cumulative Preference Shares of Rs. 10/- each were converted into 48,13,860 Equity Share of Rs.10/- each of the Company at a premium of Rs.52.32 per equity share.

4 RESERVES AND SURPLUS

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
(a) Capital Reserve no. 1		
Opening Balance	61.16	61.16
(b) Capital Reserve no. 2		
Opening Balance	41.62	41.62
(c) Capital Reserve no. 3		
Opening Balance	-	-
Add: Principal amount of loan written back being capital in nature	1,480.29	-
Closing Balance	<u>1480.29</u>	<u>-</u>
(d) Capital Redemption Reserve		
Opening balance	1,200.00	1,200.00
Add: Transferred from Surplus in Statement of Profit and Loss	3,000.00	-
Closing balance	<u>4,200.00</u>	<u>1,200.00</u>
(e) Securities Premium Account		
Opening Balance	26,075.68	26,816.81
Add: Pursuant to the scheme of amalgamation (Refer Note 29.3 (a)).....	1,482.24	-
Less: Adjustment on sale of Associates	-	741.13
Closing Balance	<u>27,557.92</u>	<u>26,075.68</u>
(f) Statutory Reserve		
Opening Balance	165.56	212.21
Add: Pursuant to the scheme of amalgamation (Refer Note 29.3 (a))	305.10	-
Less: Adjustment on sale of Associates	-	46.65
Closing Balance	<u>470.66</u>	<u>165.56</u>
(g) Capital Investment Reserve: (Non-taxable excess of sale proceeds over book value)		
Opening Balance	75.96	75.96
(h) Investment Reserve: (Taken over from Mafatlal Gagalbhai and Company Private Limited as from 01-04-1972 on amalgamation)		
Opening Balance	1.78	1.78
(i) Export Profit Reserve (Taken over from erstwhile The Mafatlal fine Spg. & Mfg. Co. Ltd. on amalgamation)		
Opening Balance	20.00	20.00
(j) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	9,092.42	(29,994.11)
Add:Pursuant to the scheme of amalgamation net of adjustment for cancellation of cross holding (Refer Note 29.3 (a))	(3,287.05)	-
Add: Reserve Adjustment on sale of Associates	-	787.78
Add: Adjustment on Derecognition of Subsidiary	-	863.45
Add: (loss) / profit for the period	<u>(8,394.70)</u>	<u>37,435.30</u>
	<u>(2,589.33)</u>	<u>9,092.42</u>
Less: Transferred to Capital Redemption Reserve	3,000.00	-
Closing balance	<u>(5,589.33)</u>	<u>9,092.42</u>
Total	<u><u>28,320.06</u></u>	<u><u>36,734.18</u></u>

Notes forming part of Consolidated Financial Statements

4 (a) LONG-TERM BORROWINGS

Loans and Advances from related parties (Refer Note no. 30.5)

Unsecured	3.20	-
(Term of Repayment - Interest free loan payable on demand)		
Total	3.20	-

As at
31st March, 2012
(Rupees in lacs)

As at
30th June, 2011
(Rupees in lacs)

5 (a) DEFERRED TAX LIABILITIES (NET)

Tax effect of items constituting deferred tax liability

On difference between book balance and tax balance of fixed assets	(445.62)	(507.74)
Tax effect of items constituting deferred tax liability	(445.62)	(507.74)

Tax effect of items constituting deferred tax assets

Provision for doubtful debts / advances	333.80	271.04
Disallowances under Section 35DDA, 40 (a) (i), 43B of the Income Tax Act, 1961 restricted to the extent of deferred tax liability on depreciation.	111.82	236.70
Tax effect of items constituting deferred tax assets	445.62	507.74
Net deferred tax (liability) / asset	-	-

5 (b) DEFERRED TAX ASSETS (NET)

Tax effect of items constituting deferred tax liability

On difference between book balance and tax balance of fixed assets	(0.37)	-
Tax effect of items constituting deferred tax liability	(0.37)	-

Tax effect of items constituting deferred tax assets

Unabsorbed business loss	24.33	-
Unabsorbed depreciation	0.58	-
Disallowances under Income Tax Act, 1961	4.34	-
Tax effect of items constituting deferred tax assets	29.25	-
Net deferred tax (liability) / asset	28.88	-

6 OTHER LONG-TERM LIABILITIES

(a) Trade Payables - Other than acceptances	4.55	4.55
(b) Others		
(i) Trade/Security deposits received	249.42	338.09
(ii) Others - advances	3.25	1.45
Total	257.22	344.09

7 LONG-TERM PROVISIONS

Provision for employee benefits

(i) Provision for Compensated absences	233.07	212.02
(ii) Provision for Gratuity (Refer note no. 30.4)	228.18	261.69
(iii) Provision - Others	9.32	-
(iv) Provision for Standard Assets	2.75	-
Total	473.32	473.71

8 SHORT-TERM BORROWINGS

(a) Loans repayable on demand

(i) From Banks

Secured *	654.41	-
Unsecured **	9.34	8.89

(ii) From Other Parties

Unsecured	-	560.71
-----------------	---	--------

(b) Loans and Advances from related parties (Refer note no. 30.5)

Secured ***	-	3,108.97
Unsecured	76.66	4,428.27
Total	740.41	8,106.84

* Secured against Fixed Deposits of Rs. 2,580.95 lacs date of maturity 14th March, 2013. Secured Loan from Bank - Cash Credit facilities Rs. 102.89 lacs secured by Hypothecation of stocks and Book debts, both present and future and bill discounting Rs. 6.79 lacs secured by pledge of fixed deposits and recurring fixed deposits with Bank maturity within three months.

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

*** As assignee of bank, secured by first charge on all the fixed and current assets at Navsari and Nadiad.

Notes forming part of Consolidated Financial Statements

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
9 TRADE PAYABLES		
Other than acceptances	3,384.68	10,811.26
Total	3,384.68	10,811.26
10 OTHER CURRENT LIABILITIES		
a) Current maturities of long term debt- Secured term Loan from Banks	2,199.10	-
b) Interest accrued and due on borrowings from a bank	1,864.75	-
c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	817.51	2,005.24
(ii) Payables on purchase of fixed assets	3.77	-
(iii) Contractually reimbursable expenses	9.23	0.16
(iv) Interest accrued on other borrowings	378.19	1,609.37
(v) Trade / security deposits received	24.91	26.56
(vi) Advances from customers	60.42	570.41
(vii) Others includes Voluntary Retirement Scheme, electricity dues.	142.37	3,329.33
Total	5,500.25	7,541.07
11 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits		
(i) Provision for Compensated absences	80.63	62.22
(ii) Provision for Gratuity (Refer Note no.30.4)	200.66	2,677.44
	281.29	2,739.66
(b) Provisions Others		
Provision for tax (net of advance tax Rs. 1,541.43 lacs (As at 30th June, 2011 Rs. 53.14 lacs))	50.38	13,500.09
	50.38	13,500.09
Total	331.67	16,239.75

Note 12(a) Fixed assets

Tangible assets	Gross block					Balance as at 31st March, 2012
	Balance as at 1st July, 2011	Additions	Disposals	Other adjustments		
(a) Land - Freehold	32.27	-	(11.19)	-	21.08	
- Leasehold	0.08	-	-	-	0.08	
(b) Buildings						
Owned	1,552.46	-	(1.41)	-	1,551.05	
Given under operating lease	63.60	-	-	-	63.60	
(c) Plant and Equipment	17,545.83	193.99	0.35	(343.25)	17,396.92	
(d) Furniture and Fixtures	600.25	18.57	(18.29)	(371.95)	228.58	
(e) Vehicles	88.99	36.38	(0.69)	-	124.68	
(f) Office equipment	-	31.02	(45.36)	715.20	700.86	
(g) Railway sidings	2.70	-	-	-	2.70	
Total	19,886.18	279.96	(76.59)	-	20,089.55	
Previous period	23,698.14	54.41	(3,742.92)	(123.45)	19,886.18	

Note :

Buildings include a sum of Rs. Nil (Previous period Rs. 1.41 lacs) being cost of ownership premises in co-operative society including cost of shares of the face value of Rs. Nil (Previous Period Rs. 500/-) received under the bye-laws of the Society.

Notes forming part of Consolidated Financial Statements

Note 12(a) Fixed assets (contd.)

(Rupees in lacs)

Tangible assets	Accumulated depreciation				Net block		
	Balance as at 1st July, 2011	Depreciation / amortisation expense for the period	Eliminated on disposal of assets	Other adjustments	Balance as at 31st March, 2012	Balance as at 31st March, 2012	Balance as at 30th June, 2011
(a) Land - Freehold	-	-	-	-	-	21.08	32.27
- Leasehold	-	-	-	-	-	0.08	0.08
(b) Buildings							
Owned	851.83	29.06	(0.52)	-	880.37	670.68	700.63
Given under operating lease	12.45	0.95	-	-	13.40	50.20	51.15
(c) Plant and Equipment	16,920.18	94.66	(0.32)	(317.18)	16,697.34	699.58	625.65
(d) Furniture and Fixtures	485.89	4.02	(13.39)	(282.78)	193.74	34.84	114.36
(e) Vehicles	49.89	6.06	(0.50)	-	55.45	69.23	39.10
(f) Office equipment	-	18.70	(28.39)	599.96	590.27	110.59	-
(g) Railway sidings	2.57	-	-	-	2.57	0.13	0.13
Total	18,322.81	153.45	(43.12)	-	18,433.14	1,656.41	1,563.37
Previous period	21,447.65	251.80	(3,376.64)	-	18,322.81	1,563.37	-

Note 12(b) Fixed assets held for sale

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
Assets held for sale		
Balance as per last Balance Sheet	123.45	-
Add : Additions	-	123.45
	123.45	123.45
Less : Accumulated depreciation	76.58	73.48
Less : Accumulated impairment	46.87	-
Net block	-	49.97

Note no. 13
INVESTMENTS
 (Long Term)

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
Non Current Investments		
a) Investment Properties	69.41	32.99
b) Equity Instruments	5,962.02	
Less: Share of Losses in Associates	-	3,942.11
	5,962.02	(1,367.78)
c) Preference Shares	2,937.92	900.00
d) Government Securities	2.89	5.25
e) Debentures and Bonds	20.50	20.50
f) Mutual Funds	46.30	36.28
g) Partnership Firms	-	0.05
h) Others		
Less: Provision for Diminution	(100.03)	(988.00)
	8,939.01	3,949.18
		Cost
Aggregate value of quoted investments		5,757.19
		2,093.00
Aggregate value of unquoted investments		3,181.82
		1,856.18
Total		8,939.01
		3,949.18
		Market Value
		5,318.65
		1,949.85

Figures in italics are as at 30th June, 2011.

Notes forming part of Consolidated Financial Statements

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
14 LONG-TERM LOANS AND ADVANCES		
(a) Capital advances		
Unsecured, considered good	1.00	29.21
(b) Security deposits		
Unsecured, considered good	597.75	581.35
Doubtful	92.96	92.96
Less: Provision for doubtful deposits	(92.96)	(92.96)
	<u>597.75</u>	<u>581.35</u>
(c) Loans and advances to related parties (Refer Note no. 30.5)		
Unsecured, considered good	0.24	686.67
	<u>0.24</u>	<u>686.67</u>
(d) Loans and advances to employees		
Doubtful	1.64	1.64
Less: Provision for doubtful loans and advances	(1.64)	(1.64)
	<u>-</u>	<u>-</u>
(e) Advance income tax (net of provisions Rs. 11,135.67 (As at 30th June, 2011 Rs. 535.67 lacs))		
Unsecured, considered good	724.22	793.17
(f) Advance Fringe Benefit tax (net of provisions Rs. NIL (As at 30th June, 2011 Rs. NIL))		
Unsecured, considered good	2.25	2.25
(g) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	26.20	54.24
(ii) Service Tax credit receivable	43.94	49.87
(iii) Deposit with Excise authorities in Escrow account	359.23	-
Doubtful		
Disputed Central excise deposits	22.54	23.34
Less: Provision for doubtful loans and advances.....	(22.54)	(23.34)
	<u>429.37</u>	<u>104.11</u>
(h) Other loans and advances		
Unsecured, considered good		
Deposits recoverable from parties	21.29	25.73
Lease rent/utilities equalisation	30.95	27.37
Doubtful	-	41.25
Less: Provision for other doubtful loans and advances	-	(41.25)
	<u>52.24</u>	<u>53.10</u>
Total.....	<u><u>1,807.07</u></u>	<u><u>2,249.86</u></u>
15 OTHER NON CURRENT ASSETS		
Accruals		
(i) Interest accrued on deposits	3.91	3.91
(ii) Interest accrued on investments	6.88	6.88
(iii) Fixed Deposits with more than 12 months maturity	0.25	-
Total.....	<u><u>11.04</u></u>	<u><u>10.79</u></u>
16 INVENTORIES (at lower of cost and net realizable value)		
(a) Raw materials	412.25	71.80
(b) Work in progress.....	2,358.41	1,848.16
(c) Finished goods.....	342.17	548.07
(d) Stores and spares	144.91	210.94
(e) Others (Land)	0.58	0.58
Total.....	<u><u>3,258.32</u></u>	<u><u>2,679.55</u></u>

Notes forming part of Consolidated Financial Statements

	As at 31st March, 2012 (Rupees in lacs)	As at 30th June, 2011 (Rupees in lacs)
17 TRADE RECEIVABLES		
(a) Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	94.18	4,122.38
Doubtful	367.04	5,511.71
	<u>461.22</u>	<u>9,634.09</u>
Less: Provision for doubtful trade receivables	367.04	5,511.71
	<u>94.18</u>	<u>4,122.38</u>
(b) Other Trade receivables		
Unsecured, considered good	1,934.21	2,286.28
Total.....	2,028.39	6,408.66
18 CASH AND CASH EQUIVALENTS		
Cash and Cash equivalents		
Cash on hand	13.16	27.65
Cheques on hand	32.11	-
Balances with Scheduled Banks:		
i) In Current Accounts	678.23	589.32
ii) In Fixed Deposits Accounts	14,316.82	3,313.61
iii) in Earmarked accounts (Refer Note ii below)	5,235.04	60,616.96
Total.....	20,275.36	64,547.54
Note :		
(i) Balances with earmarked accounts include deposits amounting to Rs. 2,781.77 lacs (As at 30th June, 2011 Rs. NIL) and Fixed deposits account current period Rs. 29.00 lacs (As at 30th June, 2011 Rs. 33.88 lacs), which have an original maturity of more than 12 months.		
(ii) Earmarked accounts		
(a) Includes Rs. 2,031.94 lacs in Fixed Deposit Escrow account and Rs. 409.23 lacs in Escrow Current account (operated under the supervision of Monitoring Committee Constituted by the Govt. of Maharashtra under Development Control Regulations, 1991) (as at 30th June, 2011 Rs. 60,616.13 lacs)		
(b) Includes Rs. 2,793.87 lacs in Fixed Deposits accounts (as at 30th June, 2011 Rs. 0.83 lacs) over which the banks have lien.		
19 SHORT TERM LOANS AND ADVANCES		
(a) Loans and advances to related parties (Refer Note no. 30.5)		
Unsecured, considered good	597.63	1,258.68
Doubtful.....	259.53	601.01
Less: Provision for doubtful loans and advances	(259.53)	(601.01)
	<u>597.63</u>	<u>1,258.68</u>
(b) Security deposits		
Unsecured, considered good	19.55	25.85
(c) Loans and advances to employees		
Unsecured, considered good	32.89	23.90
(d) Prepaid expenses - Unsecured, considered good	32.95	18.26
(e) Balances with government authorities		
Unsecured, considered good		
(i) MODVAT receivable	14.18	2.80
(ii) Duty-drawback receivable	12.98	-
(iii) Others - Deposit / Taxes	236.85	-
	<u>264.01</u>	<u>2.80</u>
(f) Others		
Unsecured, considered good		
Trade advances	558.70	1,253.49
Doubtful	53.15	359.47
Less: Provision for other doubtful loans and advances	(53.15)	(359.47)
	<u>558.70</u>	<u>1,253.49</u>
Total.....	1,505.73	2,582.98
20. OTHER CURRENT ASSETS		
(a) Accruals		
(i) Interest accrued on deposits	134.96	137.93
(ii) Interest accrued on investments	6.97	10.18
	<u>141.93</u>	<u>148.11</u>
(b) Others		
(i) Water charges recoverable.....	0.11	0.51
(ii) Export benefit receivable	-	51.56
	<u>0.11</u>	<u>52.07</u>
Total.....	142.04	200.18

Notes forming part of Consolidated Financial Statements

	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
21 REVENUE FROM OPERATIONS		
(a) Sale of products	13,759.55	64,926.68
(b) Other operating revenues (Refer note 1 below).....	2,114.79	3,421.64
	<u>15,874.34</u>	<u>68,348.32</u>
Less: Excise duty	128.58	-
Revenue from operations	<u>15,745.76</u>	<u>68,348.32</u>
1 Other operating revenues		
Processing Charges	918.42	2,015.62
Duty drawback and other export incentive	12.14	175.66
Rental income from investment property	201.90	220.41
Dividend Income	174.10	-
Interest on loans	125.93	-
Utility/ Business Service /Air-conditioning charges and other receipts	682.30	1,009.95
Total	<u>2,114.79</u>	<u>3,421.64</u>
22 OTHER INCOME		
Interest income (Refer note 1 below)	2,215.41	515.28
Interest on Income Tax refund	0.37	-
Dividend income from long term investments	22.81	73.42
Net gain on sale of long term Investments	31.26	1,168.00
Net gain on foreign currency transaction and translation	109.20	-
Other non-operating income (Refer note 2 below)	2,482.88	1,055.22
Recovery of expenses incurred	12.11	-
Total	<u>4,874.04</u>	<u>2,811.92</u>
Notes:		
1 Interest income comprises:		
Interest from banks on deposits	2,187.44	338.62
Other interest	27.97	176.66
Total	<u>2,215.41</u>	<u>515.28</u>
2 Other non-operating income:		
Miscellaneous income	147.13	203.48
Profit on sale of Fixed assets	0.29	5.15
Liabilities/ Provisions no longer required	2,335.46	846.59
Total	<u>2,482.88</u>	<u>1,055.22</u>
23. a. COST OF MATERIALS CONSUMED		
Opening stock	71.80	77.34
Add: Adjustment pursuant to consolidation of new subsidiary arising as a consequent of scheme of amalgamation (Refer Note 29.3 (a))	53.31	-
Add: Purchases	4,574.91	5,433.34
	<u>412.24</u>	<u>71.80</u>
Less: Closing stock	4,287.78	5,438.88
Total	<u>4,287.78</u>	<u>5,438.88</u>
23. b. PURCHASE OF TRADED GOODS	2,638.88	2,370.13
23. c. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the period		
Finished goods	342.17	548.07
Work-in-progress	2,358.40	1,848.16
	<u>2,700.57</u>	<u>2,396.23</u>
Inventories at the beginning of the period		
Finished goods	548.07	172.08
Work-in-progress	1,848.16	1,193.67
	<u>2,396.23</u>	<u>1,365.75</u>
Add: Adjustment pursuant to consolidation of new subsidiary arising as a consequent of scheme of amalgamation (Refer Note 29.3 (a))		
Finished goods	3.27	-
Work-in-progress.....	54.94	-
	<u>2,454.44</u>	<u>1,365.75</u>
Net increase	<u>246.13</u>	<u>1,030.48</u>

Notes forming part of Consolidated Financial Statements

	For the period 1st July, 2011 to 31st March, 2012 (Rupees in lacs)	For the period 1st June, 2010 to 30th June, 2011 (Rupees in lacs)
24 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,798.14	5,861.27
Contributions to provident and other funds (Refer Note 30.4)	801.43	1,106.96
Staff welfare expenses	72.25	61.66
Total.....	3,671.82	7,029.89
25 FINANCE COSTS		
Interest expense on:		
(i) Borrowings	180.89	557.30
(ii) Trade payables	117.33	54.09
(iii) Others	90.67	677.10
Total.....	388.89	1,288.49
26 DEPRECIATION AND AMORTISATION EXPENSE		
(Refer note 12 (a), 12 (b) and 13)		
Depreciation and amortisation for the period on tangible assets	153.45	251.80
Depreciation of investment property	1.87	0.68
Impairment of fixed assets held for sale	49.97	-
Total.....	205.29	252.48
27 OTHER EXPENSES		
Consumption of stores and spare parts	1,391.59	2,116.84
Processing Charges	639.23	281.41
Power and Fuel	3,438.42	5,689.66
Repairs and maintenance - Buildings	63.70	58.38
Repairs and maintenance - Machinery	98.94	179.25
Insurance	20.27	29.59
Lease Rent	50.66	187.02
Rates and Taxes (including wealth tax Rs. 0.55 lacs (Previous period Rs. 0.40 lacs))	177.39	1,051.11
Commission, Brokerage and Discount	447.09	606.00
Transport and Freight Charges (net)	98.34	104.40
Creditors balance written off	897.99	-
Bad trade and other receivables / Loans & advances w/off	631.44	4.79
Long term Investments written off (net)	2.36	-
Provision for doubtful trade and other receivables (net)	145.93	5,736.57
Provision for Diminution in the value of long term Investments	103.03	900.00
Donations and Contributions	0.19	0.17
Loss on fixed assets sold / scrapped / written off	9.77	-
Legal and Professional fees	300.34	1,948.14
Payments to Auditors (Refer note 1 below)	33.48	64.02
Adjustment to investment on consolidation	500.78	-
Miscellaneous Expenses	1,099.69	1,770.87
Loss on sale of investments	175.66	-
Total.....	10,323.29	20,728.22
Note no. 1		
Payments to auditors (excluding service tax)		
Statutory Auditors		
Audit fees	10.00	10.75
Payment of other services	19.00	48.05
Expenses and incidentals	0.20	0.03
Total.....	29.20	58.83
Branch Auditors		
Audit fees	2.05	2.65
Payment of other services	1.77	2.15
Expenses and incidentals	0.46	0.39
Total.....	4.28	5.19

Notes forming part of Consolidated Financial Statements

Particulars		As at 31 March, 2012 (Rupees in lacs)	As at 30 June, 2011 (Rupees in lacs)
iv	M/s Chahbaznia Im-und Export GmbH, company'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. The company has retained the services of German Law Firm M/s Gleiss Lutz Hootz Hirsch. The company is contesting the said claims and in view of the legal opinion, the company 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 of the application.	14.73	-
vi	The demand of penalty payable to Apparel Export Promotion Council (AEPC) for not utilizing the quota issued and/or revalidated as per the quota policy. The Company 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	-
In the above matters (i to vi), the Group is hopeful of succeeding and as such does not expect any significant liability to crystallize.			
29.1(B)	Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for:-		
	Tangible assets	8.78	9.73
29.2.1	As legally advised, the Company has not recognised rent/recovery of expenses of Rs. 181.92 lacs (Rs. 178.65 lacs upto 30th June 2011) pending final resolution of the legal dispute with certain tenants/ex-tenants of a property in South Mumbai. During the financial period 2011, the Hon'ble Court of Small Causes has 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 have filed Appeals and Cross-Appeals respectively which have been admitted and are pending for final hearing.	-	-
29.2.2	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 Statements' as notified under the Companies (Accounting Standards) Rules, 2006. The details of such subsidiaries are as under:	-	-

Sr No	Subsidiaries – all incorporated in India	Subsidiary of	% holding of the Company	Date of Financial Statements	
				Current Period	Previous Period
1	Mishapar Investments Limited	Mafatlal Industries Limited	100%	31 st March 2012	31 st March 2011
2	Mafatlal Services Limited	Mafatlal Industries Limited	88%	31 st March 2012	31 st March 2011
3	Ibiza Industries Limited	Mafatlal Industries Limited	54.89%	Refer Note (ii) below	Refer Note (ii) below
4	Sunanda Industries Limited	Mishapar Investments Limited	94%	31 st March 2012	Not Applicable
5	Mafatlal Global Apparel Limited	Mishapar Investments Limited	55%	31 st March 2012	Not Applicable
6	Myrtle Textiles Private Limited	Mishapar Investments Limited	100%	31 st March 2012	Not Applicable
7	Mayflower Textiles Private Limited	Mishapar Investments Limited	100%	31 st March 2012	Not Applicable
8	Silvia Apparel Limited	Mishapar Investments Limited	60%	31 st March 2012	Not Applicable
9	Repal Apparel Private Limited	Mishapar Investments Limited	100%	Refer Note (iv) below	Refer Note (iv) below

Notes

- (i) There has been no change in the percentage holding of the Company in its subsidiaries existing as at the period end 31st March 2012 except in case of Sudas Manufacturing and Trading Limited and Sunanda Industrial Machinery Limited which have ceased to be a subsidiary since they have been amalgamated into Mishapar Investments Limited. Sunanda Industries Limited, Mafatlal Global Apparel Limited, Myrtle Textiles Private Limited, Mayflower Textiles Private Limited, Silvia Apparel Limited and Repal Apparel Private Limited have become subsidiary post amalgamation.
- (ii) Consequent to the Ibiza Industries Limited (IIL) continuing to be under liquidation, the Company effectively has no control over IIL. 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 for the current period and also in the previous period. The related adjustments, on de-recognition of this subsidiary, was reflected in the consolidated financial statements of the previous period. The financial statements of this subsidiary was not available in the current as well as previous period.
- (iii) The financial statements of the subsidiaries have been drawn from 1st April, 2011 to 31st March, 2012. The financial statements of the standalone is from 1st July, 2011 to 31st March, 2012. The impact of the transactions recorded in the differential quarter is considered to be immaterial by the Management.
- (iv) The financial statements of Repal Apparel Private Limited is not available. Its operations has no significant impact on the revenue, expenses, assets and liabilities of the consolidated accounts.

29.2.3 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:

Notes forming part of Consolidated Financial Statements

Sr No	Associates – all incorporated in India unless otherwise stated	% holding of the Company with its subsidiaries	Current Period	Previous Period
1	Mafatlal VK Intex Limited	29%	31 st March 2009	31 st 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%	31 st March 2012	31 st March 2010
4	Mafatlal Engineering Industries Limited	22.18%	Refer Note (ii) below	Refer Note (ii) below

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, 2012 except Sushmita Holdings Limited and Sumish Associates which ceased to be associates on merger with Mishapar Investments Limited. Sunanda Industries Limited which has ceased to be associate and which is now a subsidiary of Mishapar Investments Limited. The post acquisition share of losses of Rs 1,129.46 lacs in these associates have been taken to reserves.
- (ii) The financial statements of Mafatlal Limited (Incorporated in United Kingdom) 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 accounts.
- (iii) The investments of these associates have been reported at Re 1/- as the Company's share of losses exceed the carrying amount of investments:
- Mafatlal VK Intex Limited
 - Sushmita Engineering and Trading Limited
 - Mafatlal Engineering Industries Limited
- (iv) 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):

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 period end (C)
Sushmita Holdings Limited (including Goodwill of Rs.Nil (Previous period Rs.521.47 lacs)	- <i>1,783.55</i>	- <i>(254.62)</i>	- <i>1,528.93</i>
Mafatlal VK Intex Limited	44.00 <i>58.00</i>	(44.00) <i>(58.00)</i>	- -
Mafatlal Limited (Incorporated in United Kingdom)	84.52 <i>84.52</i>	(84.52) -	- <i>84.52</i>
Sushmita Engineering and Trading Limited	15.38 <i>15.38</i>	(15.38) <i>(15.38)</i>	- -
Sunanda Industries Limited	- <i>950.35</i>	- <i>(950.35)</i>	- -
Mafatlal Engineering Industries Limited	162.44 <i>162.44</i>	(162.44) <i>(162.44)</i>	- -
Repal Apparel Private Limited	- <i>2.50</i>	- <i>(2.50)</i>	- -
Sumish Associates (Partnership firm)	- <i>0.05</i>	- <i>75.51</i>	- <i>75.56</i>
Mafatlal Global Apparel Limited (Represents Goodwill of Rs. 69.01 lacs)	- <i>69.01</i>	- -	- <i>69.01</i>
Total	306.34 <i>3,125.80</i>	(306.34) <i>(1,367.78)</i>	- <i>1,758.02</i>

Figures in () represents loss

29.2.4 In the case of Mishapar Investments Limited:

- i. The Company has made provision for diminution in the value of quoted shares as stated hereunder aggregating to Rs. 12,24,75,949/- as against aggregate decline of Rs. 34,57,92,697/- (Previous period : Rs. 7,10,08,830/-). By reason of the said investments being strategic and long-term in nature and in the opinion of the management, looking into the envisaged plans in the hands of said companies, the provision made for diminution is considered adequate. Further, the decline in value is considered to be on account of temporary factors.

Name of the Company	Decline in Value of Investments Rs in lacs	Provision Made Rs in lacs	Short Provision Rs in lacs
(a) NOCIL Limited	3,042.68	1,224.76	1,817.92
(b) Mafatlal Industries Limited	415.24	-	415.24
Total	3,457.92	1,224.76	2,233.16

- ii. In the previous period the end loans given/advances recoverable, aggregating to Rs 1,028.90 lacs as at 30th June, 2011 to certain parties whose network, as per their latest audited Balance Sheets, have been partially/substantially eroded. However no provision was considered necessary for these dues as the Company's involvement in these companies is of a strategic and long – term nature and irrecoverable amounts, if any, are presently not ascertainable.

Notes forming part of Consolidated Financial Statements

- iii. In the current and the previous period the Equity shares (Investment) of following companies are not available for physical verification on account of non-receipt of certificates/ non availability of confirmation as at the year end:

Particulars	As at 31st March, 2012	As at 31st March, 2011
Malibu Kapital Limited	-	87,500
Mafatal Limited (Incorporated in United Kingdom)	-	9,000
Repal Apparel Private Limited	-	25,000
Navdeep Investment Private Limited	6,250	6,250
Hybrid Financial Services Limited	1,600	-

29.2.5 In the case of subsidiary Sunanda Industries Limited which became a subsidiary during the period;

- a) No provision has been made by the Company 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 sub-judiced in court of law and therefore the subsidiary is contesting the said claims and the liability is not ascertainable.
- b) There are 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 sub-judiced in labour court and Company is contesting the said claims and the liability is not ascertainable.
- c) 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 Rs. 20,964.13 lacs (previous period Rs. 16,550.33 lacs) including for the period Rs. 4,413.80 lacs (previous period Rs. 3,620.08 lacs) as estimated by the Company on loans have not been provided in the accounts.
- d) Confirmation letters have 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.

29.2.6 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.

29.2.7 In case of Mafatal 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.

29.3(a) (i) Pursuant to the scheme of Amalgamation (the Scheme) under Section 391 to 394 of the Companies Act, 1956 (the Act) the erstwhile following companies (Amalgamating Companies) stand merged with the wholly owned subsidiary Mishapar Investments Limited (MPAR the Transferee Company) w.e.f 1st April 2011, (the Appointed date) in terms of order dated 7th September, 2012 of the Hon'ble High Court of Mumbai sanctioning the Scheme (the said Order). The amalgamating companies are in the Investments and financing activities also. The following companies have got amalgamated with MPAR.

The following companies have got amalgamated with MPAR;

- a) Vibhadeep Investments and Trading Limited
- b) Sushmita Holdings Limited
- c) Mafatal Holdings Limited
- d) Sunanda Industrial Machinery Limited
- e) Sudas Manufacturing & Trading Limited
- f) Soushreyas Investments (I) Limited
- g) Samatva Investments Limited
- h) Navlekh Investment Limited
- (ii) The objective of the Scheme is to streamline the group structure and make it leaner and more efficient structure, so that it is equitable to the shareholders and there is proper utilization of the assets which would increase the shareholders value. It will also reduce certain amount of duplication of administrative issues. Since it is amalgamation of companies within the group, it will not in any manner prejudice or affect interest of the creditors.
- (iii) Pursuant to the said Order all the assets and liabilities of the Amalgamating Companies are vested with MPAR at the book values and are recorded in the books of the Amalgamated Company at their respective book values. Further, MPAR 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 stand vested with the Company.
- (iv) The amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed by Accounting Standard - 14 (AS-14) "Accounting for Amalgamation" issued under the Companies (Accounting Standard) Rules, 2006. The assets, liabilities and reserves of the Amalgamating companies taken over as on appointed date i.e. 1st April, 2011 are detailed as under:

	Rs. in lacs
Fixed Assets	154
Non - Current Investments	15,809.39
Current Assets (Net of Provisions)	9,108.43
Cash and Bank balance	944.07
Current Liabilities and Provisions	19,977.96
Non - Current Liabilities and Provisions	2.90
Reserves and Surplus taken over	
Securities Premium	1,482.24
Statutory Reserve	305.10
Debit Balance in Profit and Loss account (Refer Note No. vi below)	(13,076.31)

Figures in italics represents full figures

Notes forming part of Consolidated Financial Statements

- (v) There is no consideration payable or receivable on implementation of the Scheme as the Scheme involves group companies holding 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 has been cancelled against the corresponding investments / amounts recoverable. Preference shareholders of the one of the amalgamating companies are to be allotted preference shares by the transferee company; pending such allotment the amount has been credited to the preference shares pending issue.
- (vi) Difference between book value of investments in shares and share capital arising on cancellation and the difference arising on cancellation of inter-corporate balances aggregating to Rs. 97,89,25,535/- has been adjusted to the balance of Profit and Loss Account taken over on Amalgamation.
- 29.3 (b) During the previous period, the Company had concluded an Agreement with Gliders Buildcon LLP ('the developer'), an entity of Ajay Piramal Group, on 17th June, 2011 for transfer of development rights in leasehold land at its Mazgaon unit, admeasuring about 30,910 square meters for a lump sum consideration of Rs. 60,580.00 lacs. The proceeds from the development agreement (to the extent pertaining to leasehold land held as stock in trade) amounting to Rs. 48,326.87 lacs for the previous period has been included in Note 21 'Revenue from Operations- Sale of Products.' The remaining proceeds (pertaining to leasehold land held as fixed assets) amounting to Rs. 12,202.86 lacs (net of book value of leasehold land amounting to Rs. 0.01 lac and portion of building amounting to Rs. 50.26 lacs on date of sale) for the previous period is included in 'Profit on sale of Fixed Assets under Note 28 'Exceptional Items (net)'. As required by the Development Control Rules, Government of Maharashtra, the utilization of sales proceeds from sale of textile mill lands is being monitored by a Monitoring Committee appointed by the Government of Maharashtra under Development Control Regulations, 1991.
- 29.3 (c) 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 above mentioned agreement, the developer will construct a structure and hand it over to the Company.
- 29.4 In the previous period, the Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 19th August, 2010 discharged the Company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) / (BIFR) consequent to the network of the Company turning positive.
- 29.5 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 Rs. 10/- each, fully paid-up, in SSL for every 500 shares of Rs. 100/- each, fully paid-up, held in the Company as consideration for the demerger, aggregating to Rs. 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 Rs. 1.00 lac from NFIL on behalf of the shareholders, which is pending disbursement upon completion of formalities.
- 29.6 The Ahmedabad Unit of the Company has discontinued operations with effect from 1st March, 2003. On 21st May, 2003, the Company entered into an 'Agreement to Sell' with Annapurna Polymers Private Limited (APPL) for this Unit at an aggregate consideration of Rs. 677.70 lacs. The sale, after getting all approvals, was to be completed on or before 31st December, 2003. Pending this, a separate 'Conducting Agreement' was entered with APPL, effective 1st June, 2003, under which APPL operated the Unit on the Company's behalf. The conducting agreement was extended from time to time. The said sale was completed on 14th December, 2010 and the profit of Rs. 611.76 lacs on sale of unit and profit on sale of building of Rs. 24.31 lacs had been recognized in the previous period.
- 29.7 Depreciation on fixed assets of (a) the Old Unit at Nadiad and Unit at 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 period changed the method of depreciation retrospectively of the above mentioned fixed assets from WDV to SLM for uniformity in the method of depreciation. Depreciation for the period is higher by Rs.1.93 lacs (Previous period Rs. NIL) on account of change in the accounting policy.
- 29.8 In the current period the Company has changed the method of valuation of trading goods from FIFO to weighted average cost method for achieving greater uniformity. This change has no impact as there is no closing stock of trading goods.
- 29.9 Details on derivatives instruments and unhedged foreign currency exposures
The period-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2012 (Rupees in lacs)		As at 30th June, 2011 (Rupees in lacs)	
Receivable/ Payable	Receivable / Payable in Foreign currency (indicate amount with currency)	Receivable / Payable	Receivable / Payable in Foreign currency (indicate amount with currency)
Receivable against export of goods			
75.56	USD 1.55	70.57	USD 1.58
Payable against export commission			
61.30	USD 1.25	64.86	USD 1.45
69.64	EURO 1.05	68.20	EURO 1.05
0.45	GBP 0.005	0.24	GBP (330.53)

Figures in () are full figures.

Particulars	For the period ended	
	31 March, 2012 Rupees in lacs	30th June, 2011 Rupees in lacs
Details of research and development expenditure recognised as an expense		
Employee benefits expense	24.08	15.89
Consumables	2.81	4.22
Repairs and Maintenance	11.12	8.01
Total	38.01	28.12

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

30.1	Particulars	For the period ended 31 March, 2012 Rupees in lacs	For the period ended 30th June, 2011 Rupees in lacs
	Details of leasing arrangements		
	<u>As Lessor:</u>		
	The Group 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	232.82	179.30
	later than one year and not later than five years	297.30	441.43
	Total	530.12	620.73
	Depreciation recognised on the leased assets	1.66	1.26
	<u>As Lessee:</u>		
	The Group has entered into operating lease arrangements for certain facilities and residence premises. The leases are non-cancellable and are for a period of 1 to 3 years and may be renewed for a further period of 1 year based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 6 to 10%.		
	Future minimum lease payments		
	not later than one year	36.63	28.80
	later than one year and not later than five years	31.61	19.92
	Total	68.24	48.72
	Lease payments recognised in the Statement of Profit and Loss	27.69	35.11

30.2	Earnings per share		
	<u>Continuing operations</u>		
	Net (Loss) / Profit for the period from continuing operations attributable to the equity shareholders	(8,394.71)	37,435.30
	Weighted average number of equity shares	9,813,860	9,813,860
	Par value per share (Rs.)	10.00	10.00
	Earnings per share from continuing operations - Basic and Diluted (Rs.)	(85.54)	381.45

30.3 Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily (i) textiles comprising of cloth and yarn and (ii) financial services comprising activities relating to investments, etc. 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.

Particulars	For the period ended 31st March, 2012			For the period ended 30th June, 2011		
	Business segments		Total	Business segments		Total
	Textile	Financial Services		Textile	Financial Services	
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Revenue	14,674.87	1,370.88	16,045.75	85,910.31	48.58	85,958.89
Total	14,674.87	1,370.88	16,045.75	85,910.31	48.58	85,958.89
Segment result	(9,507.99)	(267.73)	(9,775.72)	57,585.70	(5,614.93)	51,970.77
<u>Unallocable expenses:</u>						
Finance Costs			388.89			1,288.49
Other Expenses			0.19			0.17
Provision for diminution in the value of investments			100.03			900.00
Goodwill on consolidation written off			5,101.69			-
<u>Unallocated Income:</u>						
Dividend			(22.81)			(24.90)
Interest Income			(2,215.78)			(515.28)
Other income (net)			(2,335.46)			(846.59)
(Loss) / Profit before tax			(10,792.47)			51,168.88
Tax (expense) / credit			1,270.34			(12,716.92)
(Loss) / Profit after tax			(9,522.13)			38,451.96
Current period's share of profit / (losses) in associates (net)			1,129.46			(1,016.59)
Minority interest			(2.04)			(0.07)
(Loss) / Profit for the period			(8,394.71)			37,435.30
Segment assets	11,191.55	1,878.53	13,070.08	16,820.26	1,245.56	18,065.82
Unallocable assets			29,940.84			69,170.56

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

Note 30.3 Contd....

Total assets			43,010.92			87,236.38
Segment liabilities	5,585.82	5,054.55	10,640.37	29,996.25	20.38	30,016.63
Unallocable liabilities			77.43			13,504.25
Total liabilities			10,717.80			43,520.88
Other information						
Capital expenditure (allocable)						
Additions to Fixed assets	250.75	29.21	279.96	54.41	-	54.41
Depreciation and amortisation (allocable)	203.42	1.87	205.29	252.48	-	252.48
Other significant non-cash expenses (allocable)						
Bad trade and other receivables/ Loans & advances w/off	1,518.38	11.05	1,529.43	4.79	-	4.79
Provision for doubtful trade and other receivables (net)	1.46	144.47	145.93	260.56	5,476.01	5,736.57
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)						
Provision for Diminution in the value of long term Investments- Subsidiary/Associates (net)			100.03			900.00
Goodwill on consolidation written off			5,101.69			-

Note:

1. In the previous period, textile profit includes profit on sale of Mill Property.
2. Financial services profit includes dividend.
3. There are no inter-segment transactions during the period.

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

Geographic Segment	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	Revenues from external customers for the period ended 30th June, 2011	Segment assets As at 30th June, 2011	Additions to fixed assets during the period ended 30th June, 2011
	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs	Rupees in lacs
Domestic	13,422.10	12,994.17	279.96	82,633.08	17,994.99	54.41
Exports	2,623.65	75.91	-	3,325.81	70.83	-
Total	16,045.75	13,070.08	279.96	85,958.89	18,065.82	54.41

30.4 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 Rs. 355.80 lacs (Previous period Rs. 566.85 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	Period ended 31st March, 2012 (Rupees in lacs)	Period ended 30th June, 2011 (Rupees in lacs)
Components of employer expense		
Current service cost	92.92	107.57
Interest cost	188.37	210.90
Expected return on plan assets	(0.95)	(2.20)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	163.41	221.60
Total expense recognised in the Statement of Profit and Loss	443.76	537.87
Actual contribution and benefit payments for the period		
Actual benefit payments	(1,497.22)	(221.82)
Actual contributions	2,977.11	207.54

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

Note 30.4 Contd....

Particulars	Period ended 31st March, 2012 (Rupees in lacs)	Period ended 30th June, 2011 (Rupees in lacs)
Net Liability recognised in the Balance Sheet		
Present value of defined benefit obligation	(2,014.05)	(2,954.97)
Fair value of plan assets	1,608.26	15.84
Funded status [Surplus / (Deficit)]	-	-
Unrecognised past service costs	-	-
Net Liability recognised in the Balance Sheet	(405.79)	(2,939.13)
Change in defined benefit obligations (DBO) during the period		
Present value of DBO at beginning of the period	(2,954.97)	(2,636.30)
Current service cost	(92.92)	(107.57)
Interest cost	(188.37)	(210.90)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	(274.99)	(222.02)
Past service cost	-	-
Benefits paid	1,497.22	221.82
Present value of DBO at the end of the period	(2,014.04)	(2,954.97)
Change in fair value of assets during the period		
Plan assets at beginning of the period	15.84	27.50
Acquisition adjustment	-	-
Expected return on plan assets	0.95	2.20
Actual company contributions	2,977.11	207.54
Actuarial gain / (loss)	111.58	0.42
Benefits paid	(1,497.22)	(221.82)
Plan assets at the end of the period	1,608.26	15.84
Actual return on plan assets	112.53	2.62
Composition of the plan assets is as follows		
Government bonds	Nil	Nil
PSU bonds	Nil	Nil
Others	Nil	Nil
Insurer Managed Funds	100.00%	Nil
Deposits with Nationalised Banks	Nil	53.00%
Various Debt Instruments	Nil	47.00%
Actuarial assumptions		
Discount rate	8.50%	8.50%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	5.00%
Attrition	2.00%	2.00%
Mortality tables	LIC 1994-96 (Ultimate)	LIC 1994-96 (Ultimate)
Estimate of amount of contribution in the immediate next period	200.75	2,977.11

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

Actuarial assumptions for long-term compensated absences

Discount rate	8.50%	8.50%
Expected return on plan assets	8.60%	8.00%
Salary escalation	5.00%	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.

In case of Mafatal Services Limited some of the employees of the company has been transferred to the other companies. The Gratuity Liability in respect of such employees was contributed by the Company to the Gratuity fund. Any shortfall arising on the payment thereof would be accounted on Cash Basis in the year of payment.

Compensated Absences

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 Rs. 300.49 lacs (Previous period Rs. 274.24 lacs.) charge for the period Rs.198.21 lacs (Previous period Rs. 203.30 lacs).

Mafatlal Industries Limited

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

Note 30.5 : Related Parties Transaction

Details of Related Party

A Associates

Mafatlal VK Intex Limited
 Sunanda Industries Limited (till 01.04.2011)
 Mafatlal Holdings Limited (till 01.04.2011)
 Mafatlal Engineering Industries Limited
 Mafatlal Limited (Incorporated in United Kingdom)
 Repal Apparel Private Limited (till 31.03.2011)
 Sushmita Engineering and Trading Limited
 Sumish Associates (till 01.04.2011)
 Sushmita Holdings Limited (till 01.04.2011)
 Mafatlal Global Apparel Ltd. (till 01.04.2011)

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

Ensen Holdings Limited
 NOCIL Limited
 Marigold International Private Limited
 Navlekh Investment Limited (till 01.04.2011)
 Navin Fluorine International Limited
 Romago AG, Zurich
 Sulakshana Securities Limited
 Vibhadeep Investments & Trading Limited (till 01.04.2011)
 Krishnadeep Housing Development Private Limited
 Urvija Associates
 Mafatlal Impex Private Limited
 Eyeindia.Com Private Limited
 Mafatlal Denim Limited
 Sushripada Investments Private Limited
 Mafatlal Fabrics Private Limited

C Key managerial personnel

Hrishikesh A. Mafatlal

D Relatives of Key Management Personnel

Priyavrata H. Mafatlal (w.e.f. 01.01.2011)

E Details of transactions with related parties during the period : 01-07-2011 to 31-03-2012

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Key Management Personnel	Total
Rendering of services (Income)				167.34
Mafatlal Denim Limited	24.82	-	-	24.82
Sulakshana Securities Limited	35.85	-	-	35.85
NOCIL Limited	14.01	-	-	14.01
Krishnadeep Housing Development Private Limited	17.41	-	-	17.41
Navin Flourine International Limited	43.03	-	-	43.03
	63.09	-	-	63.09
	5.42	-	-	5.42
	7.91	-	-	7.91
	80.06	-	-	80.06
	115.64	-	-	115.64
Rent from Property (Income)				45.19
Krishnadeep Housing Development Private Limited	0.48	-	-	0.48
Mafatlal Denim Limited	0.70	-	-	0.70
	44.71	-	-	44.71
	48.37	-	-	48.37
Share of profit from partnership firm				-
Sumish Associates	-	-	-	8.86
	-	8.86	-	-
	-	-	-	8.86
Interest Income				18.03
Mafatlal Global Apparel Limited	-	-	-	5.20
Mafatlal Impex Private Limited	18.03	5.20	-	-
	-	-	-	5.20
	-	-	-	18.03
	-	-	-	-
Other Income				46.55
Mafatlal Denim Limited	46.55	-	-	65.64
	65.64	-	-	46.55
	-	-	-	65.64

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

Note 30.5 Contd....

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Key Management Personnel	(Rupees in lacs)	
					Total
Yarn Sales					4.44
Mafatlal Denim Limited	4.44	-	-		20.22
	20.22	-	-		4.44
					20.22
Spinning Jobworks					14.80
Mafatlal Denim Limited	14.80	-	-		13.46
	13.46	-	-		14.80
					13.46
Amount written back					-
Mafatlal Limited (Incorporated in United Kingdom)	-	-	-		32.11
		32.11			-
					32.11
Receiving of Services (Expenses)					30.80
Sulakhana Securities Limited	24.05	-	-		35.39
	25.64	-	-		24.05
Mafatlal Denim Limited	6.75	-	-		25.64
	9.75	-	-		6.75
					9.75
Reimbursement of Expenses					34.58
Mafatlal Denim Limited	15.74	-	-		42.80
	14.85	-	-		15.74
NOCIL Limited	1.45	-	-		14.85
	2.09	-	-		1.45
Navin Flourine International Limited	17.39	-	-		2.09
	25.86	-	-		17.39
					25.86
Purchase of Stores / Spares					0.21
Mafatlal Denim Limited	0.21	-	-		0.76
	0.76	-	-		0.21
					0.76
Purchase of Raw Materials					504.61
Mafatlal Denim Limited	504.61	-	-		263.35
	263.35	-	-		504.61
					263.35
Interest paid on loan					25.30
Navin Flourine International Limited	25.30	-	-		549.27
	549.27	-	-		25.30
					549.27
Remuneration					9.00
Priyavrata H. Mafatlal	-	-	9.00		4.18
	-	-	4.18		9.00
					4.18
Debit balance written off					192.19
Mafatlal Denim Limited	0.25	-	-		-
	-	-	-		0.25
NOCIL Limited	191.94	-	-		-
	-	-	-		191.94
					-
Provision for diminution in value of Investments during the period					900.00
Sushmita Holdings Limited	-	-	-		-
	-	900.00	-		900.00
					-
Provision made for doubtful advances / debtors during the period					2.07
Mafatlal Holdings Limited	-	-	-		5,712.58
	3,958.96	-	-		2.07
Sunanda Industries Limited	-	-	-		3,958.96
Sushmita Holdings Limited	-	6.94	-		-
	-	155.70	-		6.94
Vibhadeep Investments & Trading Limited	-	-	-		155.70
	1,590.98	-	-		-
Navin Flourine International Limited	2.07	-	-		1,590.98
	-	-	-		2.07
					-
Purchase of assets					4.50
Navin Flourine International Limited	4.50	-	-		-
	-	-	-		4.50
					-

Mafatlal Industries Limited

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

Note 30.5 Contd....

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Key Management Personnel	(Rupees in lacs)
				Total
Sale of assets				0.34
Mafatlal Denim Limited	0.34	-	-	0.34
Provision for diminution in value of Investments adjusted against Investments				
Mafatlal V.K.Intex Limited	-	-	-	1,146.17
Sushmita Engineering & Trading Limited	-	58.00	-	58.00
Mafatlal Engineering Industries Limited	-	15.38	-	15.38
Sunanda Industries Limited	-	162.44	-	162.44
	-	910.35	-	910.35
Investments in 0.10% Redeemable Cumulative Preference Shares of Rs. 100/- each				183.36
Mafatlal Impex Private Limited	183.36	-	-	183.36
Sale of Investments to				
Vibhadeep Investments & Trading Limited	-	-	-	1,343.82
Mafatlal Holdings Limited	643.32	-	-	643.32
	700.50	-	-	700.50
Loan given				
Mafatlal Global Apparel Limited	-	-	-	233.00
Vibhadeep Investments & Trading Limited	-	123.00	-	123.00
Mafatlal Holdings Limited	50.00	-	-	50.00
	60.00	-	-	60.00
Advance given				0.11
Sulakshana Securities Limited	0.11	-	-	10.54
Sunanda Industries Limited	2.97	-	-	2.97
Navlekh Investment Limited	-	6.94	-	6.94
	0.63	-	-	0.63
Recovery of Advances				183.35
Vibhadeep Investments & Trading Limited	-	-	-	200.80
Mafatlal Holdings Limited	68.80	-	-	68.80
Mafatlal Global Apparel Limited	32.00	-	-	32.00
Mafatlal Impex Private Limited	183.35	100.00	-	100.00
	-	-	-	183.35
Advance write off / adjusted against provision for doubtful advance				
Navlekh Investment Limited	-	-	-	651.50
Marigold International Private Limited	265.00	-	-	265.00
Mafatlal V.K.Intex Limited	4.36	-	-	4.36
Repal Apparel Private Limited	-	38.00	-	38.00
Sunanda Industrial Machinery Limited	-	220.18	-	220.18
	-	123.96	-	123.96
Loan repaid				5,791.97
Navin Flourine International Limited	3,420.97	-	-	3,420.97
NOCIL Limited	2,371.00	-	-	2,371.00

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

Note 30.5 Contd....

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence	Associates	Key Management Personnel	(Rupees in lacs)	
					Total
Advance taken					5.28
Navin Flourine International Limited	5.28	-	-	-	5.28
Advance refunded					0.11
Sulakshana Securities Limited	0.11	-	-	-	0.11
Navlekh Investment Limited	2.97	-	-	-	2.97
	-	-	-	-	-
	0.63	-	-	-	0.63
Redemption of Preference Shares					3,000.00
Navin Flourine International Limited	3,000.00	-	-	-	3,000.00
Provision for doubtful debts - as at March 31, 2012					-
Mafatlal Holdings Limited	-	-	-	-	5,705.64
Vibhadeep Investments & Trading Limited	3,958.96	-	-	-	3,958.96
Sushmita Holdings Limited	1,590.98	-	-	-	1,590.98
	-	-	-	-	-
	-	155.70	-	-	155.70
Amount due from - as at March 31, 2012					623.98
NOCIL Limited	13.80	-	-	-	9,406.13
Sudas Manufacturing & Trading Limited (Trade Receivables)	575.55	-	-	-	13.80
Sudas Manufacturing & Trading Limited (Advances)	-	-	-	-	575.55
Mafatlal Holdings Limited (Trade Receivables)	-	-	-	-	-
Mafatlal Holdings Limited (Advances)	4,905.09	-	-	-	4,905.09
Sushmita Holdings Limited (Trade Receivables)	0.97	-	-	-	0.97
Sushmita Holdings Limited (Advances)	-	288.00	-	-	288.00
Sushmita Holdings Limited (Loans)	-	209.88	-	-	209.88
Mafatlal Denim Limited	-	475.60	-	-	475.60
Krishnadeep Housing Development Private Limited	320.42	-	-	-	320.42
Sunanda Industries Limited	146.44	-	-	-	146.44
Sumish Associates	3.31	-	-	-	3.31
Mafatlal Global Apparel Limited	1.99	-	-	-	1.99
Repal Apparel Private Limited	-	30.97	-	-	30.97
Vibhadeep Investments & Trading Limited	-	830.35	-	-	830.35
Mafatlal Impex Private Limited	-	42.76	-	-	42.76
	-	7.55	-	-	7.55
	1,890.98	-	-	-	1,890.98
	286.44	-	-	-	286.44
Amount due to - as at March 31, 2012					79.69
Sulakshana Securities Limited	42.54	-	-	-	8,754.97
Navin Flourine International Limited	32.50	-	-	-	42.54
NOCIL Limited (Office / Flat Deposit taken)	11.67	-	-	-	32.50
Vibhadeep Investments & Trading Limited	6,020.10	-	-	-	11.67
Ensen Holdings Limited	2,116.28	-	-	-	6,020.10
Navlekh Investment Limited	-	-	-	-	2,116.28
Sumish Associates	300.00	-	-	-	300.00
	3.20	-	-	-	3.20
	277.00	-	-	-	277.00
	-	-	-	-	-
	8.22	-	-	-	8.22
	-	-	-	-	-
	0.87	-	-	-	0.87

Notes forming part of Consolidated Financial Statements

Disclosures under Accounting Standards

30.6 The Company has not attached accounts of its subsidiaries vide Ministry of Corporate Affairs circular reference no. 2/2011 dated 8th February, 2011.

The details of subsidiaries are as under :

(Rupees)

Sl.No.	Name of the Company	Mishapar Investments Limited (wholly owned subsidiary)	Mafatlal Services Limited	Sunanda Industries Limited	Silvia Apparel Limited	Mafatlal Global Apparel Limited	Myrtle Textiles Private Limited	Mayflower Textiles Private Limited
1	Capital	870,000,000	31,000,000	135,917,460	60,000,000	14,100,000	100,000	100,000
2	Reserves and Surplus	(371,716,708)	(27,623,061)	(599,078,996)	(100,545,023)	(7,107,224)	(210,070)	(209,617)
3	Total Assets (Non Current Assets + Current Assets)	260,252,323	7,475,425	813,005	4,065,828	66,730,964	9,342	11,796
4	Total Liabilities (Non Current Liabilities + Current Liabilities)	686,653,445	4,098,486	463,974,541	44,610,851	59,741,788	129,412	131,413
5	Investments	924,684,415	--	--	--	3,600	10,000	10,000
6	Turnover	30,654,965	2,391,844 (Expenses Recovery & interest income)	--	--	107,085,171	--	--
7	Profit/ (Loss) before Tax	(25,497,892)	-	(536,425)	2,626,932	718,169	(23,575)	(23,117)
8	Provision for Tax/ Deferred Tax/MAT Credit/ Prior Period Tax	12,729,020	89,199	--	--	236,484	--	--
9	Profit/(Loss) after Tax	(38,226,912)	(89,199)	(536,425)	2,626,932	481,685	(23,575)	(23,117)
10	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- The financial statements of Repal Apparel Private Limited is not available. Its operations has no significant impact on the revenue, expenses, assets and liabilities of the consolidated accounts.
- Mishapar Investments Limited (wholly owned subsidiary of the Company) hold 12,66,670 Equity Shares of Rs.10/- each in Ibiza Industries Ltd. Hence the combined share of the Company and its subsidiary in Ibiza Industries Limited is 54.89%. Ibiza Industries Limited is under liquidation as per Order dated 26th April, 2007 passed by the Hon'ble Bombay High Court while admitting winding up petition. Hence, the details of Ibiza Industries Limited are not given in the above statement.

Notes 31 Previous year's figure

- Figures for the current period are for nine months and figures for the previous period are for thirteen months. Hence the figures of Statement of Profit and Loss are not strictly comparable. Figures of the current period are after taking into account the effect of the Scheme of Amalgamation in a wholly owned subsidiary and are not accordingly comparable.
- The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure.

In terms of our report attached

H. A. Mafatlal
Chairman

R. R. Patel
Company Secretary

P. R. Amin
P. J. Desai
V. K. Balasubramanian
A. C. Gandhi
N. K. Parikh
A. K. Srivastava
Rajiv Dayal

} Directors

Mumbai, Dated: 10th October, 2012

MAFATLAL INDUSTRIES LIMITED

Registered Office: Asarwa Road, Ahmedabad - 380 016.
(Folio Nos. DP ID*, Client ID* & Name of the Shareholder /
Jointholders in BLOCK LETTERS to be furnished below)

PROXY FORM

DP ID*	Client ID*	Folio No.	No. of Shares held

I/We _____ of _____ being
a member / members of MAFATLAL INDUSTRIES LIMITED hereby appoint _____ of
_____ or failing him _____ of _____ as
my/our proxy to vote for me/us and on my/our behalf at the Ninety-Eighth Annual General Meeting of the Company to be held on Monday,
the 19th day of November, 2012, at 10.30 A.M. at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006 and at any
adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2012.

Signature by the said _____

Please
Affix 15 paise
Revenue
Stamp

Note:

The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the
aforesaid meeting.

* Applicable for investors holding shares in Electronic (Demat) Form.

MAFATLAL INDUSTRIES LIMITED

Registered Office: Asarwa Road, Ahmedabad - 380 016.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders
may obtain additional attendance slips on request. (Folio Nos., DP ID*, Client ID* & Name of the Shareholder / Jointholders / Proxy in
BLOCK LETTERS to be furnished below).

Shareholder / Proxy	DP ID*	Client ID*	Folio No.	No. of Shares held

I hereby record my presence at the Ninety-Eighth Annual General Meeting of the Company to be held on Monday, the 19th day of November,
2012, at 10.30 A.M. at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad-380 006 and at any adjournment thereof.

Signature of the
Shareholder or Proxy _____

Notes:

- 1) Shareholders/Proxy holders are requested to bring the Attendance Slip with them when they come to the Meeting and hand it over at
the gate after affixing their signature on it.
- 2) Shareholders are requested to advise, indicating their Folio Nos., DP ID*, Client ID*, the change in their address, if
any, to the Registrar & Share Transfer Agents, at Sharepro Services (India) Pvt. Ltd., Samhita Warehousing Complex,
Gala No. 52 to 56, Bldg. No.13 A-B, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Mumbai-400 072.

* Applicable for investors holding shares in Electronic (Demat) Form.



Mafatlal®

MAFATLAL
FABRICS

MAFATLAL
SUITINGS

EL ROMANO™
PREMIUM SHIRTINGS

Rubia
SHADES & SHADES
OF COLOURS

SCHOOL UNIFORM

Trendz
FORMALS & CASUALS

DREAMZ
Mafatlal
HOME FASHIONS

CORPORATE
UNIFORM