

15th Annual Report 2011-12



mudra lifestyle ltd.



360° Solution
Fabrics - Garments - Retail

**BOARD OF DIRECTORS**

Mr. Eung Kyun Shin	-	Executive Chairman
Mr. Yangweon Yoo	-	Managing Director
Mr. Jung Ho Hong	-	Executive Director
Mr. Kwang Hyuck Choi	-	Executive Director
Mr. Sivabalan Paul Pandian	-	Independent Director
Mr. Chong Tae Baek	-	Independent Director
Mr. Gagan Rai	-	Independent Director
Mr. Wan Ki Eun	-	Additional Independent Director
Mr. Murarilal Agarwal	-	Executive Director resigned on 22 nd March, 2012
Mr. Ravindra Agarwal	-	Executive Director resigned on 22 nd March, 2012
Mr. Eun Hong Lee	-	Director resigned on 31 st January, 2012
Mr. S.C Bhargava	-	Independent Director resigned on 9 th November, 2011
Mr. Kyoung Hur	-	Independent Director resigned on 4 th August, 2012
Mr. Mrithyunjay Amblimath	-	Independent Director resigned on 4 th August, 2012
Mr. Parameshwaran Nair	-	Independent Director from on 11 th May, 2011 to 13 th August, 2011
Mr. Surendra Ambalal Dave	-	Independent Director resigned on 11 th May, 2011

MEMBERS OF AUDIT COMMITTEE

Mr. Gagan Rai	-	Chairman—from 4 th August, 2012
Mr. Eung Kyun Shin	-	Member from 30 th September, 2011
Mr. Chong Tae Baek	-	Member— from 23 rd August, 2011

CHIEF FINANCIAL OFFICER

Mr. Whon Young Chung

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ashitosh Sheth

REGISTERED OFFICE

3026, A Wing, 3rd Floor,
Oberoi Garden Estate,
Chandivali Farms Road,
Chandivali, Andheri (E),
Mumbai- 400072

BANKERS

State Bank of India
Axis Bank Limited
Oriental Bank of Commerce
State Bank of Patiala
Bank of India
State Bank of Hyderabad
State Bank of Travancore
State Industrial Development Bank of India(SIDBI)
Industrial Development Bank of India (IDBI)

STATUTORY AUDITORS

M/s KCPL & Associates

COST AUDITOR

M/s Rohit Vora & Associates

SOLICITORS

Kachwaha & Partners

Crawford Bailey

WORKS**Weaving**

Bhiwandi(Sonale and Kahler)
Tarapur
Daman

Process House

Navi Mumbai
Tarapur

Garmenting

Daman
Bangalore



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NOTICE

NOTICE is hereby given that 15th Annual General Meeting of the Members of the Company will be held at the Hotel Savoy Suites, Saki Vihar Complex, Saki Naka, Andheri (E), Mumbai-400072 on Friday, 22nd March, 2013 at 9.30 a.m to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2012 and Profit and Loss Account for the financial year ended on 30th September, 2012, along with the Report of the Auditors and Director thereon.
2. To appoint a Director in place of Mr.Sivabalan Paul Pandian, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Chong Tae Beak, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions if any, of the Companies Act 1956, M/s. KCPL & Associates, Chartered Accountants, Mumbai having ICAI Registration No.119223W, the retiring auditors be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration and out of pocket expenses as may be decided by Board of Director of the Company.”

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:
“RESOLVED THAT Mr. Wan Ki Eun, who was appointed as Additional Director of the Company with effect from 13th August, 2012 and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (“the Act”) and Article 147 of the Articles of Association and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the appointment of Director as per the provisions of Section 257 of the Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By order of the Board of Directors

Sd/-

Ashitosh Sheth
Company Secretary

Date: 4th February, 2013

Place: Mumbai

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE ON A POLL, IF ANY, IN HIS/HER STEAD AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing proxies, in order to be effective, must be received by the Company at the registered office, not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this notice.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 ('the Act'), relating to the Special Business to be transacted at the meeting (Item No.5 of the notice) is annexed hereto.
4. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. Members holding shares in dematerialized form shall write their Client ID and DP ID numbers and those who hold shares in physical form shall write their Folio Number in the Attendance Slip.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.



6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, between 11.00 a.m. to 1.00 p.m. up to one day prior to the date of the Meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 18th March, 2013 to Friday, 22nd March, 2013 (both days inclusive).
8. Section 109A of the Act, permits Nomination by the shareholders of the Company in prescribed Form No.2B. Shareholders are requested to avail of this facility. The duly filled in and signed Form No 2B should be sent to the Share Transfer Agents of the Company at their address.
9. Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence, including intimation for change in address, if any, to the Share Transfer Agents of the Company, M/s. Bigshare Services Private Limited.
10. The Equity Shares of the Company are compulsorily traded in dematerialized form and the shareholders who have not yet dematerialized their shares are requested to dematerialize their shares by opening DP Account with nearest Depository Participants at the earliest to avail the benefits of dematerialization.
11. Dividend for the financial years ended 31st March, 2007, 31st March, 2008, 31st March, 2009 & 31st March, 2010 if remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Act. Members who have not encashed the dividend warrant (s) so far for the above mentioned financial year are requested to make their claims without any delay to Bigshare Services Private Limited. It may be noted that once the unclaimed dividend is transferred to the IEPF, as above, no claim shall lie in respect thereof against IEPF or the Company or officials, agents etc.
12. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting are separately annexed hereto.
13. Members are requested to:
 - a) Complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - b) Send their questions to the Company, if any, at least 10 days before the Annual General Meeting for obtaining any information as regards accounts and operations of the Company so that the same could be compiled in time and made available at the meeting.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holdings shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants (DP) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s. Bigshare Services Private Limited.
15. The Annual Report of the Company circulated to the members of the Company is also available at the Company's Website i.e. www.mudralifestyle.com.
16. Bigshare Services Pvt. Ltd is the Registrar & Share Transfer Agent (R&T Agent) of the Company. All investor related communication may be addressed to Bigshare Services Private Limited.
17. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on 21st April, 2011 and 29th April, 2011 inter-alia stating that a Company would have complied with Section 53 of the Act, if the service of documents has been done through electronic mode. In that case, the Company is required to obtain email addresses of its members for sending the notice / documents through email by giving an advance opportunity to every member to register his / her email address and changes therein, if any, from time to time with the Company.

The Company expects whole hearted support from its members towards Green Initiative of the MCA and request all its members to communicate their email ID and changes thereon from time to time to the Depository Participant / Bigshare Services Private Limited to enable the Company to send all its reports, notices and all other communications to its members via email.

Please note that member will be entitled to receive free of cost, all reports, notices and other communication that may be sent to the members by the Company, from time to time, electronically via email, upon receipt of a requisition from the member of the Company.

By order of the Board of Directors

Sd/-

Ashitosh Sheth
Company Secretary

Date: 4th February, 2013
Place: Mumbai



ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 ("the Act"), sets out all material facts relating to the subject mentioned in the accompanying Notice dated 4th February, 2013.

Item no.5

Mr. Wan Ki Eun was appointed as an Additional Director of the Company with effect from 13th August, 2012 in accordance with Section 260 of the Act, and provisions of Article 147 of the Articles of Association of the Company. Mr Wan holds his position up to the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Act, along with the necessary deposit amount from a member, proposing his candidature for appointment as Director of the Company liable to retire by rotation.

Mr. Wan Ki Eun has given his consent to act as an Independent Director of the Company, if appointed. The Company has received the requisite Form DDA from Mr. Wan Ki Eun in terms of the Companies (Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Mr. Wan Ki Eun is Graduate in Chemical Engineering from Soong Sil University, Seoul, South Korea and has gained specialization in Project Management, Marketing and Sales functions.

The Board of Director, therefore, recommends the Resolution set out at Item no. 5 of accompanying notice for the approval of the members as an Ordinary Resolution.

Mr. Wan Ki Eun is interested in the resolution to the extent of his appointment as Director. None of the Directors except Mr. Wan Ki Eun, in any way, concerned or interested in passing of the said resolution.

By order of the Board of Directors

Sd/-

Ashitosh Sheth

Company Secretary

Date: 4th February, 2013

Place: Mumbai


ADDITIONAL INFORMATION

Details of Directors seeking appointment/ reappointment in the 15th Annual General Meeting pursuant to Clause 49 of the Listing Agreement of the Stock Exchange

Name of Director	Mr.S.P Pandian	Mr. Wan Ki Eun	Mr. Chong Tae Baek
Director Identification Number (DIN)	01573458	02974379	01566661
Date of Birth	21/09/1958	17/09/1949	6/03/1960
Date of Appointment	29/04/2007	13/08/2012	23/08/2011
Existing Position	Independent Director	Additional Director (independent)	Independent Director
Qualification	M.Sc. Tech from Mumbai University	Graduate in Chemical Engineering from Soong Sil University, Seoul, South Korea	PhD from Mumbai University; MA in Intercultural Studies, Wheaton College , USA, MA in Ancient Indian History & Culture, Mumbai; B.A in English literature, Ajou University
Specialization	Mr.Pandian is a Textile Technologist having worked for more than 20 years in the manufacturing areas of various leading textile mills.	Mr. Wan Ki Eun has gained specialization in Project Management, Marketing and Sales functions.	Mr. Chong Tae Baek has experience in General Management Trading and Logistics Business on Textiles.
List of outside Directorship *	Lovable Lingerie Limited	-	-
Chairman/ Member of the Committee of the Board of Directors of the Company**	-	1	2
Chairman/ Member of the Committee of the Board of Directors of the other Companies	-	-	
Shareholding in the Company	Nil	Nil	Nil

*excludes directorship in Foreign Companies, Private Companies & Section 25 Companies.

**only statutory committees are considered. (viz Audit Committee, Shareholders/Investor Grievance Committee)

**DIRECTORS' REPORT**

To,

The Members of Mudra Lifestyles Limited,

Your Directors take pleasure in presenting their 15th Annual Report of the Company together with the Audited Financial Statement of Accounts for the year ended 30th September, 2012.

FINANCIAL RESULTS:

The financial performance of the Company for the year ended 30th September, 2012 is summarized below:

(Rs in Lacs)

Particulars	2011-12	2010-11
Operational & Other Income	31364.23	42991.00
Profit Before Interest, Depreciation & Tax	(22799.75)	4214.99
Interest	6942.03	4171.88
Depreciation & Amortization	4115.26	2619.25
Profit before tax	(33857.04)	(2576.14)
Less/(Add): Provision for Taxation including prior period adjustments	(1331.67)	(200.86)
Deferred Tax	(2426.33)	(251.57)
Net Profit /(Loss) after tax	(32762.38)	(2525.43)
Appropriations	NIL	
Proposed Dividend	NIL	NIL
Dividend Tax	NIL	NIL
Balance brought forward	2771.43	5296.86
Balance carried to Balance Sheet	(29990.95)	2771.43
EPS Basic	(68.27)	(6.30)
EPS Diluted	(68.27)	(6.30)

Note: The Company's current financial year is 18 months ending 30th September, 2012, hence the current year figures are not comparable with the previous year figures.

OPERATIONS OF THE COMPANY

The Company's total revenue stood at Rs 31,364.23 Lakhs. Total Expenses were Rs 65,221.27 Lakhs. Loss before tax stood at Rs 34,076.09 Lakhs and Loss after tax stood at Rs 32,762.38 Lakhs. The current Financial Year consist of 18 months (as the same was extended by 6 months upto 30th September, 2012), hence current year figures are not comparable.

DIVIDEND

As there are no profits for the year, your Directors has not recommended any dividend on the shares for the financial year 2011-12. Accordingly, no amounts are proposed to be transferred to reserves.

The register of members and share transfer books will remain closed from Monday, 18th March, 2013 to Friday, 22nd March, 2013 both days inclusive. The Annual General Meeting of the Company is scheduled to be convened on 22nd March, 2013 at Mumbai.

CORPORATE DEBT RESTRUCTURING(CDR):

During the year, due to factors affecting economies at macro-economic level and industry downtown and substantial working capital erosion, the Company started facing liquidity crunch and it was not able to fulfill its repayment obligations on timely basis. In order to overcome debt repayment obligations, the Company had applied for the restructuring of its debts through CDR Mechanism envisaged under the Reserve Bank of India (RBI) guidelines dated August 23, 2001 and subsequent amendments thereto which was approved by the CDR Cell vide their letter of approval dated June 27, 2012 subject to the compliance of the conditions mentioned therein and the implementation of the CDR Scheme within a period of 120 days from the issuance of the Letter of Approval. The Company executed Master Restructuring Agreement (MRA) on 24th September 2012 and other follow-on procedures such as Security creation in favour of SBI Cap Trustee Ltd., as a Security Trustee for beneficial interest of all existing lenders, opening of Trust & Retention Accounts (TRA) are at advance stage of completion.

**SHARE CAPITAL**

During the year under review, your Company's Authorised Share Capital is at Rs 6,001.0 Lakhs comprising of 60,010,000 Equity Shares of Rs. 10/- each. The Company's paid up capital Rs 4,799.05 Lakhs comprising of 4,79,90,469 Equity Shares of Rs. 10/- each fully paid up.

SUBSIDIARY COMPANIES:

Your Company do not have any subsidiary company hence the compliance of provisions of section 212 of the Companies Act, 1956 are not applicable.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

The Board of Directors at its meeting held on 4th August, 2012 had decided to shift the registered office of the Company to 3026, A-Wing, 3rd Floor, Oberoi Garden Estate, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai-400072 within the same city i.e. Mumbai with effect from 11th August, 2012, accordingly, e-Form 18 was filed with Registrar of Companies, Mumbai which was duly approved.

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sivabalan Paul Pandian and Mr. Chong Tae Baek are liable to retire by rotation at the ensuing 15th Annual General Meeting of the Company, Mr. Sivabalan Paul Pandian and Mr. Chong Tae Baek, being eligible, offers themselves for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Wan Ki Eun, was appointed as Additional Director of the Company whose term expires on the date of ensuing Annual General Meeting of the Company. It is proposed to appoint him as an Independent Director of the Company liable to retire by rotation.

The above appointment / re-appointment forms part of the notice convening the Annual General Meeting and the resolutions are recommended for your approval.

The details of their appointment/re-appointment together with nature of their expertise in specific functional areas and names of the companies in which they hold office as Director and/or the Chairman/ Membership of Committees of the Board, if any are provided in the Notice of this Annual General Meeting.

During the year under review, Mr. Surendra Ambalal Dave(w.e.f. 11th May, 2011) ; Mr. Parameshwaran Nair(w.e.f. 13th August, 2011) ; Mr. S.C Bhargava (w.e.f 9th November, 2011); Mr. Murarilal Agarwal (w.e.f. 22nd March, 2012); Mr. Ravindra Agarwal(w.e.f. 22nd March,2012); Mr. Kyoung Hur (w.e.f. 4th August, 2012) and Mr. Mrithyunjay Amblimath(w.e.f 4th August, 2012), Directors of the Company had expressed their inability to continue as Directors of the Company due to their other professional pre-occupations and had rendered their resignation.

The Board places on record its appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE REPORT

Management Discussion & Analysis and Corporate Governance Report for the year under review as stipulated under Clause 49 of Listing Agreement with the Stock Exchange in India is presented in the separate section forming part of this Annual Report.

The Practicing Company Secretary has certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the Report of the Corporate Governance.

FIXED DEPOSITS

The Company has not accepted any deposit, within the meaning of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, made there under.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A):

The Company has no employee drawing remuneration above the limits mentioned in section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.



DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state that:-

- (1) In the preparation of the annual accounts for the year ended 30th September 2012, the applicable accounting standards have been followed and that there are no material departures.
- (2) Appropriate accounting policies have been selected 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 as at 30th September 2012 and of the loss of the Company for the year ended 30th September 2012.
- (3) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) The annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in annexure forming part of this report.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has adequate internal controls for its business processes across departments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets and appropriate reporting of financial transactions.

The Company has Audit function which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. It comprises of experienced professionals who conduct regular audits across the Company's operations. The Company has also appointed a firm of Chartered Accountants as Internal Auditors, who review the various functions of the Company thoroughly and report to the Audit Committee.

The adequacy of the same has been reported by the Statutory Auditors of your Company in their report as required under the Companies (Auditor's Report) Order, 2003.

AUDITORS' REPORT

- As regards observations in point no. 4 of Auditors' Report, the Statutory Auditors have qualified their report with a remark that the company has not filed the requisite applications with Central Government in terms of the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 ('the Act'), to seek approval for the appointment & remuneration of eight foreign national Directors.

In the opinion of the Directors, approval of the Central Govt. is to be sought for the appointment and payment of remuneration for only 4 foreign national Directors i.e. the Chairman of the Board, Managing Director and 2 Whole Time Directors. Availing of No-Objection Certificate (NOC) from the Bankers is a prerequisite for availing for the approval of the Central Government in respect of the appointment and payment of remuneration to the Managerial Personnel pursuant to Schedule XIII of the Act. Since your company was under the process of the restructuring of its debts, availing of NOC from the Bankers got delayed, which would result in applying for condonation of delay to the Company Law Board (CLB).

However, as on date the NOC has been availed from most of the bankers and the process of filing of application to Central Government along with the condonation of delay shall be complied at the earliest.

- With regard to observation of the Auditors on Sr No. 5 in the Auditor's Report relating to Note 4 "Long Term Borrowings" and Note 8 "Short Term Borrowings" of the Financial Statements, your Company has taken necessary steps to ensure the reconciliation in order to determine the accuracy of the interest working reversed by all the banks as stated in Master Restructuring Agreement (MRA) read along with CDR.
- With regard to observation of the Auditors on Sr no. 6 in the Auditor's Report, the Auditors have stated that "Inventories"(Note 16) of Financial Statements, wherein the company has shown Inventory of Rs. 6,677.14 Lakhs (P.Y.20,451.23 Lakhs). During the period the Company has carried out physical stock taking by independent auditors appointed by the Company



in the month of September 2011 onwards, wherein the Company has discovered that it does not have stock amounting to Rs. 13,225.60 Lakhs and accordingly, the Company has written off such non-existent stock in the books of accounts. As per information and explanation given to us the company is in the process of investigating reasons for non existence of such stock. In absence of final conclusion of such investigation we are unable to ascertain as to whether the amount of Profit/Loss of the period and relevant assets have been under or overstated."

Your Directors state that pursuant to preliminary investigation, your Company has collected documentary evidence to enable them to substantiate case of deterioration in the value of the stock including the deficiency in the stock and accordingly written off the non-moving, obsolete and non existing stock Company is also in the process of further detailed investigation to know the exact cause of non existence of physical stocks and reasons thereon. Pending investigation, Company has already given accounting effect to such non-existing stocks. Hence, the Company opined contrary to auditors opinion as to whether the amount of Profit/Loss of the period and relevant assets have been under or overstated.

- As regards the observation in point no. 7 in the Auditor's Report, the Statutory Auditors has qualified their report with a remark that the Company has not considered all the direct costs in valuation of raw Material and work-in-Progress and the finished goods have been valued at net realizable value without ascertaining the cost thereof, hence AS 2 was not complied with.

In the opinion of the Directors, Company has taken appropriate corrective measure to ensure compliance with Accounting Standard 2 "Valuation of Inventories". Company has also appointed cost Auditors who are helping Company in proper valuation of inventories. Company was successfully able to do the valuation of inventories as per AS 2 for the quarter ended December 2012 and the statutory auditors has removed the said qualification from their limited review report.

- As regards the observation in point no. 8 in the Auditor's Report, the Statutory Auditors have qualified their report with a remark that in Note 19 to the Accounts "Short -Term Loans & Advances" of Financial Statements amounting to Rs. 190.14 Lakhs has been recorded as "Focus Product Receivable" and corresponding income has been credited in the Statement of Profit & Loss, in the absence of requisite licence under the scheme, the income and assets has been overstated to that extent.

In the opinion of the Directors, your Company is taking necessary steps to obtain the requisite licence under the scheme so that the benefit can be availed.

- As regards the observation in point no. 9 in the Auditor's Report, the Statutory Auditors have qualified their report with a remark that there have been certain misappropriation of funds of the Company during the period of financial year 2003-04 to financial year 2009-10. The Company's investigation is under process hence, no provision for the misappropriations of funds have been made in the books of accounts. Since the matter is under investigation and the amounts are pending detailed explanation and quantification, the Auditors were unable to comment as to whether the books of accounts give a true and fair view.

Your Directors states that your Company is under process of carrying out detailed investigation in the said matter, as already mentioned above, also, due to change in management, senior staff, voluminous and complex nature of work involved, process of investigation is taking longer time than expected.

AUDITORS

The Statutory Auditors, M/s. KCPL & Associates, Chartered Accountants, Mumbai, holds the office till the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

The Statutory Auditors have also confirmed their compliance pursuant to clause 41(1) (h) of the Listing Agreement in respect of "Peer Review Certificate" issued by the Peer Review Board of ICAI.

The Board recommends their reappointment.

**COST AUDITORS**

The Company has come under the purview of Cost Audit for the first time for the financial year 2012-13 and onwards. Based on the recommendations of the Audit Committee, the Board of Directors has approved the appointment of M/s Rohit & Associates as the Cost Auditors of the Company for the financial year 2012-13, subject to the approval of the Central Government. As required under the provisions of Section 224(1B) read with Section 233B(2) of the Companies Act, 1956, the Company has obtained a written confirmation from M/s Rohit & Associates of their eligibility for appointment as Cost Auditors under Section 233B of the Companies Act, 1956. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

RECONCILIATION OF SHARE CAPITAL AUDIT

In compliance of circular no. D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 further amended by Circular No.CIR/MRD/DP/30/2010 dated 6th September, 2010 issued by the Securities and Exchange Board of India ("SEBI"), Reconciliation of Share Capital Audit has been carried out at the specified intervals by a Practising Company Secretary and have been submitted to the Stock Exchanges where the Company is listed within due dates.

INDUSTRIAL RELATIONS & EMPLOYEE SAFETY

Garment Manufacturing Industry is one of the high labour and low capital intensive industries. Like any other organization in the manufacturing sector, garment sector have to sustain intense competition and perpetual changes. Well motivated workforce that performs up to its potential can make all the difference between a successful organization and the one that aspires to be the one of the leading garment manufacturers.

Employee safety is of paramount importance for the Company. All the executives in the Company have a personal objective of ensuring a safe working environment for its employees. The safety performance is analyzed in all important forums.

We strongly believe that trained and motivated people determine the future growth of the Company.

Your Company endeavors to attract and recruit best possible talent and considers the quality of its human resources to be most important.

CAUTIONARY STATEMENT

Statements in this report, particularly those which relate to Management Discussion and Analysis, describing the Company's objective, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking Statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements might differ materially from those either expressed or implied herein.

APPRECIATION / ACKNOWLEDGEMENT:

Board of Directors wish to express their gratitude and record sincere appreciation for the dedicated efforts of all the employees of the Company. Directors are thankful to the esteemed stakeholders for their continued support and confidence reposed in the Company. The Board takes this opportunity to express its gratitude for the valuable assistance and co operation extended by Government Authorities, Banks, Corporate Debt Restructuring (CDR) Cell, Financial Institutions, Vendors, Customers, Advisors and other business partners.

FOR AND ON BEHALF OF THE BOARD

Sd/-

Eung Kyun Shin
Chairman

Date: 4th February, 2013
Place: Mumbai



MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The textiles and garments industry is one of the largest and most prominent sectors of Indian economy, in terms of output, foreign exchange earnings and employment generation. The textile Industry is crucial to the Indian economy in terms of contribution to GDP and employment. It contributes about 4% to the GDP, accounts for over 14% of total industrial production, generates 8% of the Central excise revenue and contributes around 35% of gross export earnings in trade and 16% of gross export earnings. The Indian textile industry currently provides employment to more than 35 Million people. As stated in late January, by Ministry of Textiles, the transformation of the textile industry from a degrading to a rapidly developing industry has become the biggest achievement of the Central Government.

INDUSTRY OUTLOOK

The Indian industry is amongst the very few in the world that is truly vertically integrated from raw material to finished products. It contains within itself, fibre-production, spinning, knitting and weaving, as well as apparel manufacture. Indian industry has consistently remained flexible in terms of production quantity and lead time. While typical production runs are governed by fabric color minimums, India presents the possibility of producing quantities as low as to a few hundred pieces. This capability is especially critical in an unpredictable market where retailers and brands are looking to source ever-smaller quantities of product, increasingly closer to the season. The policy environment that was unfavorable to large-scale manufacturing in the past has also created an unintended strength - a base of design, product development and merchandising capability.

A major gap in Indian industry is its fragmented industry structure with a dominance of small scale industries. Small scale also brings with it the problem of productivity. Smaller companies often do not have the resources to invest in appropriate technology or retraining, or in the re-engineering of processes. While skilled Indian labor is inexpensive in absolute terms, due to lower productivity levels, much of this advantage is lost by small firms.

SWOT ANALYSIS OF THE INDIAN TEXTILE & APPAREL INDUSTRY

Strengths

- * Abundant raw material availability
- * Availability of low-cost skilled labour
- * Presence across the value chain
- * Growing domestic market

Weaknesses

- * Fragmented Industry
- * Impediments due to historical regulations
- * Low productivity
- * Low cost competitiveness with regards to other developing nations
- * Technological obsolescence

Opportunities

- * Opening up of entire market by the end of Agreement on Textile and Clothing (ATC)
- * Research and new product development can help the companies to move across the value chain

Threats

- * Increased competition in the domestic markets
- * Cheaper imports
- * Outdated regulatory framework
- * Increased importance of adherence to ecological and social norms

The textile industry is fiercely competitive. The threat of competition emerges not only from the organized as well as the disorganized sector and from both small and big players. At the international level, the company is in direct competition with companies in nations having a low cost base such as Philippines, China and Bangladesh etc. We are also in direct competition with the leading apparel and fabric manufacturers of India as well as the local brands.

DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This part has been discussed in Directors Report.

**ANNEXURE TO THE DIRECTORS REPORT**

Particulars Required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

Particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

1) Conservation of Energy:

- (a) Energy Conservation Measures taken by the Company:

The Company has taken various steps to reduce consumption of energy like separate meters are being installed for effectively monitoring the Section wise energy consumption.

- (b) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy.

Re-sizing of the motors is being done to run the motors at full load conditions.

- (c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

Energy conservation measures have led to reduction in the cost of production.

- (d) Total energy consumption per unit of production as per Form "A".

FORM "A"**A. Power and Fuel Consumption****1. Electricity**

- (a) Purchase Unit (Lacs)
Total Amount (Rs. Lacs)
Rate / Unit (Rs.)

Fabrics**Garments**

161.43	8.66
957.42	58.93
5.93	6.80

- (b) Own generation
(Through D.G.Set)
Diesel oil Consumed (Lacs Ltrs.)
Total Amount (Rs. Lacs)
Avg. Per Ltr (Rs.)

0.94	0.52
38.08	21.49
40.51	41.33

B. Consumption per unit of production

Production
Electricity (Rs.)

358.35 Lacs Meters	37.40 Lacs Pieces
2.78/Meter	2.15/Piece

2) Technology Absorption**I. Research and Development (R & D)****1. Specific areas in which R & D carried out by the Company:**

Product and quality improvement, development, new designs, cost control and energy conservation.

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

Product quality has improved.

3. Future plan of action:

The Company continues to focus its efforts on innovations in textile development processes.

4. Expenditure on R & D:

It is not possible to segregate the expenses on R & D.

II Technology absorption, adoption and innovation**1. Efforts, in brief, made towards technology absorption, adaptation and innovation:**

The Company has been developing in-house modifications/improvements in process technology in its various manufacturing sections which, when found suitable, are integrated into the regular manufacturing operation.

2. Benefits derived as a result of the above efforts, eg. Product improvement, cost reduction, product development, import substitution, etc:

High Product quality and increased business potential

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- (a) Technology imported
(b) Year of import
(c) Has technology been fully absorbed?
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action

Not applicable as no Imported technology Is put to use

3) Foreign Exchange Earnings & Outgo

Total foreign exchange inflow during the year was Rs. 9357.01 Lakhs (Previous Year Rs. 6809.02 Lakhs) towards Garment & Fabrics.

Foreign Exchange outgo during the year towards Capital Goods was Rs. 535.22 Lakhs (Previous Year Rs. 2158.30 Lakhs), towards Consumable was Rs 559.24 Lakhs (P.Y Rs 220.21 Lakhs), towards Commission was Rs. 132.58 Lakhs (Previous Year Rs. 11.53 Lakhs), towards foreign travel was Rs. 48.26 Lakhs (Previous Year Rs. 60.11 Lakhs) and on business Promotion Rs. 9.10 Lakhs (Previous Year Rs. 6.97 Lakhs).



CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance essentially is the system by which Companies are directed and controlled by the management in the best interest of the stakeholders and others. In other words, it involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. It is the way of life, rather than mere legal compulsion. It furthers investor's confidence and commitment to the Company.

Principle Characteristics of Corporate Governance are:-

- Transparency
- Independence
- Accountability
- Responsibility
- Fairness
- Social Responsibility

The policies and guidelines of Corporate Governance have been implemented in all facets of your Company's operations to build up an environment of trust and confidence amongst the stakeholders of the Company.

Mudra believes in professional Management of its business which ensures that decision making powers vested in executive management are used to meet stakeholders' aspiration and social expectations. It also ensures total transparency and complete accountability.

The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges

2. BOARD OF DIRECTORS

a) Composition of the Board

Presently, the Company has 8 (eight) Directors. The Chairman of the Company is the Executive Director. Among the 8 Directors, the Company has a Managing Director and 3 Executive Directors. The Board has 4 Non- Executive, Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

All the Directors are appointed or re-appointed with the approval of the shareholders. The Independent Directors on the Board are highly experienced and competent persons from their respective fields. The Independent Directors take active part at the Board Meetings and Committee Meetings which add value in the decision making process of the Board of Directors. All Directors have intimated periodically about their Directorship and Membership in various Board and Committee positions of other Companies, which are within permissible limits of the Companies Act, 1956 and Corporate Governance Code.

As mandated by Clause 49, none of the Directors is a member of more than ten Board level Committees or Chairman of five such Committees across all Companies in which he is a Director. Necessary disclosures regarding Committee positions in other public Company as on 31st March, 2012 and 30th September, 2012 have been made by all the Directors.

b) Number of Board Meetings

The Board of Directors met thirteen (13) times during the F.Y. 2011-12 on 11/05/2011, 13/05/2011, 09/08/2011, 13/08/2011, 23/08/2011, 30/09/2011, 12/11/2011, 07/02/2012, 12/05/2012, 29/06/2012, 04/08/2012, 13/08/2012, and 16/08/2012. The maximum gap between any two meetings was less than 4 months.

For every Board Meeting, the agenda papers along with explanatory notes are circulated in advance to the Board Members. The Company places before the Board, the Minutes of Committees of the Board and all other information as may be required including those specified under clause 49 of the Listing Agreement.

**c) Directors' attendance record and Directorship held**

The table below gives details of Directors attendance, Directorships held in other Public Company and subsidiary of Public Company and the position of Membership/Chairmanship of Audit Committee and Shareholders'/Investors' Grievance Committee in such other Public Company and subsidiary of Public Company.

Sr. No.	Directors	Designation	No. of Directorships	No. of Committees		No. of Board Meetings attended out of 13 Meetings held	
				Member	Chairmanship	Board	Last AGM
1.	Mr. Eung Kyun Shin	Executive Chairman	-	-	-	10	Yes
2.	Mr. Yangweon Yoo	Managing Director	-	-	-	7	No
3.	Mr. Jung Ho Hong ¹	Executive Director	-	-	-	6	Yes
4.	Mr. Kwang Hyuck Choi	Executive Director	-	-	-	4	Yes
5.	Mr. Sivabalan Paul Pandian	Independent Director	-	-	-	13	Yes
6.	Mr. Chong Tae Baek	Independent Director	-	-	-	6	Yes
7.	Mr. Gagan Rai	Independent Director	-	-	-	3	Yes
8.	Mr. Wan Ki Eun ⁸	Additional Independent Director	1	-	-	1	No
9.	Mr. Murarilal Agarwal ²	Executive Director	-	-	-	7	Yes
10.	Mr. Ravindra Agarwal ²	Executive Director	-	-	-	7	Yes
11.	Mr. Eun Hong Lee ³	Director	-	-	-	1	No
12.	Mr. S.C Bhargava ⁴	Independent Director	11	4	-	6	Yes
13.	Mr. Kyoung Hur ⁵	Independent Director	-	-	-	5	Yes
14.	Mr. Mrithyunjay Amblimath ⁵	Independent Director	-	-	-	3	Yes
15.	Mr. Parameshwaran Nair ⁶	Independent Director	-	-	-	2	No
16.	Mr. Surendra Ambalal Dave ⁷	Independent Director	10	5	3	-	No

1. Mr. Jung Ho Hong was appointed as a Director with effect from 23rd August, 2011 and had resigned from the Directorship of the Company with effect from 30th September, 2011. He was again subsequently appointed as the Director with effect from 7th February, 2012.
2. Mr. Murarilal Agarwal & Mr. Ravindra Agarwal have resigned from the Directorship of the Company with effect from 22nd March, 2012.
3. Mr. Eun Hong Lee has resigned from the Directorship of the Company with effect from 31st January, 2012.
4. Mr. S.C Bhargava has resigned from the Directorship of the Company with effect from 9th November, 2011.
5. Mr. Kyoung Hur & Mr. Mrithyunjay Amblimath was appointed as Independent Director from 23rd August, 2011 has resigned from the Directorship of the Company with effect from 4th August.
6. Mr. Parameshwaran Nair was appointed as an Additional Director of the Company with effect from 11th May, 2011 and resigned from the Directorship of the Company with effect from 13th August, 2011.
7. Mr. Surendra Ambalal Dave has resigned from the Directorship of the Company with effect from 11th May, 2011.
8. Mr. Wan Ki Eun was appointed as an Additional Director of the Company with effect from 13th August, 2012.

Notes:-

- (i) A brief resume and profile of the Directors eligible for appointment and re-appointment at the ensuing Annual General Meeting is given in Annexure to the Notice annexed to this Annual Report.
- (ii) None of the Directors has any business / material pecuniary relationship or transactions with the Company
- (iii) None of the Directors has received any loans, advances from the Company during the year.
- (iv) While considering the total number of directorships, directorships of the private Companies, Section 25 Companies and Foreign Companies have not been included


d) Code of Conduct

The Board of your Company, at its meeting on 1st October, 2006 has adopted and laid down a code of conduct for all Board members and Senior Management of the Company. The code of conduct is available on the website of the company – www.mudralifestyle.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. The Managing Director has also confirmed and certified the same.

3. COMMITTEES OF THE BOARD

Currently the Company is having 4 committees of the Board

- A. Audit Committee
- B. Investors/Shareholders Grievance Committee
- C. Compensation/ Remuneration Committees
- D. Finance Committee

A. AUDIT COMMITTEE
i) Composition

The Company has an Independent Audit Committee presently comprising of Mr. Gagan Rai, Chairman, Mr. Chong Tae Baek, Mr. Eung Kyun Shin and Mr. Wan Ki Eun as Members of the Committee all being learned and experts having adequate knowledge in the field of finance. The Company has reconstituted the Audit Committee 5 times during the year on 11th May, 2011, 23rd August, 2011, 30th September 2011, 4th August, 2012 and 16th August, 2012 respectively. The Audit Committee is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Chief Financial Officer, Internal Auditors and the Statutory Auditors are invitees to the meeting. The Company Secretary acts as the Secretary to the Committee and attended all the meetings of the Audit Committee. Minutes of each Audit Committee are placed and discussed in the next meeting of the Board. The Chairman of the Audit Committee was present at the previous Annual General Meeting held on 30th September, 2011.

The Committee met 8 (eight) times during the financial year 2011-12 on the following dates 13/05/2011, 09/08/2011, 13/08/2011, 30/09/2011, 12/11/2011, 07/02/2012, 12/05/2012 and 13/08/2012. The Minutes of the Audit Committee were discussed and taken note by the Board of Directors. The details of attendance of the member in the meeting are given in Table.

The gap between two consecutive meetings did not exceed four months. The necessary quorum was present for all the meetings.

Name of the Member	Status & Category	Audit Committee	
		Held	Attended
Mr. Gagan Rai	Chairman (Independent Director) –from 4 th August, 2012	8	1
Mr. Eung Kyun Shin	Member (Executive Director) from 30 th September, 2011	8	4
Mr. Chong Tae Baek	Member (Independent Director) – from 23 rd August, 2011	8	4
Mr. Wan Ki Eun	Member (Independent Director) – from 16 th August, 2012	8	1
Mr. S.C Bhargava	Ex- Chairman (Independent Director) - upto 9 th November,2011	8	4
Mr. Surendra Ambalal Dave	Ex- Member (Independent Director)- upto 11 th May, 2011	8	-
Mr. Parameshwaran Nair	Ex- Member (Independent Director) – from 11 th May, 2011 upto 13 th August, 2011	8	3
Mr. Ravindra Agarwal	Ex- Member (Executive Director) upto 30 th September, 2011	8	3
Mr. Sivabalan Paul Pandian	Ex- Member (Independent Director) – from 23 rd August, 2011 to 30 th September, 2011	8	1
Mr. Kyoung Hur	Ex- Chairman (Independent Director) – from 30 th September, 2011 to 4 th August, 2012	8	3



ii) Roles and Responsibilities of Audit Committee

The role of the audit committee includes the following:

- > Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- > Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- > Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- > Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - I. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - II. Changes, if any, in accounting policies and practices and reasons for the same.
 - III. Major accounting entries involving estimates based on the exercise of judgment by management.
 - IV. Significant adjustments made in the financial statements arising out of audit findings.
 - V. Compliance with listing and other legal requirements relating to financial statements.
 - VI. Disclosure of any related party transactions.
 - VII. Qualifications in the draft audit report.
- > Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- > Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- > Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- > Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- > Discussion with internal auditors any significant findings and follow up there on.
- > Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- > Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- > To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- > To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- > Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- > Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

The Audit Committee also reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief Internal Auditor shall be subject to review by the Audit Committee.

**B. INVESTORS'/SHAREHOLDERS GRIEVANCES COMMITTEE**

The Shareholders/ Investor Grievance Committee of the Company was constituted pursuant to Clause 49 of the Listing Agreement by the Board of Directors presently consisting of following members Mr. Chong Tae Baek, Chairman of the Committee, Mr. Eung Kyun Shin and Mr. Yangweon Yoo as members of the Committee. The Committee was reconstituted 3 times during the financial year on 11th May, 2011, 23rd August, 2011 and 30th September, 2011 respectively.

Name of the Member	Status & Category	Investors'/Shareholders Grievances Committee	
		Held	Attended
Mr. Chong Tae Baek	Chairman (Independent Director) – from 30 th September, 2011	1	0
Mr. Eung Kyun Shin	Member (Executive Chairman) – from 30 th September, 2011	1	1
Mr. Yangweon Yoo	Member (Executive Director) – from 30 th September, 2011	1	1
Mr. Surendra Ambalal Dave	Ex-Chairman (Independent Director)- upto 11 th May, 2011	1	0
Mr. Parameshwaran Nair	Ex-Chairman (Independent Director)- from 11 th May, 2011 to 13 th August, 2011	1	0
Mr. S.P Pandian	Ex-Chairman (Independent Director) – from 23 rd August,2011 to 30 th September, 2011	1	0
Mr.S.C Bhargava	Ex-Member (Independent Director) – upto 9 th November, 2011	1	0
Mr. Ravindra Agarwal	Ex-Member (Executive Director) – upto 30 th September, 2011	1	0
Mr. Murarilal Agarwal	Ex-Member (Executive Director) – upto 30 th September, 2011	1	0
Mr. Kyoung Hur	Ex-Member (Independent Director) – from 30 th September, 2011 upto 4 th August, 2012	1	0

The Committee specially redresses the grievances of the Shareholders. The terms of reference of shareholders grievances committee inter-alia considers the following matters:-

- To consider and approve requests for transfers, transmissions, Dematerialization /rematerialisation and issue of fresh share certificates on replacement/ subdivision/ consolidation, issue of duplicate share certificate on loss whether by theft, misplacement or otherwise.
- To review the status of Dematerialization of Company's shares and matters incidental thereto.
- To review and monitor the approval to the transfers and transmission made by any Director under executive authority delegated to him from time to time.
- To monitor the matters of litigation related to shareholders and take decisions relating thereto.
- To consider, review and monitor the matters related to the shareholders grievances.
- To consider and finalize the report on Corporate Governance to be annexed with the Annual Report of the Company.
- To deal with any other matters related and/or incidental to the shareholders.

The Committee has authorized its Registrar and Transfer Agent (RTA) to redress any complaints received from members of the Company. To expedite the matter of Share Transfer, RTA has been authorized to approve the Share



Transfer Requests received for and on behalf of the Company. The committee reviews the report sent by RTA in this regard, periodically.

During the year, 1 complaints regarding non –receipt of Annual Report, 2 Complaints regarding non–receipt of demat credit, 5 complaints regarding non –receipt of Dividend Warrant and 1 complaint SEBI and all of them were resolved. No complaints were pending/outstanding as on 30th September, 2012.

C. COMPENSATION COMMITTEE (REMUNERATION COMMITTEE)

i) Composition

Although, the Remuneration Committee is a non-mandatory Committee but as recommended under Clause 49 of the Listing Agreement, the Company has constituted the Remuneration Committee presently comprising of Independent Directors, namely Mr. Wan Ki Eun as Chairman, Mr. Chong Tae Baek and Mr. S.P Pandian as Members of the Committee.

The minutes of the Remuneration Committee meetings are reviewed and noted by the Board from time to time. The Compensation / Remuneration Committee were reconstituted 4 times during the year on 11th May, 2011, 23rd August, 2011, 30th September, 2011 and 16th August, 2012 respectively.

Name of the Member	Status & Category	Compensation/ Remuneration Committee	
		Held	Attended
Mr. Wan Ki Eun	Chairman of the Committee (Independent Director) – from 16 th August, 2012	1	0
Mr. Chong Tae Baek	Member (Independent Director) –from 23 rd August, 2011	1	1
Mr. S.P Pandian	Member (Independent Director) from 23 rd August, 2011	1	1
Mr. Surendra Ambalal Dave	Ex-Chairman of the Committee (Independent Director) – up to 11 th May, 2011	1	0
Mr. Parameshwaran Nair	Ex- Chairman of the Committee (Independent Director) from 11 th May, 2011 to 13 th August, 2011	1	0
Mr. Kyoung Hur	Ex-Chairman (Independent Director) from 23 rd August, 2011 to 4 th August, 2012	1	1
Mr. S.C Bhargava	Ex- Member of the Committee (Independent Director) upto 9 th November, 2011	1	0
Mr. Ravindra Agarwal	Ex- Member of the Committee (Independent Director) – upto 30 th September, 2011	1	0

ii) Remuneration Policy of the Company

Executive Director (Managing & Whole Time Director)

The Remuneration Policy of the Company for managerial personnel is primarily based on the performance of the Company and track record, potential and performance of individual managerial personnel. The Remuneration Committee recommends to the Board the compensation package of the Executive Directors of the Company. The remuneration of the Executive Directors is within the ceilings laid down under Schedule XIII of the Companies Act, 1956.

Since the appointment of the Executive Directors is by virtue of their employment with the Company, their service contract, notice period and severance fees, if any, is governed by the remuneration policy of the Company.



The Company does not have any Employee Stock Option Scheme.

The details of remuneration paid to Executive Directors during the financial year 2011-12 are as under

Name of Director	Designation	Salary Paid (Rs)	No. of shares held as on 30th Sept, 2012	Relationship with other Director
Mr. Eung Kyun Shin	Executive Chairman	2,581,627	Nil	None
Mr. Yangweon Yoo	Managing Director	3,227,410	Nil	None
Mr. Jung Ho Hong	Executive Director	1,259,966	Nil	None
Mr. Kwang Hyuck Choi	Executive Director	2,569,248	Nil	None
Mr. Murarilal Agarwal	Executive Director	400,000	4156674	Note 1
Mr. Ravindra Agarwal	Executive Director	400,000	4141697	Note 1

Note 1. Mr. Murarilal Agarwal & Mr. Ravindra Agarwal are brothers.

Non –Executive Directors

The Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors and Committees within the ceilings prescribed by the Central Government.

The Company has not paid any remuneration to Non-Executive Directors except the sitting fees for attending the meetings of the Board of Directors and its Committees thereof held during the financial year 2011-12.

The quantum of sitting fees payable to Independent Directors of the Company is in terms of provisions of the Act.

The details of the sitting fee paid to the Independent Directors of the Company during the financial year 2011-12 are as under:

Name of Director	Designation	Total Sitting Fees paid (Rs)
Mr. Sivabalan Paul Pandian	Independent Director	1,80,000/-
Mr. Chong Tae Beak	Independent Director	1,35,000/-
Mr. Gagan Rai	Independent Director	66,008/-
Mr. S.C Bhargava	Independent Director	2,35,000/-
Mr. Parameshwaran Nair	Independent Director	80,000/-
Mr. Kyoung Hur	Independent Director	1,20,000/-
Mr. Mrithyunjay Amblimath	Independent Director	45,000/-
Mr. Wan Ki Eun	Independent Director	15,000/-

D. FINANCE COMMITTEE

The Finance Committee was reconstituted on 16th August, 2012 and the present constitution of Finance Committee consists of Mr. Yangweon Yoo, Chairman, Mr. Eung Kyun Shin, Mr. Jung Ho Hong and Mr. Wan Ki Eun as Members of the Committee.

The Finance Committee was held 5 times during the Financial year on 30th July, 2011, 14th November, 2011, 17th December, 2011, 23rd July, 2012 and 24th September, 2012.

Name of the Member	Status & Category	Finance Committee	
		Held	Attended
Mr. Yoo Yangweon	Chairman (Executive Director)	5	4
Mr. Eung Kyun Shin	Member (Executive Director)	5	4
Mr. Jung Ho Hong	Member (Executive Director)- from 16 th August, 2012	5	1
Mr. Wan Ki Eun	Member (Executive Director)- from 16 th August, 2012	5	1
Mr. Kyoung Hur	Ex- Chairman (Independent Director) -upto 4 th August, 2012	5	3
Mr. Ravindra Agarwal	Ex- Chairman (Executive Director) -upto 22 nd March, 2012	5	1
Mr. Murarilal Agarwal	Ex- Member (Executive Director) -upto 22 nd March, 2012	5	1
Mr. S.C Bhargava	Ex- Member (Executive Director) -upto 9 th November, 2011	5	1



Following powers, duties and responsibilities have been delegated to the Finance Committee:

1. Borrowings from banks / financial institutions upto an aggregate limit of Rs 500 Crore subject to the total borrowing not to exceed the maximum cap pursuant to section 293 (1)(d) of the Companies Act, 1956.
2. Granting Loans to companies / firms / individual, whether subsidiaries / associates or otherwise, upto a limit of Rs 10.00 Crores per Company or firm and Rs 1.00 Crore per individual, for the purpose of business, subject however that the aggregate of loans granted and outstanding to all such companies / firms / individuals, subsidiaries or associates at anytime shall not exceed the applicable ceiling prescribed under Section 370 or other applicable provisions of the Companies Act, 1956.
3. Opening / closing of bank accounts, opening letters of credit issue / renew / cancel bank guarantees and other banking matters.
4. Approval of authorized signatories and delegation of powers to sign cheques, etc. for operating the bank accounts of the Company.
5. Miscellaneous financial matters.

4. GENERAL BODY MEETINGS

The location, date and time of Annual General Meetings held during the last 3 years are given as under

Financial Year	Date	Venue	Time	No. of Special Resolution passed
2008-09	30.09.2009	Hotel Kohinoor Continental, Andheri Kurla Road, Andheri (E), Mumbai – 400 059	10.30 A.M	None
2009-10	30.09.2010	Hotel Vits, Andheri Kurla Road, Andheri (E), Mumbai – 400 059	10.30 A.M	None
2010-11	30.09.2011	Hotel Kohinoor Continental, Andheri Kurla Road, Andheri (E), Mumbai – 400 059	10.30 A.M	None

Extra Ordinary General Meetings:

In addition to Annual General Meeting, the Company holds General Meetings of the members of the Company as and when situation arises. During the year under review, the Company had conducted an Extra Ordinary General Meeting on 29th March, 2012 for appointment and fixing of remuneration of the Managerial Personnel.

DETAILS OF RESOLUTION PASSED THROUGH POSTAL BALLOT

During the financial year ended 30th September, 2012, the Company sought approval of its shareholders for passing Special/Ordinary Resolutions through the process of Postal Ballot in accordance with the provisions of Section 192A of the Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011. The Board of Directors of the Company had appointed Mr. Sachin Manseta, Practicing Company Secretary, a Scrutinizer to conduct the voting through postal, in a fair and transparent manner. The Postal ballot forms received were kept in boxes sealed by the Scrutinizers. The results of the Postal Ballot were announced through newspapers and were also displayed on the website of the Company, www.mudralifestyle.com. Details of the same are given below:

Resolution passed on 27th September, 2012

Particulars	Detail/Dates
Date of Board meeting	16 th August, 2012
Date of Notice seeking Shareholder's Approval	16 th August, 2012
Date of completion of dispatch of Notice	24 th August, 2012
Last Date of receipt of duly filled Postal Ballot Forms	24 th September, 2012
Date of Submission of scrutinizer's Report to the Chairman	25 th September, 2012
Date of Declaration of Results	27 th September, 2012

**Voting Pattern**

Particulars	Type of Resolution	Total Valid Votes	Total Valid Votes Cast in favour	Total Valid Votes Cast against	% in of votes in favour of aggregate votes polled	% of votes against of aggregate votes polled
Authorising for Restructuring of Debts,	Special Resolution	3,17,05,694	3,17,01,195	4,499	99.99%	0.01%
Conversion of Loans into Equity Shares,	Special Resolution	3,17,05,615	3,16,96,455	9,160	99.97%	0.03%
Increase on Borrowing Limits of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956,	Ordinary Resolution	3,17,05,310	3,17,01,381	3,929	99.9%	0.01%

5. DISCLOSURE**a) Materially Significant Related Party Transactions**

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, within its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large. Further details of related party transactions are presented in Note No. 34 of the Accounts.

b) Status of regulatory compliances

The Company has complied with the requirements of the Stock Exchanges/SEBI/and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities.

c) Insider Trading Code

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a code of conduct for prohibition of insider trading. The Code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company

d) Management Discussion and Analysis Report

A Management Discussion and Analysis Report forms part of the annual report and includes discussion on various matters specified under Clause 49[IV] [F] of the Listing Agreement.

e) CEO/CFO certification

The certificate in terms of clause 49(V) of the Listing Agreement with Stock Exchanges for the financial year ended 30th September, 2012 was placed before the Board of Directors of the Company in their meeting held on February 4, 2013 and is annexed to this Report.

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement and there are no instances of non compliances or violations of provisions of this clause by the Company during the financial year.

COMPLIANCE WITH NON-MANDATORY REQUIREMENT

The Company complies with following non-mandatory requirements of Clause 49 of the Listing Agreement.

a) Remuneration Committee & Finance Committee :

Although it is not mandatory, the Board of Directors of the Company has constituted a Remuneration Committee and a Finance Committee, the details of which have been provided under Sections "Remuneration Committee" and "Finance Committee".

b) Audit Qualification:

The Company's financial statement are qualified for which appropriate management explanations/comment is provided in Director's Report. The Company will adopt appropriate best practice in order to ensure unqualified financial statement.



c) Whistle Blower Policy

The Company currently has not adopted a Whistle Blower policy.

d) Risk Management

Risk management is an ongoing process and the Audit Committee periodically reviews risk mitigation measures.

e) Training of Board Members

The Company's Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavor to keep themselves updated with changes in global economy and legislation. They attend various workshops and seminars to keep themselves abreast with the changing business environment.

6. MEANS OF COMMUNICATION:

a) Financial Results

The quarterly, half-yearly and annual results were published in daily Newspapers which included Economic Times, Business Standard & the Regional Language Newspapers (Marathi) in Sakal. The same were sent to Stock Exchanges and were also displayed on the website of the Company, www.mudralifestyle.com.

b) Website

The Company's website www.mudralifestyle.com contains a separate dedicated section 'Investor' where all the information required by the shareholder is available. Annual Report of the Company, Notices of Postal Ballot, outcome of Board Meeting etc. are regularly updated on the website.

c) NSE Electronic Application Processing System (NEAPS)

NEAPS is a web based application designed by NSE where Corporates are required to upload the prescribed information on the website for viewing by the investors. The Company is electronically filing the Compliance Report on Corporate Governance and Shareholding Pattern on quarterly basis as prescribed by NSE on NEAPS.

d) SEBI Complaints Redress System (SCORES)

SEBI has designed a centralized Web-based system, www.scores.gov.in wherein the investors can lodge their complaints and can view the status of their complaints being replied to by the respective Company. In compliance thereof, the Company is regularly uploading the 'Action taken Report' on the said website in respect of the investors' references received, if any

7. GENERAL SHAREHOLDER INFORMATION

(a) As indicated in the Notice to our Members, the Annual General Meeting of the Company will be held on Friday, 22nd March, 2013 at Hotel Savoy Suites, Saki Vihar Complex, Saki Naka, Andheri (E), Mumbai-400072

(b) **Financial Year** The current financial year of the company was of 18 months period from 1st April, 2011 to 30th September, 2012, whereas the next financial year has been decided of 6 months period from 1st October, 2012 to 31st March, 2013

(c) **Date of Book Closure:** from Monday, 18th March 2013 to Friday, 22nd March, 2013 (Both days inclusive)

(d) **Dividend payment date:** Within 30 days from the date of Annual General Meeting.

(e) Financial Calendar (2012-13) (tentative) :

First Quarterly Results ended 31st December, 2012: On or before 14th February, 2013

Second Quarterly Results ended 31st March, 2013: On or before 30th May, 2013

Financial year ending: 31st March, 2013

(f) **Listing on stock Exchanges:** The Company has duly paid the listing fees to BSE and NSE for the Financial Year 2012-13. The Custodial Fees for the year 2012-13 have been paid to the National Securities Depository Limited and the Central Depository Services (India) Limited.

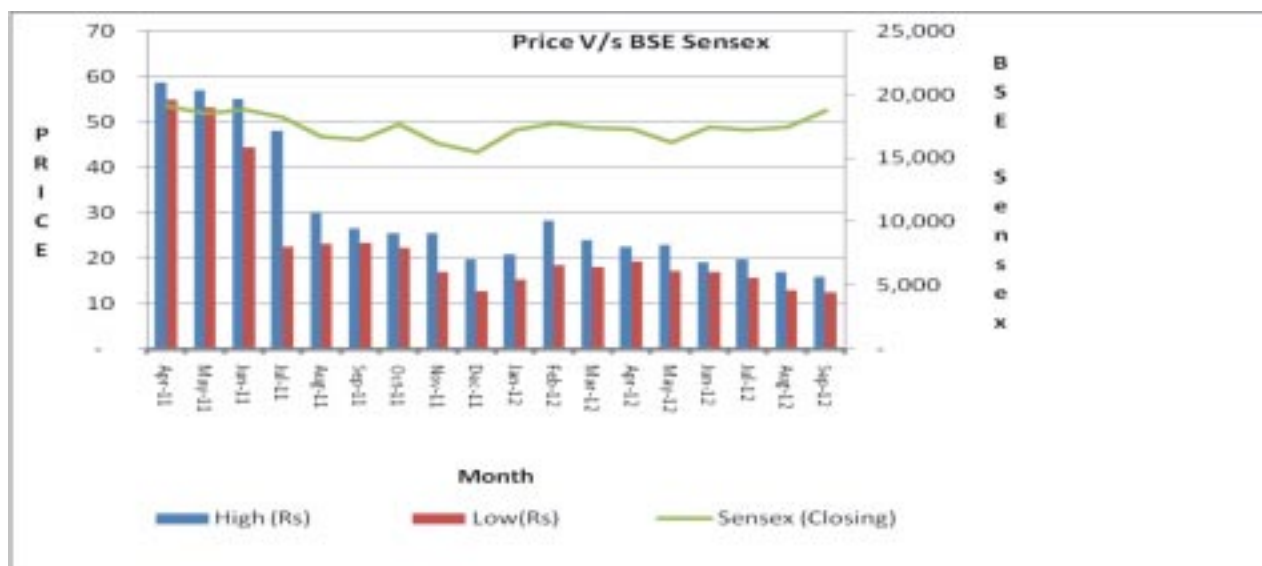
(g) Stock Code of Company:

Name of Stock Exchange	Code
Bombay Stock Exchange Ltd (BSE)	532820
National Stock Exchange of India Limited(NSE)	MUDRA
ISIN No.	INE311H01018



(h) Stock Market price data for the year 2011-12:

Month	BSE		Sensex (Closing)	NSE	
	High (Rs)	Low(Rs)		High (Rs)	Low(Rs)
APR. 11	58.80	55.00	19,135.96	58.50	54.10
MAY 11	56.95	53.25	18,503.28	56.90	53.30
JUN 11	55.20	44.50	18,845.87	55.45	45.00
JUL 11	48.00	22.55	18,197.20	48.40	25.05
AUG 11	30.00	23.20	16,676.75	29.75	22.20
SEPT 11	26.60	23.35	16,453.76	26.80	23.40
OCT 11	25.60	22.25	17,705.01	25.50	22.00
NOV 11	25.50	17.00	16,123.46	24.75	17.15
DEC 11	19.70	12.80	15,454.92	20.00	13.90
JAN. 12	20.85	15.30	17,193.55	21.45	15.20
FEB 12	28.25	18.55	17,752.68	28.15	18.40
MAR 12	24.00	18.15	17,404.20	24.20	18.50
APR 12	22.45	19.35	17,318.81	22.30	19.00
MAY 12	23.00	17.15	16,218.53	22.55	17.20
JUN 12	19.10	17.00	17,429.98	18.95	17.00
JUL 12	19.80	15.80	17,236.18	19.85	15.60
AUG 12	16.95	13.00	17,429.56	17.15	13.00
SEP 12	16.00	12.50	18,762.74	15.90	12.35

(i) Distribution of Shareholding as on 30th September, 2012.

Range (In Rs.)	Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
1 – 5000	13019	89.85	18889910	3.94
5001 – 10000	730	5.04	6114890	1.27
10001 – 20000	358	2.47	5502910	1.15
20001 – 30000	151	1.04	3863110	0.81
30001 – 40000	43	0.30	1519770	0.32
40001 – 50000	56	0.39	2701150	0.56
50001 – 100000	66	0.45	4978330	1.04
100001 - 99999999	67	0.46	436334620	90.92
Total	14490	100.00	479904690	100.00


(j) Pattern of Shareholding as on 30th September, 2012.

Category	No. of Shareholders	No. of Shares	% of Shareholding
Promoter	4	41209683	85.87
Mutual Funds	1	3211	0.0067
Financial Institution/ Banks	4	847282	1.7655
Venture Capital Funds	1	126702	0.2640
Foreign Institutional Investor	2	16834	0.0351
Corporate Bodies	333	882617	1.8392
Residential Individual	14003	4775868	9.94
Others (Clearing Members)	17	6369	0.0133
NRI	123	121902	0.2540
Trust	1	1	0.00
Total	14490	47990469	100.00

(k) Share Transfer System:

The Company's shares are traded in Stock Exchange compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within 15-20 days from the date of receipt.

(l) Dematerialization of Shares and Liquidity

The equity shares of the Company are in compulsory dematerialized segment and are available in the Depository system of both NSDL and CDSL. The entire shareholdings of the Promoters of the Company are in demat form. Almost the entire shareholding is held in dematerialized form Details of No. of shares held in dematerialized and physical mode as on 30th September, 2012:

Particulars	No. of Shares	Percentage of Total issued Capital
Held in Dematerialized form in CDSL	3115480	6.49%
Held in Dematerialized form in NSDL	44757027	93.26%
Physical	117962	0.25%
Total	47990469	100.00

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by Securities and Exchange Board of India.

(m) Registrar & Share Transfer Agent

The details of Registrar & Transfer Agent appointed by the Company is as under:

Bigshare Services Pvt. Ltd.

E-2 & 3, Ansa Industrial Estate,

Saki-Vihar Road, Sakinaka.

Andheri(E), Mumbai - 400 072.

Tel: 91-22-2847 0652 | 40430200| 2847 0653

Fax: 91-22-2847 5207

E-mail: investor@bigshareonline.com

E-mail address of the Company for redressal of investors' complaints : investor@mudralifestyle.com

(n) Address For Correspondence:-
MUDRA LIFESTYLE LIMITED

3026, A wing, 3rd Floor, Oberoi Garden Estates,

Chandivali Farms Road, Chandivali, Andheri (E),

Mumbai – 400 072

Tel: +91-22- 40972600/01 Fax: +91-22-2847 2603


(l) Plant Locations

Weaving	Process House	Garmenting
Bhiwandi(Sonale and Kahler)	Navi Mumbai	Daman
Tarapur	Tarapur	Bangalore
Daman		

(m) Unclaimed Dividend

There were no unclaimed/unpaid dividends required to be transferred during the year, pursuant to Section 205A of the Act, to the Investors' Education and Protection Fund (IEPF) of the Central Government.

(n) Details of Unclaimed Shares

The Company came out with Initial Public Offering (IPO) in 2007. The Equity shares issued pursuant to the said IPO which remained unclaimed are lying in the escrow account with Bigshare Services Private Limited. The Company has sent 5 reminders to the shareholders asking for intimating the correct demat account details. As per Clause 5A (1) of the Listing Agreement the Company reports the following details in respect of unclaimed shares:

Particulars	No. of Shareholders	No. of Shares
Aggregate No. of shareholders & Shares pending as on 01.04.2011	8	1087
No. of shareholders who approached for transfer of shares from suspense account during the year	3	557
No. of shareholders & Share transferred from suspense account during the year	3	557
No. of shareholders & Shares outstanding at the end of the year*	5	530

* Invalid Demat Account

The voting rights on the shares outstanding in the suspense account as on 30th September, 2012 shall remain frozen till the rightful owner of such shares claims the shares.

Other Information: Shareholders who have not yet encashed their dividend warrant for the earlier years may approach the Company / Registrar and Transfer Agents for revalidation/ issues of duplicate dividend warrant quoting the Ledger Folio Nos. / DP and Client Id.

(o) Outstanding Global Depository Receipts or Warrants or any Convertible Instrument, conversion Dates and likely impact on Equity

The Company has not issued any GDRs / ADRs or Warrants or any Convertible Instruments during the financial year.

DECLARATION UNDER CLAUSE 49
CEO and CFO Certification

As required by sub clause V of Clause 49 of the listing Agreement with the Stock Exchange, we have certified to the Board that for the financial year ended September 30, 2012 the Company has complied with the requirements of the said sub-clause.

COMPLIANCE ON CLAUSE 49 OF THE LISTING AGREEMENT:

In so far as compliance with the requirements of Clause 49 of the listing agreement with the stock exchanges for the financial year ended 30th September 2012, the Company has complied with the mandatory norms and disclosures that have to be made in Corporate Governance report.

Place: Mumbai

Sd/-

Dated: 28/11/2012

Yangweon Yoo
Managing Director



COMPLIANCE WITH CODE OF CONDUCT:

To
The Shareholders of **Mudra Lifestyle Limited**

Sub: Compliance with Code of Conduct

I hereby confirm that the Company has obtained from all the Members of Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct as adopted by the Board of Directors in respect of financial year ended 30th September, 2012

30th September, 2012

Sd/-

Yangweon Yoo
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

The Members,
Mudra Lifestyle Limited

We have examined the compliance of conditions of Corporate Governance by Mudra Lifestyle Limited, for the year ended September 30, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company is compliant with the requirements of Corporate Governance as stipulated in the above mentioned Listing Agreement.

The above compliance however is not an assurance of efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Sachin Manseta & Associates,
Practising Company Secretary

Sd/-

Place: Mumbai
Date: 28/11/2012

Sachin Manseta
Proprietor



Auditors' Report

To,
The Members,
Mudra Lifestyle Limited

We have audited the attached Balance Sheet of **Mudra Lifestyle Limited** ("the Company"), as at 30th September 2012, the Statement of Profit and Loss and the Cash Flow Statement for the period ended on that date annexed thereto.

1. 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 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 materials misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (as amended) issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 (Act), we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
4. *As per information's and explanations provided to us the company has appointed eight foreign nationals as directors during the period under audit. The company has not filed the requisite applications with Central Government in terms of the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 ('the Act'), to seek approval for the same. It has been explained to us that, as required, the company is under process to obtain no objection certificates from banks in order to make applications to the Central Government.*
5. *Attention is invited to Note 4 "Long Term Borrowings" and Note 8 "Short Term Borrowings" of the Financial Statements, wherein the Company's loan liabilities has been reinstated in the Financial Statements based on the bank statements pursuant to Master Restructuring Agreement ('MRA') executed with the lenders read along with the Corporate Debt Restructuring Scheme ("CDR"). However, as per the information and explanation provided to us, the Company is yet to reconcile the accuracy of the working of the interest reversed by all the banks as stated in MRA read along with CDR. In absence of the reconciliation, we are unable to ascertain as to whether the amount of Profit/Loss of the period and relevant liabilities have been under or overstated.*
6. *Attention is invited to Note 16 "Inventories" of Financial Statements wherein the company has shown Inventory of Rs. 6,677.14 Lakhs (P.Y.20,451.23 Lakhs). During the period the Company has carried out physical stock taking by independent auditors appointed by the Company in the month of September 2011 onwards, wherein the Company has discovered that it does not have stock amounting to Rs. 13,225.60 Lakhs and accordingly, the Company has written off such non-existent stock in the books of accounts. As per information and explanation given to us the company is in the process of investigating reasons for non existence of such stock. In absence of final conclusion of such investigation we are unable to ascertain as to whether the amount of Profit/Loss of the period and relevant assets have been under or overstated*
7. *Attention is invited to Note 16 "Inventories" of Financial Statement. In our view, the company has not valued inventories as per Accounting Standard 2 "Valuation of Inventories" issued by ICAI as under:*
 - i) *All direct costs have not been considered in valuation of Raw Material and Work-in-Progress. The effect of the same on the profit/ (loss) is not ascertainable.*
 - ii) *Finished goods have been valued at net realisable value without ascertaining the cost thereof.*

In absence of proper explanations been provided to us we are unable to ascertain as to whether the amount of Profit/Loss of the period and relevant assets have been under or overstated.
8. *Attention is invited to Note 19 "Short -Term Loans & Advances" of Financial Statements wherein Rs. 190.14 Lakhs has been recorded as "Focus Product Receivable" and corresponding income has been credited in the Statement of Profit & Loss. As per the information provided to us, the company is yet to get the license under the scheme and may not be eligible for the benefit and accordingly, the income and assets has been overstated to that extent.*



9. *As per the information and explanation provided to us during the course of Audit, it has been noticed that there have been certain misappropriation of funds of the Company during the period of financial year 2003-04 to financial year 2009-10. Further, it has been explained to us that the company is still investigating further instances in detail and the said investigation is pending finalization and no provision for the misappropriation of funds have been made in the books of accounts. Since the matter is under investigation and the amounts are pending detailed explanation and quantification, we are unable to comment as to whether the books of accounts give a true and fair view.*
10. Without qualifying our opinion, we draw attention to:
- Note 5 "Deferred Tax (Assets)/Liability" of the Financial Statements, wherein the Company has recognised deferred tax assets of Rs.1613.16 Lakhs on account of brought forward losses and unabsorbed depreciation keeping in view of binding contract with promoter company and existing level of turnover.
 - The company has prepared its Financial Statements on going concern basis despite the fact the company has incurred huge losses during the period under Audit and substantial erosion of its net worth. The appropriateness of the said basis is inter alia dependent on the Company's ability to fulfil the terms of the Corporate Debt Restructuring ("CDR") Scheme, infusion of the funds, fulfilment of its export obligation and scale up its operations to efficiently utilise the installed capacity of the plants.
11. Further to our comments in the Annexure referred to above and *subject to our comment in paragraphs 4 to 9 above*, we report that:
- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company as it appears from our examination of such books.
 - The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the requirement of the Accounting Standards referred to in sub section (3C) of Section 211 of the Act.
 - On the basis of written representations received from all the Directors of the Company as on 30th September 2012 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 30th September 2012, from being appointed as a director in terms of Clause (g) of sub section (1) to Section 274 of the Act.
 - In our opinion and to the best of our information and according to the explanations given to us subject to our comment in paragraphs 4 to 9 above, the said financial statements, give the information as required by the Companies Act 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:-
 - In the case of Balance Sheet, of the state of affairs of the Company as at 30th September, 2012.
 - In the case of Statement of Profit and Loss, of the **Loss** of the Company for the period ended on that date.
 - In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For K C P L & Associates
Chartered Accountants
Firm Reg. No. 119223W

Sd/-

Paras Jain
Partner

Place: Mumbai
Date: 27th November, 2012

Mem. No. 134160



Annexure to Auditors Report

Annexure referred to in paragraph 3 of the Auditors Report of even date

As required by the Companies (Auditors Report) Order, 2003 (as amended) and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets for Land, Building and Plant & Machinery. However, the Company is under the process of reconstructing its Fixed Asset Register to include other Assets.
- b) As explained to us, all the assets have been physical verified by the management, which in our opinion is reasonable. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.
- c) The Company has not disposed off any substantial part of its fixed assets during the year.
- (ii) a) As explained to us physical verification of inventories has been conducted during the year by the management at reasonable interval.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation received from the management and from our verification of inventories records, the company is required to maintain inventory records in more detailed manner. During the year the company has written off inventory amounting to Rs. 13,225.60 Lakhs noticed during the stock audit conducted by independent professional. As per information and explanation given to us the company is in the process of investigating reasons for non existence of such stock. In absence final conclusion of such investigation we are unable to comment on its proper treatment in books of account.
- (iii) a) During the year the company has not granted unsecured loans to any parties covered in the register maintained under Section 301 of the Companies Act, 1956. The aggregate maximum amount involved during the year was Rs. Nil and the year-end balance of such loans was Rs. Nil
- b) In view of our comments above, clauses (iii) (b) (c) and (d) of the said order are not applicable to the company.
- c) The Company has taken unsecured loan from three parties covered in the register maintained under Section 301 of the Act. The Maximum amount outstanding during the year was Rs. 1,803.59 Lakhs and the year-end balance was Rs.1,704.19 Lakhs.
- d) The above loans are interest free and other terms and conditions on which loans have been taken are prima facie, not prejudicial to the interest of the company.
- e) In our opinion and as per the explanation and information made available to us, the Company has not made repayment of outstanding dues of Rs. 1053.59 Lakhs payable to the parties covered under register maintained section 301 of the Act.
- (iv) In our opinion and as per the explanation and information given to us, subject to our comments in para 4 to 9 of our report and other observations made in our report, there exist internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services.
- (v) a) According to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (vi) Subject to Note 8 "Short Term Borrowings" The company has not accepted any deposit.
- (vii) In our opinion and as per the explanation and information made available to us, the Company is in continuous process of strengthening its internal audit system commensurate to the size of the Company and the nature of its business.
- (viii) Based on the information and explanation provided to us, the Company has maintained the cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956. However, we have not made examination of the cost records with a view to determine whether they are maintained adequately.
- (ix) a) The Company is generally regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, Sales tax, wealth tax, Service tax, custom duty, excise duty,



cess and other statutory dues applicable to it except as mentioned below which were remained outstanding for a period of more than six months from the date they became payable:-

Sr. No.	Nature	Amount (Rs. In Lacs)
1	Karnataka VAT Act	0.16
2	Central Sales Tax Act	0.18
3	Maharashtra State Professional Tax Act	4.89
4	ESIC	0.59
5	Wealth Tax Act	0.69
6	Municipal Tax (New Bombay)	35.54
7	Gram Panchayat Rules, Thane	63.26
8	Income Tax Act'	17.12
	Total	122.43

- b) As per the records of the Company, there are no disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess except as under:-

Name of Statute	Amount (Rs. In lacs)	Period for which it relates	Forum where dispute is pending
Sales Tax Act	250.22	2001-02 to 2004-05	Commissioner of Sales Tax, Maharashtra
Income Tax Act, 1961	289.47	2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	555.96	2004-05 to 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	10.96	2008-09	Income Tax Appellate Tribunal

- (x) The Company has accumulated losses amounting to Rs. 29,990.99 Lakhs as at the end of the Financial Year which are more than 50% of its net worth. Further, the Company has incurred cash losses during the period under audit however the company has not incurred cash loss during the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, there have been defaults in repayment of dues to financial institution and banks during the year, which have been subsequently rescheduled by way of Corporate Debt Restructuring (CDR) Scheme, and accordingly, the Company could be said to have not defaulted in repayment of principal and interest to CDR lenders as on the balance sheet date.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company.
- (xiv) As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, and debentures and other investments.
- (xv) As per information's and explanations provided to us, the company has not given any guarantee in connection with loans taken by others.
- (xvi) According to the records of the Company, the Company has applied the term loans for the purposes of which it was taken during the year.
- (xvii) On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) As per the information and explanation provided to us during the course of audit, it has been noticed that there have been certain misappropriation of funds of the Company during the period of financial year 2003-04 to financial year 2009-10. Further, it has been explained to us that the company is still investigating further instances in detail hence amounts are yet to be ascertained.

For K C P L & Associates
Chartered Accountants
 Firm Reg. No. 119223 W

Place: Mumbai
 Date: 27th November, 2012

Paras Jain
Partner
 Mem. No. 134160



Balance Sheet as at 30th September, 2012

(Rs. in Lacs)

Particulars	Note	As at 30.09.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholder's Fund			
(a) Share Capital	2	4,799.05	4,799.05
(b) Reserves & Surplus	3	(3,946.95)	18,469.92
Non-Current Liabilities			
(a) Long Term Borrowings	4	45,234.50	16,866.62
(b) Deferred Tax Liabilities (net)	5	-	813.16
(c) Other Long Term Liability	6	36.52	-
(d) Long-Term Provisions	7	128.23	43.83
Current Liabilities			
(a) Short Term Borrowings	8	13,522.48	16,418.65
(b) Trade Payables	9	4,391.97	13,341.94
(c) Other Current Liabilities	10	3,964.64	7,601.61
(d) Short Term Provisions	11	611.24	53.69
TOTAL		68,741.68	78,408.47
ASSETS			
Non-Current Assets			
(a) Fixed Assets	12		
Tangible Assets		45,112.24	40,694.20
Intangible Assets		55.84	89.33
Capital Work in progress		1,037.71	953.03
(b) Non-Current Investments	13	1.00	1.00
(c) Long Term Loans & Advances	14	368.19	532.55
(d) Deferred Tax Assets (net)	5	1,613.16	-
Current Assets			
(a) Current Investments	15	10.10	1,479.30
(b) Inventories	16	6,677.14	20,451.23
(c) Trade Receivables	17	4,478.04	7,317.68
(d) Cash and Bank Balances	18	6,772.32	3,230.94
(e) Short -Term Loans & Advances	19	2,159.44	2,399.07
(f) Other Current Assets	20	456.50	1,260.14
TOTAL		68,741.68	78,408.47
Summary of Significant Accounting Policies	1		
Notes to Balance Sheet and Statement of Profit and Loss	2-39		

As per our attached report of even date

For K C P L & Associates

Chartered Accountants

Firm Reg. No. 119223 W

Sd/-

Paras Jain

Partner

Mem. No. 134160

Place : Mumbai

Date : 27th November , 2012

For and on behalf of the Board

Sd/-

Yangweon Yoo

Managing Director

Sd/-

Jungho Hong

Director

Place : Mumbai

Date : 27th November , 2012

**Statement of Profit and Loss for the Period ended on 30th September, 2012**

(Rs. in Lacs)

Particulars	Note	Period Ended 30.09.2012	Year Ended 31.03.2011
REVENUE :			
Revenue from Operations	21	30,892.39	42,732.16
Other Income	22	471.84	258.84
Total Revenue		31,364.23	42,991.00
EXPENSES :			
Cost of Material Consumed/Traded	23	23,321.46	30,451.85
Manufacturing Expenses	24	14,812.99	7,911.96
Change in Inventories of finished goods and Work-in- progress	25	8,642.75	(2,409.92)
Employee Benefits expense	26	1,454.21	876.31
Finance Cost	27	6,942.03	4,171.88
Depreciation and Amortization expense	12	4,295.76	
Less:- Transferred to Revaluation Reserve		180.50	
		4,115.26	2,619.25
Impairment of Fixed Assets		2,563.21	21.29
Administrative and Other Expenses	28	3,369.36	1,924.52
Total Expenses		65,221.27	45,567.14
Loss Before Extraordinary Item & Tax		(33,857.04)	(2,576.14)
Less :-Prior Period Items	29	219.05	200.17
Loss Before Tax		(34,076.09)	(2,776.31)
Tax Expenses			
1) Taxation Earlier Years		1,111.97	-
2) Deferred Tax		(2,426.33)	(251.57)
3) Wealth Tax		0.65	0.69
Loss For The Period		(32,762.38)	(2,525.43)
Earning per Equity Share	30		
(1) Basic (Rs.)		(68.27)	(6.30)
(2) Diluted (Rs.)		(68.27)	(6.30)
Summary of Significant Accounting Policies	1		
Notes to Balance Sheet and Statement of Profit and Loss	2-39		

As per our attached report of even date

For K C P L & Associates

Chartered Accountants

Firm Reg. No. 119223 W

Sd/-

Paras Jain

Partner

Mem. No. 134160

Place : Mumbai

Date : 27th November , 2012

For and on behalf of the Board

Sd/-

Yangweon Yoo

Managing Director

Sd/-

Jungho Hong

Director

Place : Mumbai

Date : 27th November , 2012

**Cash Flow Statement for the period ended 30th September, 2012**

(Rs. in Lacs)

Particulars	Period Ended 30.09.2012	Year Ended 31.03.2011
A) Cash Flows from Operating Activities		
Loss before Taxes & Extraordinary Items	(33,857.04)	(2,576.12)
Adjustments for:		
Depreciation & Amortization	4,115.26	2,619.23
Impairment of Fixed Assets	2,563.21	21.29
Loss / Profit on Sale of Fixed Assets	46.74	(18.10)
Profit on Sale of Investments	-	(4.77)
Interest Income	(183.12)	(93.94)
Dividend Income	(10.40)	(47.89)
Sundry Balances written back	(268.18)	-
Interest / Finance Charges	6,942.03	4,171.88
Sundry Balances Written Off	220.62	276.84
Provision for Doubtful Debts	321.21	51.88
Provision for Diminution in value of Investments	1.66	11.36
Direct Taxes Paid (Net of refund)	(555.96)	(196.63)
Operating Profit before Extraordinary Items	(20,663.97)	4,215.03
Prior Period Items	219.05	200.17
Operating Profits before working capital changes	(20,883.02)	4,014.86
Inventories	13,774.09	(3,294.32)
Trade Receivable	2,297.81	1,133.78
Other Current Assets	803.65	(731.85)
Loans & Advances	403.99	(1,208.89)
Trade Payables	(8,681.79)	3,632.11
Other Liabilities	(6,324.08)	202.38
Provisions	(470.67)	(278.66)
Net Cash used in Operating Activities (Total A)	(19,080.02)	3,469.41
B) Cash Flows from Investing Activities		
Purchases of Fixed Assets (including Capital Work-in-progress)	(905.36)	(9,809.92)
Sale of Fixed Assets	60.74	48.58
Interest Income	183.12	93.94
Dividends	10.40	47.89
Sale of Investments	1,467.55	3,637.25
Purchase of Investments	-	(5,100.00)
Net Cash used in Investing Activities (Total B)	816.45	(11,082.26)
C) Cash Flows from Financing Activities		
Proceeds from Issue of equity share (including Premium)	-	7,200.00
Share issued expenses	(4.32)	(238.34)
Corporate Dividend Paid	-	(215.94)
Dividend Distribution Tax	-	(35.96)
Proceeds from Loans (Net of Repayment)	28,751.30	4,872.06
Interest /Finance charges Paid	(6,942.03)	(4,171.88)
Net Cash used in Financing Activities (Total C)	21,804.95	7,409.94
Net increase / (decrease) in cash and cash equivalents (Total A+B+C)	3,541.38	(202.91)
Cash and cash equivalents at beginning of the year	3,230.94	3,433.85
Cash and cash equivalents at end of the period	6,772.32	3,230.94

Note:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standards - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents at the end of the year consists of Cash in Hand, Balances with Banks and Fixed Deposits
- Previous year have been regrouped, reclassified and/or rearranges wherever necessary to compare with figure for the year. The schedules referred to above and notes to accounts form an integral part of the financial statements.

As per our attached report of even date

For K C P L & Associates

Chartered Accountants

Firm Reg. No. 119223 W

Sd/-

Paras Jain

Partner

Mem. No. 134160

Place : Mumbai

Date : 27th November , 2012

For and on behalf of the Board

Sd/-

Yangweon Yoo

Managing Director

Sd/-

Jungho Hong

Director

Place : Mumbai

Date : 27th November , 2012

**NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS****1. A) CORPORATE INFORMATION**

The Mudra Lifestyle Limited ("the Company"), is a listed public limited company incorporated in 1997. The company is primarily engaged in the business of manufacturing of textiles consisting of fabric and garment.

B) SIGNIFICANT ACCOUNTING POLICIES**a) Basis of preparation of financial statement:**

The financial statements have been prepared under historical cost convention on accrual basis in accordance with generally accepted accounting principles and applicable accounting standards as notified under Companies (Accounting Standard) Rules, 2006 and the provisions of Companies Act, 1956.

b) Use of Estimates:

The Preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known or materialized.

c) Revenue Recognition:

Domestic sales and Processing Charges are accounted for on dispatch of goods to customers and Export Sales are accounted for on the basis of dates of Bill of Lading. Sales are accounted for net of sales return. Export Incentives viz duty drawback, duty entitlement passbook scheme and focus marketing are accounted on accrual basis. Dividend is accounted on accrual basis when the right to receive the dividend is established. Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Employee Retirement and Other Benefits:-**Defined benefit Obligation:****Gratuity:**

Gratuity provision is made for qualifying employees. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost method. Actuarial gains / losses are recognised immediately taken to the profit and loss account and are not deferred.

Provident Funds & ESIC:

Contributions to defined contributions schemes i.e. Provident Fund & ESIC is made to the government owned funds and are charged to the Profit & Loss Account on accrual basis.

Compensated Absences:

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation, carried out at the Balance Sheet date.

e) Fixed Assets:

Fixed Assets are stated at cost of acquisition less accumulated depreciation. The cost includes taxes, duties, freight, installation, startup and commissioning expenses and other preoperative expenses and other direct and allocated expenses up to the date of commercial production.

f) Tangible Assets:

Depreciation on Fixed Assets is provided on "Straight Line Method" in the manner prescribed in Schedule-XIV to the Companies Act, 1956 on pro rata basis.

g) Intangible Assets & Amortisation:

Intangible assets are stated at cost less accumulated amortisation. Amortisation of Intangible assets is provided on basis of management estimates. Goodwill is amortised over a period of 10 years on straight line method and Brand value is amortised over a period of 5 years on straight line method.

h) Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date. If there is any indication of impairment based on internal or external factors, i.e. when the carrying amount of the asset exceeds the recoverable amount, an impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed or reduced if there has been a favorable change in the estimate or the recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use.

**i) Investments:**

Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investment.

j) Inventories:

Inventories are valued at lower of cost or Net Realisable Value. Cost is determined on moving weighted average basis. Cost of Work in Progress and manufactured goods includes material, labour and other appropriate conversion cost and overheads wherever applicable.

k) Foreign Currency Transactions:

All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place. Monetary assets and liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss, except the extent it relates to long term monetary items, is charged to the Profit and Loss Account for the year. Such gain or loss relating to long term monetary items for financing acquisition of depreciable capital assets, is adjusted to the acquisition cost of such asset and depreciated over its remaining useful life;

l) Borrowing Cost:

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

m) Taxation:

- (i) Provision for current Tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by the tax rates as applicable.
- (ii) Deferred tax is recognized subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted/substantively enacted as on the Balance Sheet date. Deferred tax Assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

n) Lease:

Leases where significant portion of risk and rewards of ownership are retained by lessor are classified as operating lease and lease rental thereon are charged to Profit & Loss Account.

o) Provisions , contingent liabilities and contingent assets

Estimation of the probability of any loss that might be incurred on outcome of contingencies on basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonable possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statement. The company does not account for or disclose contingent asset, if any.

p) Share Issue expenses

Expenses pertaining and related to issue of shares are adjusted against balance lying in Securities Premium Account.

q) Earnings Per Share

The company records basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 Earnings per share. Basic EPS is computed by dividing the net profit or loss for the year available for the year for equity share holders by the weighted average no of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effect of all dilutive potential equity shares, except where the results are anti-dilutive.

**Notes forming part of the Financial Statements**

(Rs. In Lacs)

Note 2 Share Capital

Particulars	30.09.2012	31.03.2011
a) Authorized Share capital 6,00,10,000 Ordinary Shares of Rs. 10 Each	6,001.00	6,001.00
b) Issued, Subscribed & Paid up 4,79,90,469 (4,79,90,469) Ordinary Shares of Rs. 10/- each fully paid up	4,799.05	4,799.05
Total	4,799.05	4,799.05

Notes**(i) Shareholders holding more than 5 percent shares in the Company:-**

Name of Shareholders	As at 30.09.2012		As at 31.03.2011	
	No. of Share	% of Total	No. of Share	% of Total
(a) E-Land Asia Holdings Pte Ltd (Holding Company)	31,598,094	65.84	-	-
(b) E-land Fashion China Holdings, Limited	-	-	12,000,000	25.00
(c) Murarilal Agarwal	4,156,674	8.66	7,981,322	16.63
(d) Vishwambharlal Bhoot	-	-	2,679,504	5.58
(e) Ravindra Bisheshwar Agarwal	4,141,697	8.63	8,450,763	17.61

(ii) Reconciliation of the Opening and Closing Outstanding no. of shares

Particulars	As at 30.09.2012		As at 31.03.2011	
	No. of Share	Value	No. of Share	Value
Opening No. of Ordinary Shares (No. of Shares)	47,990,469	479,904,690	35,990,469	359,904,690
Shares allotted during the year	-	-	12,000,000	120,000,000
Closing No. of Ordinary Shares (No. of Shares)	47,990,469	479,904,690	47,990,469	479,904,690

(iii) Terms/ rights attached to Ordinary Shares :-

The company has only one class of share capital namely Ordinary Shares having par value of Rs.10 per share. Each holder of Ordinary Shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of Ordinary Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Ordinary Shares held by the shareholders.



(Rs. In Lacs)

Note 3 Reserve And Surplus

Particulars	30.09.2012	31.03.2011
a) Capital Reserves	823.57	823.57
b) Securities Premium Account		
Balance as per last account	14,249.92	8,488.26
Add : Addition during the period	-	6,000.00
Less : Deduction during the period	4.32	238.34
	14,245.60	14,249.92
c) Revaluation Reserve (Refer Note -12 "Fixed Assets")	-	-
Balance as per last account	-	-
Add : Addition during the period	10,530.33	-
Less : Depreciation on Revaluation of Assets	180.50	-
	10,349.83	-
d) General Reserve	625.00	625.00
e) Surplus in the Statement of Profit & Loss Account		
Balance as per last account	2,771.43	5,296.86
(+) Net Profit/(Net Loss) for the current year	(32,762.38)	(2,525.43)
	(29,990.95)	2,771.43
Total	(3,946.95)	18,469.92

Note 4 Long Term Borrowings

Particulars	30.09.2012	31.03.2011
(A) Secured Borrowings		
a) Term Loan from Banks	27,719.33	16,783.61
b) Vehicle Loan	11.77	83.01
Total (A)	27,731.10	16,866.62
(B) Unsecured Borrowings		
a) Loans and advances from related Parties	17,503.40	-
Total (B)	17,503.40	-
Total (A+B)	45,234.50	16,866.62

Notes**(i) Restructuring :**

During the financial year under consideration, due to factors affecting economies at macro-economic level and industry downturn and substantial working capital erosion, the Company started facing liquidity crunch and it was not able to fulfill some of its repayment obligations. In order to overcome debt repayment obligations, The Company has made a reference to the Corporate Debt Restructuring (CDR) cell for restructuring of the debts of the Company through CDR Mechanism. The final restructuring package was approved by CDR empowered group on June 01, 2012. The Master Restructuring Agreement has also been signed with the lenders participating in the CDR package ('CDR Lenders') on September 24, 2012. Some of the salient features of the CDR package are as follows:

Entire principal outstanding as on cutt off date viz October 01, 2011 to be restructured;

Conversion of irregular portion of working capital loan into Working Capital Term Loan (WCTL)



Conversion of interest on Term Loans, WCTL and Working Capital Facilities for first 12 months (i. e from the cut-off date) into Long term loan;

Extension of repayment tenure of term loans, WCTL for a tenure of 10 years from COD -i.e. till 30th September, 2021.

Overall reduction in interest rates on term loans, WCTL and working capital;

Infusion of promoters contribution to support restructuring package amounting Rs.171.00 Crores.

Creation of security in favor of CDR lenders in order to secure the debt obligations of the Company under the CDR Package.

(ii) Nature of Security of Secured Loans:

(a) All existing term loans, SBI corporate loan, Working Capital Term Loan, FITL, and Working Capital facilities to be secured by first charge on pari passu basis on Fixes Assets and Current Assets. Creation of security in favor of CDR lenders as per Corporate Debt Restructuring (CDR) package is under process.

(b) Vehicle Loans are Secured by hypothecation of specified vehicles against which the finance is obtained.

(iii) Terms of repayment of term loan and other loans are as below:

a) Term Loan under TUFF Scheme - Repayment of these loans has commenced from 31st December,2011 In Quarterly Installment as Follows:-

FY12H1-0.1%, FY12 (H2)-0.2%, FY13-0.2%, FY14-1.75%, FY15-3%, FY16-9%, FY17-10%, FY18-16%, FY19-17%, FY20-18%, FY21-18% & FY22 (H1)-6.75%

b) Other Term Loan & WCTL - Repayment of these loans is commencing from June,2013 In Quarterly Installment as Follows:-

FY14-1.75%, FY15-3%, FY16-9%, FY17-10%, FY18-16%, FY19-17%, FY20-18%, FY21-18% & FY22 (H1)-7.25%

c) FITL on TUFFS Loans to be paid with in 6 quarters from COD i.e. till 31.03.2013, FITL on SBI corporate loan, IDBI & SIDBI TL facilities, Axis MTM Forex, WCTL & on WC facility to be repaid in 8 equal quarterly installments beginning 30th Septemeber,2014

(Rs. In Lacs)

Note 5 Deferred Tax Liabilities/(Assets) (Net)

Particulars	30.09.2012	31.03.2011
a) Written Down Value of Fixed Assets	2,440.42	2,607.02
b) Carried Forward Losses and Unabsorbed Depreciation	(3,646.02)	(1,295.72)
c) MAT Credit Entitlement	-	(465.23)
d) Disallowances u/s 43B of the Income Tax Act, 1961	(397.07)	
e) Employee Separation Compensation	(10.49)	(32.91)
Deferred Tax Assets (net)	(1,613.16)	813.16

(i) Deferred Tax (Assets) on account brought forward losses and unabsorbed depreciation recognised keeping in view of binding contract with promoter company and existing level of turnover.

Note 6 Other Long Term Liability

Particulars	30.09.2012	31.03.2011
a) Rent Deposit	36.52	-
Total	36.52	-

Note 7 Long Term Provisions

Particulars	30.09.2012	31.03.2011
a) Provision for Employee Benefits (Refer Note 33)	128.23	43.83
Total	128.23	43.83



(Rs. In Lacs)

Note 8 Short Term Borrowings

Particulars	30.09.2012	31.03.2011
(A) Secured Borrowings		
a) Working Capital Loan	11,818.29	16,014.15
(B) Unsecured Borrowings		
a) Loans & Advances from Others	1,704.19	404.50
Total	13,522.48	16,418.65

(i) Refer Note -4 (i) for restructuring & Note - 4 (ii) Nature of Security

(ii) Loans & Advances from other pertains to amount payable to erstwhile directors being members of the company. However, out of this the Company has not repaid Rs. 1053.59 lakhs payable during the period.

Note 9 Trade Payable

Particulars	30.09.2012	31.03.2011
a) Sundry Creditors for Goods & Expenses	4,279.84	13,308.66
b) Book Overdraft with Banks	112.13	33.28
Total	4,391.97	13,341.94

(i) The names of the Micro, Small and Medium Enterprises suppliers defined under "The Micro Small and Medium Enterprises Development Act 2006" could not be identified, as the necessary evidence is not in the possession of the Company.

Note 10 Other Current Liability

Particulars	30.09.2012	31.03.2011
a) Current Maturities of long term debts	3,279.59	7,087.53
b) Advance received from Customers	15.77	80.01
c) Statutory dues Payables	669.28	434.07
Total	3,964.64	7,601.61

Note 11 Short-Term Provisions

Particulars	30.09.2012	31.03.2011
a) Provision for Wealth Tax	1.34	0.69
b) Provision for Income Tax	499.56	-
c) Others	110.34	53.00
Total	611.24	53.69



Notes forming part of the Financial Statements

Note No. 12 Fixed Assets

(Rs. In Lacs)

Description	Gross Block					Depreciation/Amortization					Net Block	
	As at 01.04.2011	Additions	Deletions	Revaluation	Impairment	As at 30.09.2012	Up to 31.03.2011	For the Period	Deduction	Up to 30.09.2012	As at 30.09.2012	As at 31.03.2011
Tangible Assets												
Land	2,885.66	-	-	7,016.56	-	9,902.22	-	-	-	-	9,902.22	2,885.66
Buildings	5,783.59	11.94	-	2,322.04	58.78	8,058.79	343.50	322.15	-	665.65	7,393.14	5,440.09
Plant & Machineries	35,590.83	623.45	95.21	1,191.73	2,504.43	34,806.37	4,954.55	3,644.55	48.09	8,551.01	26,255.36	30,636.28
Equipments	111.28	39.06	-	-	-	150.34	35.14	11.89	-	47.03	103.31	76.14
Furniture & Fixtures	179.47	76.94	-	-	-	256.41	37.89	17.99	-	55.88	200.53	141.58
Vehicles	263.37	26.37	97.12	-	-	192.62	83.23	36.37	36.76	82.84	109.78	180.14
Electrical Installations	1,438.04	12.41	-	-	-	1,450.45	162.11	197.94	-	360.05	1,090.40	1,275.93
Computers	120.10	30.51	-	-	-	150.61	61.71	31.40	-	93.11	57.50	58.39
Sub-Total	46,372.34	820.68	192.33	10,530.33	2,563.21	54,967.81	5,678.13	4,262.29	84.85	9,855.57	45,112.24	40,694.21
Intangible Assets												
Brand Value	550.00	-	-	-	-	550.00	550.00	-	-	550.00	-	-
Goodwill	223.32	-	-	-	-	223.32	133.99	33.49	-	167.48	55.84	89.33
Sub-Total	773.32	-	-	-	-	773.32	683.99	33.49	-	717.48	55.84	89.33
Total	47,145.66	820.68	192.33	10,530.33	2,563.21	55,741.13	6,362.12	4,295.78	84.85	10,573.05	45,168.08	40,783.54
Capital W.I.P.												
Buildings	953.03	49.97	2.36	-	-	1,000.64	-	-	-	-	1,000.64	953.03
Plant & Machineries	-	37.07	-	-	-	37.07	-	-	-	-	37.07	-
Electrical Installations	-	5.59	5.59	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	-	68.94	68.94	-	-	-	-	-	-	-	-	-
Equipments	-	6.85	6.85	-	-	-	-	-	-	-	-	-
Total	953.03	168.42	83.74	-	-	1,037.71	-	-	-	-	1,037.71	953.03
Grand Total	48,098.69	989.10	276.07	10,530.33	2,563.21	56,778.83	6,362.12	4,295.78	84.85	10,573.05	46,205.79	41,736.57
Previous Year	38,636.72	17,194.20	7,710.91	-	21.29	48,098.72	3,676.97	2,619.25	(65.94)	6,362.16	41,736.57	

(i) The Company had revalued Plant and Machinery, Land and buildings situated at Daman, Bangalore, Tarapur, Navi Mumbai, Bhiwandi & Mumbai as on October 01, 2011 and the incremental value on revaluation amounting to Rs.10,530.33 Lacs has been credited to Revaluation Reserve and diminution in value of Fixed Assets amounting to Rs.2,563.21 Lacs has been debited to P & L account. Consequent to upward revaluation, there was an additional charge for depreciation of Rs.180.50 Lac for the period which has been withdrawn from the Reserves.



(Rs. In Lacs)

Note 13 Non-Current Investments

Particulars	30.09.2012	31.03.2011
(a) Unquoted		
a) 10,000 Fully paid up Equity Shares of The Bharat Co-op. Bank (Mumbai) Ltd.	1.00	1.00
Total	1.00	1.00

Note 14 Long Term Loan & Advances

Particulars	30.09.2012	31.03.2011
(A) Unsecured, Considered Good		
a) Deposit with Govt. & Semi Gov. Authorities	153.28	124.93
b) Deposit - Others	214.91	407.62
Total	368.19	532.55

Note 15 Current Investments

Particulars	30.09.2012	31.03.2011
(A) Quoted		
Investment in Equity Instruments		
a) Shasun Chemicals & Drugs Ltd. 10,000 Equity Share of Face Value of Rs. 10 each fully paid up	5.88	5.89
b) Mahanagar Telephone Nigam Ltd. 13,000 Equity Share of Face Value of Rs. 10 each fully paid up	17.25	17.25
c) HDFC High Interest Fund (13,860,092 Units of High Interest Fund)	-	1,467.52
Total	23.13	1,490.66
Less: Provision for diminution in value of Investment	(13.03)	(11.36)
Total	10.10	1,479.30
Total Market Value of Quoted Equity Investments	20.29	11.10

Note 16 Inventories

Particulars	30.09.2012	31.03.2011
a) Raw Materials	1,189.77	5,467.55
b) Work-in-progress	1,540.14	5,457.03
c) Finished Goods	3,745.78	8,471.65
d) Consumable	201.45	1,055.00
Total	6,677.14	20,451.23

- (i) During the year the company has made adjustment in the stock on account of deterioration in value of non-moving , obsolete and non existing stock amounting Rs. 132.26 Crores being found in the process of stock audit conducted by independent auditors appointed by the company in the month of September' 2011 onwards'.



(Rs. In Lacs)

Note 17 Trade Receivables

Particulars	30.09.2012	31.03.2011
(A) Unsecured, Considered Good		
a) For a period exceeding six months	1,786.92	654.51
b) Less than six months	2,691.12	6,663.17
Total (A)	4,478.04	7,317.68
(B) Doubtful		
a) For a period exceeding six months	290.14	15.01
b) Less than six months	67.13	36.87
Less: Provision for bad and doubtful debts	357.27	51.88
Total (B)	-	-
Total (A+B)	4,478.04	7,317.68

(i) Ageing of Debtors has been done on the basis on Invoice Date

Note 18 Cash and Bank Balances

Particulars	30.09.2012	31.03.2011
a) Balance with banks		
- Currents Account Balances	5,956.44	329.89
b) Bank Deposits :-		
-With more then 12 Month Maturity	79.95	2,475.87
-With Less then 12 Month Maturity	721.42	390.21
c) Cash on hand	14.51	34.97
Total	6,772.32	3,230.94

(i) Balance with banks includes Unclaimed Dividend of Rest 3,21,741/-

Note 19 Short Term Loans and Advances

Particulars	30.09.2012	31.03.2011
(A) Unsecured, Considered Good		
a) Interest Receivable	1,140.92	1,013.61
b) Prepaid Expenses	61.42	154.49
c) Export Incentive Receivable	446.05	283.09
d) Loans to Employees	511.05	947.88
Total	2,159.44	2,399.07

Note 20 Other Current Assets

Particulars	30.09.2012	31.03.2011
a) Loans & Advances	36.13	669.22
b) Advances Paid to Suppliers	420.37	590.92
Total	456.50	1,260.14



(Rs. In Lacs)

Note 21 Revenue From Operation

Particulars	30.09.2012	31.03.2011
Sale of Products	29,358.89	41,902.54
Sale of Services	1,104.41	295.63
Other Operating Revenues	905.06	616.32
Less: Excise Duty	(475.97)	(82.33)
Total	30,892.39	42,732.16

Note 22 Other Income

Particulars	30.09.2012	31.03.2011
Interest on Bank Deposits	93.56	59.30
Interest on Others	89.56	34.64
Foreign Exchange Fluctuation	-	48.08
Dividend Income	10.40	47.89
Sundry Balance Written Back	268.18	
Other Non-Operating Income	10.14	68.93
Total	471.84	258.84

Note 23 Cost Of Material Consumed/Traded

Particulars	30.09.2012	31.03.2011
Opening Stocks	5,467.55	4,652.35
Add: Purchases	18,076.99	30,698.86
Add: Direct Cost	966.70	568.19
Less: Closing Stocks	(1,189.77)	(5,467.55)
Total	23,321.46	30,451.85
Material consumed comprises	30.09.2012	31.03.2011
Yarn	10,331.71	4,703.94
Finish Fabric	12,023.05	25,179.72
Stores & Other Consumable	966.70	568.19
Total	23,321.46	30,451.85

Note 24 Manufacturing Expenses

Particulars	30.09.2012	31.03.2011
Weaving Charges & Embroidery Charges	1,249.48	1,293.25
Factory Expenses	445.76	257.98
Wages & Labour Charges	5,310.40	3,000.84
Power, Fuel & Water	2,927.78	1,438.31
Stores & Spares	4,879.57	1,921.58
Total	14,812.99	7,911.96



(Rs. In Lacs)

Note 25 Change in Inventories of Finished Goods and Work-in-Progress

Particulars	30.09.2012	31.03.2011
Finished Goods		
Closing Stock	3,745.78	8,471.65
Less: Opening Stock	8,471.65	8,787.65
Total (A)	(4,725.87)	(316.00)
Work-in-Progress		
Closing Stock	1,540.14	5,457.03
Less: Opening Stock	5,457.03	2,731.11
Total (B)	(3,916.89)	2,725.92
Total (A+B)	(8,642.75)	2,409.92
Productwise breakup of Finished Goods & Work-in-Progress		
Finished Goods		
Finish Fabric	3,181.37	7,307.06
Garments	564.40	1,164.59
Total (A)	3,745.77	8,471.65
Work-in-Progress		
Grey Fabric	1,540.14	5,457.03
Total (B)	1,540.14	5,457.03
Total (A+B)	5,285.91	13,928.68

Note 26 Employee Benefits Expense

Particulars	30.09.2012	31.03.2011
Salaries and Wages	927.16	756.00
Directors Remuneration	136.96	38.12
Contribution to Provident & Other Funds	306.59	31.68
Staff Welfare expenses	83.50	50.51
Total	1,454.21	876.31

Note 27 Finance Cost

Particulars	30.09.2012	31.03.2011
Interest Expenses	6,595.96	3,875.39
Charges+Commission	277.71	296.49
Net gain/loss on foreign currency transactions and translations (other than considered as finance cost)	68.36	
Total	6,942.03	4,171.88



(Rs. In Lacs)

Note 28 Administrative and Other Expenses

Particulars	30.09.2012	31.03.2011
Power & Fuel	29.70	21.75
Repair and Maintenance:-	-	-
i) Repair to Building	75.33	45.06
ii) Repair to Plant & Machinery	70.84	39.67
iii) Repair Others	56.33	25.01
Insurance	64.63	34.45
Business Promotion	742.40	794.00
Rent, Rates and Taxes	165.65	68.24
Security Charges	125.14	61.50
Loss on Fire	414.18	-
General Expenses	180.85	29.23
Sundry Balance Written Off	220.62	276.84
Provision for Diminution in value of Investment	-	11.36
Provision for Doubtful Debts	321.21	51.88
Printing & Stationery	67.87	49.16
Travelling & Conveyance	258.59	185.81
Communication Expenses	110.88	126.78
Legal & Professional Charges	426.28	80.07
Statutory Auditors :-		
a) Audit Fees	29.21	16.00
b) Tax audit fees	4.49	4.00
c) Certification and others	5.16	3.71
Total	3,369.36	1,924.52

Note 29 Prior Period Items

Particulars	30.09.2012	31.03.2011
a) Rent Rates & Taxes	43.20	-
b) Claim Written Off (Net)	-	7.48
c) Detention Charges	97.10	-
d) Reversal of Depreciation	-	163.34
e) Salary & Professional Fees	2.06	6.80
f) Discount & Commission	-	24.36
g) Duty & Taxes	59.05	(1.81)
h) Other administrative expenses	17.64	-
Total	219.05	200.17

Note 30 Earnings Per Share (EPS)

Particulars	30.09.2012	31.03.2011
a) Net Loss after tax available for equity shareholders.	(32,762.38)	(2,525.43)
b) Weighted average number of Ordinary Shares for Basic EPS	47,990,469	40,100,058
Weighted average number of Ordinary Shares for Diluted EPS	47,990,469	40,100,058
c) Nominal Value of Ordinary Shares (in Rs.)	10.00	10.00
d) Basic Earnings per Ordinary Share	(68.27)	(6.30)
e) Diluted Earnings per Ordinary Share	(68.27)	(6.30)



(Rs. In Lacs)

Note 31 Contingent Liabilities and Commitments (To The Extent Not Provided For)

Particulars	30.09.2012	31.03.2011
(A) Contingent Liabilities		
a) Claims against the company not acknowledged as debts		
i. Income Tax Act, 1961(1)	289.47	10.96
ii. Works Contract Tax	250.22	187.55
iii. Penalty levied by Director General of Foreign Trade	6.50	5.00
iv. Others	77.71	-
Total (A)	623.90	203.51
(B) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	59.19	276.54
Total (B)	59.19	276.54
Total (A+B)	683.09	480.05

- (i) The company has imported machinery and raw material under the Export Promotion Guarantee Corporation Scheme of Central Government. Under the said scheme the company has availed the benefit of payment of import duty at subsidized rates which is dependent upon fulfillment of export obligation of Rs. 436.12 Crores, out of which the company has already effected exports of Rs.260.78 Crores thereby the company has pending export obligation of Rs.175.34 Crores which is required to be fulfilled up to 31.3.2018.

Note 32 Other Information

Particulars	30.09.2012	31.03.2011
a) CIF Value of Imports		
-Capital Goods	535.22	2,158.39
-Consumable	559.24	220.21
b) Expenditure in foreign currency		
- Travelling	48.26	60.11
- Business Promotion	9.10	6.97
- Commission	132.58	11.53
c) Earning in foreign currency		
FOB Value of Exports	9,357.01	6,809.02

Note 33 Disclosure As per AS 15 Revised

Particulars	30.09.2012	31.03.2011
A) Defined Benefit Plan		
Gratuity (Unfunded)		
The principal assumptions used in the actuarial valuation of Gratuity are as follows.		
a) Discount Rate	8.50%	8.25%
Expected Return Plan Assets	N.A	N.A
Mortality	LIC (1994-96)	
Future Salary Increase	6%	6%
Attrition 5% at younger ages reducing to 1% at older ages 5% to 1% at older ages		
Retirement	58	60
Actuarial assumption may vary in light of economic conditions		
b) Changes in present value of obligations		
Opening Balance of Present value of obligation	43.83	10.48
Interest Cost	1.47	0.86
Current Service Cost	49.23	9.75
Past Service Cost	-	-
Benefits paid	(63.82)	-
Actuarial(gain)/Loss on obligations	73.70	22.74
Total	104.41	43.83



(Rs. In Lacs)

Note 33 Disclosure As per AS 15 Revised (Contd.)

Particulars	30.09.2012	31.03.2011
c) Expenses recognized in the Profit and Loss Account		
Current Service Cost	49.23	9.75
Interest Cost	1.47	0.86
Net Actuarial (Gain)/Loss recognized during the year	73.70	22.74
Past Service Cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total Expenses recognized in the Profit and Loss account	124.40	33.35
B) Defined Contribution Plan		
Employer's Contribution to Provident & Pension Fund	212.67	69.42
Employer's Contribution to ESIC Fund	93.66	21.42
Total	306.33	90.84
C) Leave Encashment		
Amount Charged to Profit & Loss Account during the year	23.82	8.65
Total	23.82	8.65

Note 34 Related Parties Disclosure:**A) Name of Related Parties and Description of relationship:**

Key Management Personnel	Relationship
Mr. Yangweon Yoo	Managing Director w.e.f 30th September, 2011
Mr. Eung Kyun Shin	Managing Director (Appointed on 23rd August, 2011 till 30th September, 2011) Chairman and Whole Time Director(w.e.f 30th September, 2011)
Mr. Jung Ho Hong	Additional Director (Appointed on 23rd August, 2011 till 30th September, 2011) Whole Time Director(w.e.f. 7th February, 2012)
Mr. Kwang Hyuck Choi	Whole Time Director (w.e.f 23rd August, 2011)
Mr. Murarilal Agarwal	Chairman & Managing Director(till 31st July 2011) Joint Managing Director(w.e.f 1st August 2011 till 22nd March 2012)
Mr. Ravindra Agarwal	Joint Managing Director (till 31st July 2011) Whole Time Director (w.e.f. 1st August 2011 till 22nd March 2012)

B) Ultimate Holding Company

E Land World Co. Ltd.

C) Holding Company

E Land Asia Holdings Pte Ltd (w.e.f. 30th December 2011)

E Land Fashion China Holdings Ltd. (till 30th December 2011)

D) Fellow Subsidiary Company

E Land Fashion (Shanghai) Co. Ltd

E Land Retail Ltd

WHOAU Holdings Inc.

Elphis Lanka Ltd.

E Land International Fashion Co. Ltd.

JEWOO Manufacturing Co. Ltd.

Wish trading Co. Ltd

E Land Fashion India Pvt. Ltd.


E) Related Party Transactions:

	Nature of Transaction	In Relation to "A" Above	In Relation to "B" Above	In Relation to "C" Above	In Relation to "D" Above
1)	Transactions :-				
	Directors remuneration	126.65 (33.52)			
	Loan Taken	1500 (321.23)			17503.4 (-)
	Loan Repaid	216.03 (139.44)			
	Issue of Equity Shares (Nominal Value)	- (-)		- (1200.00)	
	Share Premium on above	- (-)		- (6000.00)	
	Purchase of Goods	- (-)	58.67 (-)		199.11 (-)
	Sale of Goods	- (-)	2206.83 (-)		347.94 (-)
2)	Outstanding as at year end :-				
	Trade Receivable	- -	114.04 (-)		170.19 (-)
	Trade Payable	- -			6.84 (-)
	Advance Received	- -			
	Director Remuneration Payable	23.18 (-)			
	Loan	- (404.50)			17503.4 (-)

Figures in brackets pertains to Previous Year

F) Statement of Material Transactions

	Nature of Transaction	30.09.2012	31.03.2011
1)	Key Management Personnel		
	Mr. Kwang Hyuck Choi Director remuneration	27.34	(-)
	Mr. Eung Kyun Shin Director remuneration	36.13	(-)
	Mr. Jung Ho Hong Director remuneration	17.85	(-)
	Mr. Yangweon Yoo Director remuneration	36.73	(-)
	Mr. Murarilal Agarwal Director remuneration	-	12.69
	Mr. Ravindra Agarwal Director remuneration	-	12.70

F) Statement of Material Transactions (Contd.)

	Nature of Transaction	30.09.2012	31.03.2011
	Mr. Murarilal Agarwal Loan Taken	851.30	88.67
	Mr. Ravindra Agarwal Loan Taken	648.70	208.70
	Mr. Murarilal Agarwal Loan Repaid	94.16	43.83
	Mr. Ravindra Agarwal Loan Repaid	121.87	39.63
2)	Ultimate Holding Company E Land World Co. Ltd. Purchase of Goods	58.67	(-)
	Sale of Goods	2206.83	(-)
3)	Fellow Subsidiary Company E Land Fashion (Shanghai) Co. Ltd Sale of Goods	186.11	(-)
	WHOAU Holdings Inc. Sale of Goods	100.53	(-)
	Wish trading Co. Ltd Purchase of Goods	193.64	(-)

Note 35 Segment Reporting:-

The Company is mainly engaged in the business of manufacturing of textiles consisting of fabric and garments. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz; textile products as reportable segment. The Company operates in Local & Export segments geographically of which the export sales is Rs. 9,357.01 Lacs (P.Y. Rs 6,809.02 Lacs) & Local Sales is Rs. 21,535.29 Lacs (P.Y. Rs. 35093.52 Lacs). However due to the integrated nature of business the assets/ liabilities and expenses for these activities can not be bifurcated separately.

Note 36 Search and seizure operations were carried out by the Income tax authorities on 12 August 2009 at the premises of Mudra Lifestyle Limited. Pursuant to the same, the tax officer re-opened the assessment for tax year 2003-04 to 2009-10 and determined the tax demand of Rs 21.40 crores. Aggrieved by the same, MLL had filed an appeal with the CIT(A) against the above assessment orders. The appeal is pending for disposal before the CIT(A). Further, MLL had filed a rectification application and pursuant to the same, the tax officer rectified the mistakes in the assessment order and issued a revised tax demand of Rs 11.20 crores. Further, MLL has deposited tax demand of Rs 5.6 crores with income tax authorities under protest. The tax officer has agreed to keep the balance tax demand of Rs 5.6 crores in abeyance till December 2012 or disposal of appeal whichever is earlier. Further, penalty proceedings u/s 271(1)(c) of the Income Tax Act, 1961 ('Act') have been initiated for tax year 2003-04 to 2009-10. However, the same has been kept in abeyance until disposal of appeal before the CIT(A). Further, the tax officer had levied penalty of Rs 2.89 crores u/s 271AAA of the Act for tax year 2009-10. However, MLL has filed an appeal before the CIT(A) against the said penalty order and is pending for disposal before the CIT(A)

Note 37 Lease

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets are:-

Particulars	30.09.2012	31.03.2011
a) Not later one year	229.16	265.84
b) Later than one year and not later than five year	707.51	724.15
c) Later than five year	61.09	426.04

(Rs. In Lacs)

Note 38 Borrowing Cost

Particulars	30.09.2012	31.03.2011
Borrowing cost capitalised during the year	-	215.22

Note 39 During the year ended September 30, 2012 the Revised Schedule VI notified under the Companies Act 1956, has become applicable for preparation and presentation of financial statement. The preparation of financial statements based on the Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has regrouped/ reclassified the previous year figures in accordance with the requirements applicable in the current year. Since the Company has extended its Financial Year from 12 Month to 18 Month. The previous year figures are not comparable.

As per our attached report of even date

For K C P L & Associates

Chartered Accountants

Firm Reg. No. 119223 W

Sd/-

Paras Jain

Partner

Mem. No. 134160

Place : Mumbai

Date : 27th November , 2012

For and on behalf of the Board

Sd/-

Yangweon Yoo

Managing Director

Sd/-

Jungho Hong

Director

Place : Mumbai

Date : 27th November , 2012

**Balance Sheet Abstract & Company's General Business Profile****I. Registration Details**

Registration No. :	106945	State Code :	11
Balance Sheet Date :	30 9 2012		
	Date Month Year		

II. Capital raised during the year (Rs. in lacs)

Public Issue (inclusive of Security Premium)	Nil	Rights Issue	Nil
Bonus Issue	NIL	Preferential Allotment (inclusive of Security Premium)	Nil

III. Position of Mobilisation and Deployment of Funds (Rs. in Lacs)

Total Liabilities	68,741.68	Total Assets	68,741.68
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Source of Funds

Paid-up Capital	4,799.05	Reserves and Surplus	(3,946.95)
Share warrants	Nil	Secured Loans	42,828.98
Unsecured Loans	25,060.60	Deferred Tax Liabilities	Nil

Application of Funds

Net Fixed Assets	46,205.79	Investments	11.10
Net Current Assets	20,911.62	Misc. Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax Assets	1,613.16

IV. Performance of Company. (Rs. in Lacs)

Net Turnover (including Other Income)	31,364.23	Total Expenditure	65,221.27
Profit/(Loss) Before Tax	(34,076.09)	Profit/(Loss) After Tax	(32,762.38)
Earning Per Share in (Rs.)	-68.27	Dividend Rate %	Nil

V. Generic Names of Three Principal Products/Services of Company (As Per Monetary Terms)

Item Code No. (ITC Code)	
Product Description	Textile

As per our attached report of even date

For K C P L & Associates

Chartered Accountants

Firm Reg. No. 119223 W

Sd/-

Paras Jain

Partner

Mem. No. 134160

Place : Mumbai

Date : 27th November , 2012

For and on behalf of the Board

Sd/-

Yangweon Yoo

Managing Director

Sd/-

Jungho Hong

Director

Place : Mumbai

Date : 27th November , 2012



Book-Post

To,

If undelivered, please return to:

MUDRA LIFESTYLE LIMITED

3026, A-Wing, 3rd Floor, Oberoi Garden Estate,
Chandivali Farms Road, Chandivali,
Andheri (E), Mumbai-400072

MUDRA LIFESTYLE LIMITED

Regd. Office: 3026, A-Wing, 3rd Floor, Oberoi Garden Estate, Chandivali Farms Road, Chandivali, Andheri (E), Mumbai-400072

ATTENDANCE SLIP

DP Id*.....

Folio No.....

Client Id*.....

No. of Shares held.....

(*Applicable for investors holding shares in electronic form)

Name of the Member.....

No. of Shares held.....

Name of the Proxy.....

(to be filled only when a proxy attends the meeting)

I hereby record my presence at the 15th Annual General Meeting of the Company on Friday, the 22nd day of March, 2013 at 9.30 a.m. Hotel Savoy Suites, Saki Vihar Complex, Saki Naka, Andheri (E), Mumbai-400072.

Signature of Member/ Proxy

*This slip may please be handed over at the entrance of the meeting hall.

Note: Members are requested to bring their copies of the Annual Report to the meeting

PROXY FORM

DP Id*.....

Folio No.....

Client Id*.....

No. of Shares held.....

(*Applicable for investors holding shares in electronic form)

I/We.....of.....in the district of
.....being member(s) hereby appoint

.....of.....in the district of..... (or failing him/her)

.....of..... in the district of..... (or failing him/her)

.....of.....in the district of..... as my/our proxy to attend and vote for me / us
on my / our behalf at the 15th Annual General Meeting of the Company to be held on Friday, the 22nd day of March, 2013 at 9.30 a.m. at Hotel Savoy Suites, Saki Vihar Complex, Saki Naka, Andheri (E), Mumbai-400072 and at any adjournment thereof.

AS WITNESS my hand/our hands thisday of, 2013

Note :

1. The instrument appointing proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Proxy need not be a member of the Company.

Affix
Revenue
Stamp