



MANDHANA
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MANDHANA INDUSTRIES LIMITED

Report  junction.com

25TH ANNUAL REPORT

F.Y. 2008-09

MANDHANA INDUSTRIES LIMITED

BOARD OF DIRECTORS

| | |
|----------------------------|--------------------------------|
| Mr. Purushottam C.Mandhana | - Chairman & Managing Director |
| Mr. Biharilal C.Mandhana | - Executive Director |
| Mr. Manish B.Mandhana | - Joint Managing Director |
| Mr. Ghyanendra Nath Bajpai | |
| Mr. Sanjay K.Asher | |
| Mr. Ernst Robin Cornelius | |
| Mr.Khurshed M.Thanawalla | |
| Mr.Ajay Joshi | |

BOARD COMMITTEES

Audit Committee

| | |
|---------------------------|----------|
| Mr.Khurshed M.Thanawalla | Chairman |
| Mr.Ghyanendra Nath Bajpai | Member |
| Mr.Sanjay K.Asher | Member |
| Mr.Ajay Joshi | Member |
| Mr.Purushottam C.Mandhana | Member |

Remuneration Committee

| | |
|---------------------------|----------|
| Mr.Ghyanendra Nath Bajpai | Chairman |
| Mr.Khurshed M.Thanawalla | Member |
| Mr.Ajay Joshi | Member |
| Mr.Sanjay K.Asher | Member |

Shareholders'/Investor, Share Allotment and Transfer Committee

| | |
|--------------------------|----------|
| Mr.Khurshed M.Thanawalla | Chairman |
| Mr.Ajay J.Joshi | Member |
| Mr.Manish B.Mandhana | Member |

Management Committee

| | |
|---------------------------|----------|
| Mr.Purushottam C.Mandhana | Chairman |
| Mr.Biharilal C.Mandhana | Member |
| Mr.Manish B.Mandhana | Member |

I.P.O.Committee

| | |
|---------------------------|----------|
| Mr.Purushottam C.Mandhana | Chairman |
| Mr.Biharilal C.Mandhana | Member |
| Mr.Manish B.Mandhana | Member |

Vinay Sampat

Company Secretary & Head Legal

Management Team

| | |
|------------------------|--|
| Mr.A.P.Bhatnagar | President – Weaving & Shirting |
| Mr.Uday Kulkarni | Vice President - Process |
| Mr.Ritesh Kothari | G.M.- Treasury & Finance |
| Mr.Mitesh Shah | G.M - Finance & Accounts |
| Mr. Pushpendra Tyagi | G.M.- Marketing |
| Mr.Gopal Shah | G.M. – Production (Exports) |
| Mr.R.K.Nair | G.M. – Production |
| Mr.Jagdish Pamwani | G.M. – Marketing (Garments –Domestic) |
| Mr.Arvind Shikharkhane | Project Coordinator |
| Mr.Ashok Dhinoja | Head – I.T. |
| Mr.Rahul Anand | Head – Design |
| Ms.Varsha Singh | Head – Merchandising |
| Mr.Nayan Kambli | A.G.M. – Finance & Accounts & Compliance Officer |
| Mr.Kishore Pingulkar | Head – Human Resources and Administration |
| Stephanie Fontaine | Head – Mandhana Europe |

Auditors

M/s Vishal H.Shah & Associates

Solicitors

M/s Crawford Bayley & Co.

Bankers

Corporation Bank
 State Bank of Patiala
 Bank of Maharashtra
 Punjab National Bank
 Bank of Baroda
 Indian Bank
 State Bank of India (erstwhile State Bank of Saurashtra)
 Andhra Bank

Axis Bank Limited
 HDFC Bank Limited
 IDBI Bank Limited
 HSBC Bank
 ICICI Bank Limited
 DBS Bank Limited

Registered Office

205-214, Peninsula Centre,
 Dr.S.S.Rao Road,
 Parel,
 Mumbai 400 012
 Tel : 022-4353 9191
 Fax: 022-4353 9216
 Web: www.mandhana.com
 e.mail : info@mandhana.com

Registrar and Share Transfer Agents

Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (W),
 Mumbai 400 078.
 Tel : 022 – 2596 3838
 Fax : 022 – 2596 2691
 e.mail : mumbai@linkintime.co.in

Branch Offices**Bangalore**

26/A, Peenya II Phase,
Peenya Industrial Area,
Near NTTB Bus Stop,
Bangalore 560058.

Chennai

AC Block, Old No 31, New No 8,
4th Street, Anna Nagar,
Chennai 600 040.

New Delhi

410, Chiranjiv Tower,
43, Nehru Place,
New Delhi 110019.

Paris (France)

15 Rue de la Banque,
Escalier B Entresol,
75002 Paris,
France.

Works**MANDHANA WEAVING HOUSE**

(A Division of Mandhana Industries Limited)
E-33, MIDC,
Tarapur Industrial Area,
District Thane 401 506.

MANDHANA WEAVING HOUSE**(Shirting Division)**

(A Division of Mandhana Industries Limited)
Plot No. C-2, MIDC,
Tarapur Industrial Area,
District Thane 401 506.

MANDHANA DYEING

(A Division of Mandhana Industries Limited)
E-25, MIDC,
Tarapur Industrial Area,
District Thane 401 506.

MANDHANA DYEING – UNIT II

(A Division of Mandhana Industries Limited)
Plot No. C-3, MIDC,
Tarapur Industrial Area,
District Thane 401 506.

**MANDHANA Industries Limited
(Garment Division)**

26/A, Peenya II Phase, Peenya Industrial
Area,
Near NTTB Bus Stop,
Bangalore 560058.

**MANDHANA Industries Limited (Garment
Division)**

Plot No.31, Survey No.161,
Laggare Village, Yeshwanthpura,
Hobli., Bangalore North Taluka,
Bangalore 560 058.

**MANDHANA Industries Limited
(Garment Division)**

No.I & II, Ward No.13,
Subratho Mukherji Road,
Near Jalahalli Cross, Dasarahalli,
Bangalore 560 057.

**MANDHANA Industries Limited (Garment
Division)**

Unit No36/2, Maruti Plaza,
Madanayakanahalli Village, Dasanapura,
Hobli, Tumkur Road,
Bangalore 562 123.

MANDHANA INNOVATION CENTRE

(A Division of Mandhana Industries Limited)
B Wing, Ganpati Baug,
T.J.Road, Sewree (West)
Mumbai 400 015.

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Mandhana Industries Limited will be held at the Registered Office of the Company at 205-214, Peninsula Centre, Dr.S.S.Rao Road, Parel, Mumbai 400 012 on Wednesday, the 19th August, 2009 at 11.00 A.M., for the purpose of transacting the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet, as at 31st March, 2009 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditors thereon.
2. To confirm interim dividend and declare final dividend for the financial year 2008-09.
3. To appoint Director in place of Mr. Ghyanendra Nath Bajpai, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Ernst Robin Cornelius, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Vishal H.Shah & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors
for **MANDHANA INDUSTRIES LIMITED.**



VINAY SAMPAT
(Company Secretary & Head Legal)

Registered Office :
205-214, Peninsula Centre,
Dr.S.S.Rao Road,
Parel,
Mumbai 400 012.

Place Mumbai

Dated : 24th July, 2009

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS 48 HOURS BEFORE THE MEETING.
 2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 14th August, 2009 to Monday, the 19th August, 2009 (both days inclusive).
 3. If the Dividend on equity shares, as recommended by the Directors is approved at the meeting, payment of such dividend will be made to those members whose names appear on the Company's Register of Members on the 19th August, 2009.
 4. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
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DIRECTORS' REPORT TO THE MEMBERS

The Directors have the pleasure in presenting the 25th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

| | (Rupees in Lacs) | |
|---|------------------|-----------------|
| | <u>2009</u> | 2008 |
| Total Turnover | 46,000.64 | 41,232.02 |
| Profit Before Interest, Depreciation and Taxation | 8,471.18 | 7,765.84 |
| Less : Interest | 1,757.14 | 1,451.94 |
| Depreciation | 1,109.54 | 907.32 |
| Profit Before Taxation | 5,604.49 | 5,406.59 |
| Less : Provision for Taxation | | |
| Current Tax | 630.35 | 1,351.21 |
| Deferred Tax | 1,285.31 | 493.35 |
| Fringe Benefit Tax | 33.78 | 31.64 |
| Add : Last year's provision written back | 1.37 | - |
| Profit after Taxation | 3,656.42 | 3,530.38 |
| Add : Balance of Profit from earlier years | 6,919.81 | 4,080.92 |
| Amount available for Appropriations | 10,576.23 | 7,611.30 |
| Less : Dividend (Interim & Proposed) | 249.15 | 249.15 |
| Tax on distributed Profits | 42.34 | 42.34 |
| Transfer to General Reserve | 450.00 | 400.00 |
| Balance carried forward | 9,834.74 | 6,919.81 |

OPERATIONS REVIEW

Your Company achieved a total turnover of Rs.46,000.64 Lacs for the year ended 31st March, 2009 as against 41,232.02 Lacs (restated) in the previous year. The Company has EBIDTA of Rs.8471.17 Lacs versus Rs.7765.85 Lacs in the previous year and earned a net profit of Rs.3,656.42 Lacs versus 3,530.38 Lacs in the previous year. This represents

a growth of 11.57% in turnover, 9.08% in terms of EBIDTA and 3.57% in terms of net profit. The overall financial performance is considered satisfactory considering the global economies faced serious downturn in the year, with most of the economies registering a negative GDP growth in percentage terms. The Textile and garment industry was one of the worst hit sectors of Indian economy, even though the Indian economy grew at a rate of 6.5% per annum. The impact of slowdown in the U.S. and Europe hit the industry hard. Despite these trying times, the Company managed a reasonable growth in terms of turnover and profit. The Company's ability to mitigate the impact of global recession is largely attributable to being in the premium segment textile and garment business, aggressive marketing policies, fully integrated production facilities resulting in competitive product cost structure in a continued manner.

DIVIDEND

Your Directors had declared and paid an interim Dividend of 15% for the financial year ended 31st March, 2009 in February, 2009 absorbing an amount of Rs.169.88 Lacs (excluding Dividend Distribution tax of Rs.28.87 Lacs). Your Directors are pleased to report that the Board has recommended a final dividend of 7% for the financial year ended 31st March, 2009. The final dividend will absorb an amount of Rs.79.27 Lacs (excluding Dividend Distribution tax of Rs.13.47 Lacs). The total dividend outflow for the year 31st March, 2009 aggregating Rs.249.15 Lacs (excluding Dividend Distribution tax of Rs.42.34 Lacs) represents 22% of the Company's paid-up share capital.

AWARDS AND CERIFICATES

Your Company was the proud recipient of The International Trade Award for being "Outstanding Exporter of the year in Textile and Apparels" for 2008-09, presented by CNBC TV18.

The award received by your Company reflects achievement in terms of the growth in sales, especially export sales on a constant basis.

During the year, the Company was awarded certificates in respect of :

1. OE blended resp. OE100 standards for textiles of organic exchange and "global Organic Textile Standard" or "GOTS" standards for processing of fibres from certified organic agriculture from Control Union Certifications.
2. of Oeko-Tex mark, by Oeko-Tex Standard 100 for garments manufactured and accessories used by the Company meet the human-ecological requirements of standard presently established for products with direct skin contact and fulfills the requirements of existing European legislation regarding use of azo-dyes.
3. compliance of Fairtrade Standards for Seed Cotton by FLO –CERT, for its Weaving and Dyeing plants at Tarapur and its Garment Plant at Bangalore.

Your Company has “preferred supplier” status amongst the top niche domestic and international apparel brands due to its tough insistence on superior quality and stringent quality assurance criterions in the designing and manufacturing process of the final products

CORPORATE GOVERNANCE

Your Company, being an unlisted public limited company, does not attract provisions of Clause 49 of the Listing agreement. However it has been the endeavour of your Company to progressively implement good practices in corporate governance in letter and spirit. A corporate governance report is attached herewith and forms a part of this report.

PUBLIC DEPOSIT

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report of the Management Discussion and Analysis is appended to this report.

DIRECTORS

Mr.Ghyanendra Nath Bajpai and Mr.Ernst Robin Cornelius, Directors of the Company retire from the Board by rotation in accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

The particulars of the Directors’ proposed to be reappointed are given in the corporate governance report in the Annual Report.

DIRECTORS’ RESPONSIBILITY STATEMENT:-

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors’ Responsibility Statement, it is hereby confirmed that;

- i) In the preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

A statement showing the particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended vide Companies (Particulars of Employees) (Amendment) Rules, 2002 is annexed to this report and forms integral part of this report.

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

Particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as per 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 and forming part of the Directors' Report for the year ended 31st March, 2009, are annexed to this report.

AUDITORS

M/s. Vishal H. Shah & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate pursuant to Section 224(1) of the Companies Act, 1956 regarding their eligibility for re-appointment and your Directors recommend the re-appointment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interest of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Company has engaged a competent firm of Chartered Accountants to conduct internal audit, examine and evaluate the adequacy and effectiveness of the Internal Control System at its plants at Bangalore. The internal audit ensures that the systems designed and implemented, provides adequate internal control commensurate with the size and operations of the Company.