



# HIMACHAL FIBRES LIMITED

## Annual Report 2014-15



[www.himachalfibre.com](http://www.himachalfibre.com)

**HIMACHAL FIBRES LIMITED****BOARD OF DIRECTORS**

Shri Sushil Singla

Shri Akhil Malhotra

Shri Gian Chand Thakur

Shri Mayank Malhotra

Shri Rajan Dhawan

Smt. Malkeet Kaur

**KEY EXECUTIVE OFFICERS**

Shri Amit Sharma

Shri Ashwani Kumar

**STATUTORY AUDITORS**

Sumat Gupta &amp; Co.

Chartered Accountants,

G.T Road, Miller Ganj

Ludhiana - 141003

**REGISTRAR & SHARE TRANSFER AGENT**

Beetal Financial &amp; Computer Services (P) Ltd,

Beetal House, 3<sup>rd</sup> Floor, 99, Madangir,

Behind Local Shopping Centre,

New Delhi – 110 062

**DESIGNATION**

Chairman

Managing Director

Whole Time Director

Director

Director

Director

Company Secretary

Chief Financial Officer

**BANKERS**

State Bank of India,

SCB, Miller Ganj,

Ludhiana - 141 003

**REGISTERED OFFICE/WORKS**

Plot No. 43 - 44, Industrial Area

Barotiwala 174 103

Distt. Solan (H.P.)

**CORPORATE OFFICE**

8-L, Model Town, Ludhiana -141002

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**NOTICE**

Notice is hereby given that the 34<sup>th</sup> **Annual General Meeting** of the members of the company will be held on Monday, the 28<sup>th</sup> day of September, 2015 at 12.00 p.m. at the Registered Office of the Company situated at Plot no. 43-44, Industrial Area , Barotiwala, Distt. Solan (H.P.)-174103 to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015 and Statement of Profit and Loss for the year ended on that date, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Mayank Malhotra (DIN - 01395444), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. Appointment of Statutory Auditors of the Company.

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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and subject to approval by members of the Company, the appointment of M/s. Sumat Gupta & Co., Chartered Accountants, as the Statutory Auditors of the Company for a term of consecutive three years starting from conclusion of the 33<sup>rd</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General Meeting of the Company be and is hereby ratified at the 34<sup>th</sup> Annual General Meeting to conduct Audit for Financial year 2015-2016 of the Company at such remuneration as may be finalized by the Chairman and Managing Director of the Company."

**SPECIAL BUSINESS:**

4. **To appoint Mrs. Malkeet Kaur as Woman Independent Director**

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 Sections 149, 152, 160 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made there under and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Malkeet Kaur (DIN 07140603), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive Five years starting from the date of this Annual General Meeting to the conclusion of 39<sup>th</sup> Annual General Meeting of the Company."

5. **To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2016:**

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 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Companies Cost Audit rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. J. Verma & Associates, Cost Auditors, Jalandhar appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016, be paid the remuneration of Rs. 40,000/- Plus Service Tax and re-imbursalment of out-of-pocket expenses, if any.

**RESOLVED FURTHER THAT** Mr. Akhil Malhotra, Mr. Mayank Malhotra, Directors and Mr. Amit Sharma, Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

**BY ORDER OF THE BOARD**

Place: Ludhiana  
Dated: 2<sup>nd</sup> September, 2015

-sd/-  
**(AMIT SHARMA)**  
Company Secretary

**Registered Office:**  
Plot No. 43-44, Industrial Area  
Barotiwala – 174103,  
Dist: Solan, Himachal Pradesh - 174103

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 25<sup>th</sup> September, 2015 to 28<sup>th</sup> September, 2015 (both days inclusive).
4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/ reappointment.
6. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
8. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
9. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically.

In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report etc and other communications in electronic form.

The Members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar & Transfer Agent, BEETAL Financial & Computer Services Pvt Ltd., New Delhi (in case of shares held in physical form)

10. The Annual Report 2014-15 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their mail addresses, physical copies of the Annual Report 2014-15 are being sent by permitted mode.
11. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is pleased to provide members a facility to exercise their right to vote at the 34th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- (i) The e-voting period commences on 25th September, 2015 (9:00 am) and ends on 27th September, 2015 (5:00 pm). During this period shareholder's of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period on 27th September, 2015. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric "PAN issued by Income Tax Department(Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number (given where shareholders' address is printed on the envelop) in the PAN Field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul>
DOB#	Enter the date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the Demat Account/Folio Number in the Dividend Bank Details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
  - (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - (xii) Click on the EVSN for <HIMACHAL FIBRES LIMITED> on which you choose to vote.
  - (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - (xix) Note for Non – Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - (i) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21st September, 2015 may follow the same instructions as mentioned above for e-Voting.
  - (ii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
12. M/s. Rajeev Bhambri & Associates, Company Secretaries have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e voting process). The Scrutinizer shall upon the conclusion of E-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
13. The Results of the resolutions passed at the AGM of the Company will be declared within 48 working hours of conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website [www.himachalfibre.com](http://www.himachalfibre.com) and on the website of CDSL and will be communicated to the stock exchanges.

14. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

**BY ORDER OF THE BOARD**

Place: Ludhiana  
Dated: 2<sup>nd</sup> September, 2015

-sd-  
**(AMIT SHARMA)**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4**

The Board of Directors of the Company in their meeting held on 28th March, 2015 had appointed Mrs. Malkeet Kaur as an Additional Director of the Company pursuant to Section 161 (1) of the Companies Act, 2013 and Articles of Association of the Company. She will hold office upto the date of ensuing Annual General Meeting.

The Company has received requisite notice in writing from a member proposing appointment of Mrs. Malkeet Kaur as candidate for the office of Independent Director of the Company for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 39th Annual General Meeting of the Company.

The Company has also received consent from Mrs. Malkeet Kaur and also declaration confirming that she is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement with the Stock Exchanges.

Mrs. Malkeet Kaur is independent of the management and in the opinion of the Board fulfills the conditions specified in the Companies Act, 2013 and rules made there under for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Mrs. Malkeet Kaur is provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at item number 4 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel (KMP) of the Company/their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

**Item No. 5**

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held on 30th May, 2015 had appointed M/s. J. Verma & Associates, (FRN: 100769) of Jalandhar as Cost Auditors of the Company to conduct Cost Audit for Financial Year ending 31st March, 2016.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 5 of the notice for ratification of payment of remuneration to the Cost Auditors for the Financial Year ending 31st March, 2016. The Board commends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by the shareholders.

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Information Pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/ re-appointment in the Annual General Meeting.

Name of the Director	Mrs. Malkeet Kaur	Mr. Mayank Malhotra
DIN	07140603	01395444
Date of Birth	05.09.1973	04.10.1986
Date of Appointment	28.03.2015	30.09.2014
Expertise in specific functional area	Rich experience of more than 15 years in Management.	Industrial and Business experience of more than 7 years.
No. of Shares in HFL	Nil	200000
Qualification	H. S. C.	Undergraduate
Directorships of other Companies as on 31st March, 2015	1. Shiva Textfabs Ltd 2. Yogindera Worsted Limited	1. Shiva Speciality yarns limited 2. Shiva Textfabs Limited 3. Hitech Dyeing And Finishing Mills Private Limited 4. Shiva Spin-n-Knit Limited 5. Shiva Texchem (Gujarat) Private Limited 6. K K Fibers Limited 7. Yogindera worsted Limited
Chairmanship / Membership of other Committees of Companies as on 31st March, 2015	Nil	2
Relationship with other Directors	Not related to any director	Son of Mr. Akhil Malhotra (Managing Director)

**BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS**

TO  
THE MEMBERS OF,  
HIMACHAL FIBRES LTD.

Your Directors have pleasure in presenting the 34th Annual Report together with the Audited Statement of Accounts of Himachal Fibres Limited for the year ended 31st March, 2015.

**1. FINANCIAL HIGHLIGHTS.**

The summary of the financial performance of the Company for the financial year ended March 31, 2015 compared to the previous year ended March 31, 2014 is given below:

Particulars	(in Lacs)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Net Sales/Income	8471.59	13071.53
Gross profit before interest and depreciation	671.52	699.33
Finance cost	458.94	433.52
Profit before depreciation and amortisation- (Cash Profit)	214.33	276.68
Depreciation and Amortisation	210.09	270.37
PBT before exceptional items	4.24	6.30
Exceptional items	0.00	0.00
Profit before Tax (PBT)	4.24	6.30
Provision for Tax- Current	0.81	1.21
Provision for Tax- Deferred	127.44	17.91
Profit after Tax	(124.01)	(12.81)
Earning per Share (EPS) (in Rs) (after exceptional item)		
	In Lacs	
- Basic	(0.14)	(0.15)
- Diluted	(0.14)	(0.15)

**2. OPERATIONAL REVIEW :**

The net sale for the year is Rs.8471.59 as compared to Rs. 13071.53 lacs of previous year. The Net Loss for the year ended 31.03.2015 is Rs. 124.01 Lacs as compare to Net Loss of Rs. 12.81 Lacs for the previous year.

**3. MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**3.1 Industry And Economic Scenario & Outlook**

Indian economic growth in 2014 rose to 5.2% from 4.7% last year as a result of the improving macro-economic situation. The wholesale and consumer price inflation has fallen to 4.2% and 7.4% from last year's 6.3% and 10.1% on the back of a strong base effect. However, the slow pace of reforms, lack of impetus for infrastructure projects, high interest rates and tightening of fiscal policies adversely impacted the capital goods sector. Industrial production / output was also sluggish. The low economic growth appears to have bottomed out and a gradual increase in economic activity is expected in 2015. With the coming of new Govt. in the Centre it is expected that the economy should grow in the coming years and the demand for and prices of textile products should improve which will enable the Company to regain steady or better performance.

**3.2 Opportunities And Threats**

**Opportunities:**

- a) Large , potential Domestic and International Market
- b) Product Development and Diversification to cater Global Needs
- c) Greater Investment and FDI opportunities are available.
- d) Industry has large and diversified segments that provide wide variety of products

**Threats:**

- a) Unfavourable Labour Laws
- b) High Indirect Taxes, Power and Interest Rates
- c) Unfavourable Government policies
- d) Lower Productivity in various segments.



- e) To balance between Demand and Supply

### 3.3 Risk And Concerns

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted a Business Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The key business risks identified by the Company and its mitigation plans are as under.

#### a) Risk related to Personnel

Our business is increasingly dependent on the skills and competencies of our employees and management team. The general war for talent in our growing economy has created a substantial risk related to the retention of key personnel both in manufacturing and managerial levels. This risk is mitigated through effective HR policies relating to recruitment and retention and a proactive remuneration and rewards policy that is periodically reviewed at the highest management level.

With excellent performance track as well as best HR practices we are able to attract and retain people for growth of our business.

#### b) Risk related to Safety

The company has taken adequate insurance covers to indemnify the risks associated with the safety of personnel, building, stock and other infrastructure of the Company. These include:

1. Fire Insurance Policies.
2. Marine/ Transit Insurance Policies.
3. Theft Insurance Policies.
4. Other Miscellaneous Policies.

The company has also taken steps to strengthen IT security system as well as physical security system at all our locations

#### c) Compliance Related Risks

The Company is committed to being a responsible corporate citizen and respects the laws and regulations of the country. All the compliances under various laws applicable to the Company, including under Companies Act 1956/2013, Factories Act, Income Tax Act 1961 etc., are followed in Letter & Spirit.

### 3.4 Internal Control Systems And Their Adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman and Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

### 3.5 Human Resources/ Human Resource Management.

The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. Talent Management is a key people planning tool that provides an integrated means of identifying, selecting, developing and retaining top talent within our organization. Your Company has kept a sharp focus on Employee Engagement.

## 4. TRANSFER TO RESERVE

Due to losses in the current year, the company has not transferred any amount in any reserve.

## 5. DIVIDEND

Due to losses in the current year the Board of Directors of your Company has not recommended any dividend for the financial year 2014 - 2015.

## 6. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

## 7. SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2015 was Rs. 2212.50 Lacs. During the year under review the company has not issued any shares or any convertible instruments. Face value of the Shares of the company was reduced by way of Sub-division of nominal value of each Equity Share of Rs. 10/- (Rupees Ten Only) each into 10 Equity Shares of Rs. 1/- (Rupees One only) each.

**7.1 BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

**7.2 SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

**7.3 BONUS SHARES**

No Bonus Shares were issued during the year under review.

**7.4 EMPLOYEES STOCK OPTION PLAN**

The Company has not provided any Stock Option Scheme to the employees.

**8. FINANCE****8.1 CASH AND CASH EQUIVALENT**

Cash and Cash equivalent as at 31<sup>st</sup> March, 2015 is Rs. 56.14 lacs. The Company continues to focus on judicious management of working capital. Working Capital parameters are kept under strict check through continuous monitoring.

**8.2 DEPOSITS/ FIXED DEPOSITS**

During the year, Company has not accepted deposit from the public falling within the ambit of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Further, the Company has not repaid any deposit to public and there is no deposits are pending as on 31<sup>st</sup> March, 2015.

**8.3 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Detail of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes of Financial Statements.

**9. BOARD**

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage.

**9.1 No. Of Meetings Of The Board**

During the year Eight (8) Board Meetings and Five (5) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**9.2 Policy on Director's Appointment and Remuneration.**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2015, the Board consists of 6 members, three of whom are executive or whole-time directors, and three are independent directors. The Board periodically evaluates the need for change in its composition and size.

The Company has adopted Nomination and Remuneration policy for directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under the Companies Act, 2013 and clause 49 of the Listing Agreement. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company. The Nomination and Remuneration policy is explained in Corporate Governance Report.

**9.3 Declaration By Independent Directors**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement

**9.4 Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**9.5 Training of Independent Directors.**

Every new independent director of the Board attends an orientation program. To familiarize the new inductees with the strategy, operations and functions of our Company, the executive directors / senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product, markets, organization structure, finance, human resources, technology, quality, facilities and risk management.

**9.6 Re-Appointments**

As required under clause 49 of the Listing Agreement, the details of Director appointed/reappointment are given in this annual Report and forms part of this report.

**9.7 Retirements and Resignations**

During the year under review Sh. D. S. Rana, Sh. Pawan Nagpal and Sh. Raj Mittal have resigned from the directorship of the company w.e.f. 14.02.2015, 12.11.2014 and 21.04.2014 respectively.

**10. COMMITTEES OF THE BOARD****a) Audit Committee**

The Audit Committee was reconstituted in accordance with the provisions of Companies Act, 2013 and clause 49 of listing agreement on 28.05.2014. Audit Committee includes Mr. Sushil Singla (Chairman), Mr. Rajan Dhawan, Mr. Akhil Malhotra. The term of reference and other details are given in Corporate Governance Report and forms part of this report.

**b) Nomination and Remuneration Committee**

The remuneration committee was renamed and reconstituted as Nomination and Remuneration Committee at a board meeting held on 28.05.2014. The terms of reference of the committee are disclosed in Corporate Governance Report and forms part of this report. Nomination & Remuneration Policy is annexed as **Annexure – F** to Board Report.

**c) Corporate Social Responsibility Committee**

The provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company So, the Company has not contributed towards it as Corporate Social Responsibility Committee is not applicable.

**d) Stakeholder Remuneration Committee**

The Stakeholders' Relationship Committee was constituted by the Board on 28 May, 2014 consequent to the dissolution of the Shareholders'/ Investors' Grievance Committee). This Committee includes Mr. Sushil Singla (Chairman), Mr. Rajan Dhawan, Mr. Akhil Malhotra. Term of reference and other details are given in Corporate Governance Report and forms part of this report.

**e) Risk Management Committee**

The Company has formed the Risk Management Committee with its members as Mr. Akhil Malhotra (Chairman), Mr. Mayank Malhotra, Mr. Sushil Kumar Singla and Mr. Rajan Dhawan and the committee will perform its activities according to the Risk Policy finalized by the Board indicating the development and implementation of Risk Management.

**f) Securities Transfer Committee**

The Securities Transfer Committee was constituted at a board meeting held on 28.05.2014. The committee detail is disclosed in Corporate Governance Report and forms part of this report.

**g) Banking And Finance Committee**

The Banking and Finance Committee was constituted at a board meeting held on 28.05.2014. The committee detail is disclosed in Corporate Governance Report and forms part of this report.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:—

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.- Not applicable to Private Limited Company.

Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **12. AUDITORS**

### **12.1 Statutory Auditors**

M/s Sumat Gupta & Co. ( FRN : 010288N) , Chartered Accountants, were appointed as Statutory Auditors for a period of three years in the Annual General Meeting held on 30.09.2014. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

### **12.2 Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Rajeev Bhambri & Associates (CP No.: 9491, FCS: 4327), Company Secretaries to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure - A'.

### **12.3 Internal Auditors**

Mr. Shekhar Bansal performs the duties of internal auditors of the company and their report is reviewed by the audit committee from time to time.

### **12.4 Cost Auditor**

The Cost Audit was not applicable on the Company during the Financial year 2014-15 as per Companies (Cost record & audit) Rules, 2014 dated 30.06.2014. Further as per amendment in the above said rules vide notification dated 31.12.2014, M/s J. Verma & Associates, cost Accountants, Jalandhar was appointed to conduct the Cost Audit of the Company for the Financial Year 2015-16.

## **13. LISTING OF SECURITIES**

The Securities of the Company are listed on Bombay Stock Exchange Limited. The Company has paid annual listing fee to exchanges for the year 2015-16.

## **14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **15. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as 'Annexure - B'

## **16. VIGIL MECHANISM / WHISTLE BLOWER POLICY.**

The Company has a vigil mechanism named Fraud Risk Management Policy (FRM) to deal with instance of fraud and mismanagement, if any. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

## **17. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company.

## **18. RELATED PARTY TRANSACTIONS/ PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES.**

All transactions entered into with Related Parties as defined under Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The report of the Board in respect of the particular of contracts or arrangements with related parties referred to sub section (1) of Section 188 in form AOC-2 is annexed to this report in annexure- C

## **19. CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on corporate governance practices followed by the Company, together with a certificate from Practicing Company Secretary confirming compliance forms an integral part of this Report.

## **20. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013**

The Company has in place a prevention of sexual Harassment policy in line with the requirements of the sexual Harassment of Women at the Workplace (prevention, prohibition and Redressal) Act, 2013. During the year 2014-15, no complaint were received by the Company related to sexual Harassment.

**21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as “Annexure- D”

**22. PARTICULARS OF EMPLOYEES**

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to the *Board's report* as per Annexure- E

Since there is no employee receiving remuneration of Rs. 60 lakh or more, or employed for part of the year and in receipt of Rs. 5 lakh or more a month, there is no information requires to be given under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014,

**23. APPRECIATION AND ACKNOWLEDGEMENTS**

The company has been very well supported from all quarters and therefore your directors wish to place on record their sincere appreciation for the support and co-operation received from Employees, Dealers, Suppliers, Central and State Governments, Bankers and others associated with the Company. Your Directors wish to thank the banks, financial institutions, shareholders and business associates for their continued support and cooperation. We look forward to receiving the continued patronage from all quarters to become a better and stronger company.

**24. CAUTIONARY STATEMENT**

The statements contained in the Board's Report and Management Discussion and Analysis contain certain statements relating to the future and therefore are forward looking within the meaning of applicable securities, laws and regulations.

Various factors such as economic conditions, changes in government regulations, tax regime, other statues, market forces and other associated and incidental factors may however lead to variation in actual results.

**FOR AND ON BEHALF OF BOARD**

**-sd/-  
Akhil Malhotra  
Managing Director**

## **Annexure- A**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

**The Members,  
Himachal Fibres Limited,  
Plot No. 40-43, Industrial Area,  
Barotiwala. (Himachal Pradesh)**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Himachal Fibres Limited (hereinafter called the **Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):—
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to all labour & industrial laws, The Competition Act, 2012, all environmental laws.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the audit period).
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

**Company is not regular in depositing the statutory payments as required under Employee State Insurance Act, 1948 and The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Income Tax Act, 1961, Himachal Pradesh Sales Tax Act, Wealth tax, Service tax.**

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously or by the majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Rajeev Bhambri & Associates**

-sd/-

**(Rajeev Bhambri)**

**Proprietor** Company Secretary in whole time practice

C.P. No. 9491

Place: Ludhiana

Dated: 11.08.2015

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

**Annexure- B**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31<sup>st</sup> March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	L17119HP1980PLC031020
	Foreign Company Registration Number/GLN	N.A.
	Registration Date [DDMMYY]	20/02/1980
ii)	<b>Category of the Company</b>	Public Company
iii)	<b>Sub Category of the Company</b>	Limited by shares
iv)	Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed	<b>Yes</b> Bombay Stock Exchange
	v)	AGM details-
	Whether extension of AGM was granted – Yes / No. ( If yes, provide reference number , date of approval letter and the period upto which extension granted)	NO
	If Annual General Meeting was not held, specify the reasons for not holding the same	NA
Vi)	NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
	Company Name	HIMACHAL FIBRES LIMITED
	Address	Plot No. 43-44, Industrial Area, Barotiwala, Himachal Pradesh – 174103
	Town / City	Barotiwala, Distt. Solan
	State	Himachal Pradesh
	Pin Code:	174103

Country Name :	India
Country Code	+91
Telephone (With STD Area Code Number)	0161-4684000
Fax Number :	0161-4684010
Email Address	<a href="mailto:hfl.corporate@gmail.com">hfl.corporate@gmail.com</a>
Website	<a href="http://www.himachalfibre.com/">http://www.himachalfibre.com/</a>
Name of the Police Station having jurisdiction where the registered office is situated	Barotiwal, Tehsil Nalagarh
Address for correspondence, if different from address of registered office:	Plot No. 43-44, Industrial Area, Barotiwala, Himachal Pradesh – 174103
Vii) Name and Address of Registrar & Transfer Agents (RTA):- Full address and contact details to be given.	
Registrar & Transfer Agents ( RTA ):-	Beetal Financial & Computer Services Pvt. Ltd
Address	Beetal House, 3rd Floor, 99, Madangir, New Delhi
Town / City	New Delhi
State	New Delhi
Pin Code:	110062
Telephone (With STD Area Code Number)	011 - 29961281 / 29961282
Fax Number :	011 – 29961284
Email Address	<a href="mailto:beetal@beetalfinancial.com">beetal@beetalfinancial.com</a>

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S.NO.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	TEXTILES	131-SPINING,WEAVING AND FINISHING OF TEXTILES	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled] - N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	200000	500000	700000	8.12	700000	0	700000	8.12	0.00
b) Central Govt	0	0	0	0					0.00
c) State Govt(s)	0	0	0	0					0.00
d) Bodies Corp.	4004150	0	4004150	46.42	4004150	0	4004150	46.42	0.00
e) Banks / FI	0	0	0	0					0.00
f) Any other	0	0	0	0					0.00
<b>Total shareholding of Promoter (A)</b>	<b>4204150</b>	<b>500000</b>	<b>4704150</b>	<b>54.54</b>	<b>4704150</b>	<b>0</b>	<b>4704150</b>	<b>54.54</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions	50	14050	14100	0.16	0	0	0	0	-0.16
a) Mutual Funds	0	0	0	0	4000	0	4000	0.00	-0.00
b) Banks / FI	0	0	0	0	500	140500	141000	0.16	0.16



Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Central Govt	0	0	0	0	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (B)(1):-</b>	<b>50</b>	<b>14050</b>	<b>14100</b>	<b>0.16</b>	<b>4500</b>	<b>140500</b>	<b>145000</b>	<b>0.17</b>	<b>0.01</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	1649550	1840375	3489925	40.46	15663302	18397000	34060302	39.49	-0.97
i) Indian	0	0	0	0	0	0	0	0	0.00
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals	0	0	0	0	0	0	0	0	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	31725	217475	249200	2.89	979054	2107250	3086304	3.58	0.69
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	74550	87375	161925	1.88	979054	2107250	3086304	3.58	0.24
c) Others (specify)									
Non Resident Indians	0	0	0	0.00	5000	0	5000	0.01	0.01
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0	0.00
Clearing Members	0	0	0	0.00	39949	0	39949	0.05	0.05
Trusts	400	400	0	0.00	0	0	0	0	-0.00
HUF	5300	5300	0	0.06	44500	0	44500	0.05	-0.01
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0	0.00
<b>Sub-total (B)(2):-</b>	<b>1761125</b>	<b>2145625</b>	<b>3906750</b>	<b>45.30</b>	<b>18091000</b>	<b>20972500</b>	<b>39063500</b>	<b>45.29</b>	<b>-0.01</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>1761175</b>	<b>2159675</b>	<b>3920850</b>	<b>45.46</b>	<b>18095500</b>	<b>21113000</b>	<b>39208500</b>	<b>45.46</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>5965325</b>	<b>2659675</b>	<b>8625000</b>	<b>100</b>	<b>65137000</b>	<b>21113000</b>	<b>86250000</b>	<b>100</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rajinder Kumar	190000	2.20	-	1900000	2.20	-	-
2	Mayank Malhotra	200000	2.32	-	2000000	2.32	-	-
3	Akhil Malhotra	310000	3.59	-	3100000	3.59	-	-
4	Balmukhi Textiles Pvt. Ltd.	1318050	15.28	-	13180500	15.28	-	-
5	Brijeshwari Textiles Pvt.Ltd.	1318050	15.28	-	13180500	15.28	-	-
6	Shiva Spinfab Pvt Ltd	1368050	15.86	-	13680500	15.86	-	-
	<b>TOTAL</b>	<b>4704150</b>	<b>54.54</b>		<b>47041500</b>	<b>54.54</b>		

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

There is No Change in Promoters' Shareholding during the year 2014-15.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. NO.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative during the Year	Shareholding
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	HIMACHAL STEEL UDYOG LTD					
	At the beginning of the year		1025175	11.89	1025175	11.89
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
13-Feb-15	Increase	Share Split	9226575		10251750	11.89
	At the end of the year		10251750	11.89	10251750	11.89
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative during the Year	Shareholding
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	SHIV NARAYAN INVESTMENTS PVT LTD					
	At the beginning of the year		999975	11.59	999975	11.59
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
14-Nov-14	Decrease	Transfer	100000		899975	10.43
13-Feb-15	Increase	Share Split	8099775		8999750	10.43
	At the end of the year		8999750	10.43	8999750	10.43
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative during the Year	Shareholding
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	GARG FINCAP LIMITED					
	At the beginning of the year		671500	7.79	671500	7.79
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
13-Feb-15	Increase	Share Split	6043500		6715000	7.79
	At the end of the year		6715000	7.79	6715000	7.79
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative during the Year	Shareholding
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	GARG CORPORATION LIMITED					
	At the beginning of the year		601000	6.97	601000	6.97
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
13-Feb-15	Increase	Share Split	5409000		6010000	6.97
	At the end of the year		6010000	6.97	6010000	6.97
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative during the Year	Shareholding
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	SALASAR INDUSTRIAL INVESTMENT P.LTD.					
	At the beginning of the year		69800	0.81	69800	0.81
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
13-Feb-15	Increase	Share Split	628200		698000	0.81
	At the end of the year		698000	0.81	698000	0.81
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative during the Year	Shareholding
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	SOLI ARDESHIR KARANJIA					
	At the beginning of the year		50500	0.59	50500	0.59
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				

13-Feb-15	Increase	Share Split	454500		505000	0.59
	At the end of the year		505000	0.59	505000	0.59
<b>S. NO.</b>	<b>For Each of the Top 10 Shareholders</b>		<b>Shareholding during the year</b>		<b>Cumulative during the Year</b>	<b>Shareholding</b>
<b>7</b>	<b>RAM KUMAR RATHI</b>		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year		31275	0.36	31275	0.36
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
13-Feb-15	Increase	Share Split	281475		312750	0.36
	At the end of the year		312750	0.36	312750	0.36
<b>S. NO.</b>	<b>For Each of the Top 10 Shareholders</b>		<b>Shareholding during the year</b>		<b>Cumulative during the Year</b>	<b>Shareholding</b>
<b>8</b>	<b>VIJAYALAXMI JETHMAL JAIN</b>		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year		2693	0.03	2693	0.03
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
21-Nov-14	Increase	Transfer	275		2968	0.00
28-Nov-14	Increase	Transfer	37300		40268	0.05
05-Dec-14	Decrease	Transfer	-2379		37889	0.04
12-Dec-14	Increase	Transfer	770		38659	0.04
19-Dec-14	Decrease	Transfer	-10193		28466	0.03
31-Dec-14	Increase	Transfer	733		29199	0.03
02-Jan-15	Decrease	Transfer	-3901		25298	0.03
09-Jan-15	Increase	Transfer	521		25819	0.03
16-Jan-15	Decrease	Transfer	-3687		22132	0.03
23-Jan-15	Increase	Transfer	193		22325	0.03
30-Jan-15	Increase	Transfer	1327		23652	0.03
06-Feb-15	Decrease	Transfer	-1710		21942	0.03
13-Feb-15	Increase	share Split	188100		210042	0.24
20-Feb-15	Increase	Transfer	3567		213609	0.25
27-Feb-15	Decrease	Transfer	-15444		198165	0.23
06-Mar-15	Increase	Transfer	29399		227564	0.26
13-Mar-15	Increase	Transfer	30431		257995	0.30
20-Mar-15	Increase	Transfer	3285		261280	0.30
31-Mar-15	Increase	Transfer	25276		286556	0.33
	At the end of the year		286556	0.33	286556	0.33
<b>S. NO.</b>	<b>For Each of the Top 10 Shareholders</b>		<b>Shareholding during the year</b>		<b>Cumulative during the Year</b>	<b>Shareholding</b>
<b>9</b>	<b>C D S L</b>		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year		4004675	46.43	4004675	46.43
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
16-May-14	Increase	Transfer	216450		4221125	4.89
01-Aug-14	Decrease	Transfer	-216450		4004675	4.64
30-Sep-14	Increase	Transfer	226503		4231178	4.91
17-Oct-14	Decrease	Transfer	-226478		4004700	4.64
07-Nov-14	Increase	Transfer	100		4004800	4.64
14-Nov-14	Increase	Transfer	50		4004850	4.64
21-Nov-14	Increase	Transfer	303686		4308536	5.00
12-Dec-14	Decrease	Transfer	-303586		4004950	4.64
31-Dec-14	Increase	Transfer	306891		4311841	5.00
23-Jan-15	Decrease	Transfer	-304666		4007175	4.65
30-Jan-15	Increase	Transfer	40550		4047725	4.69

13-Feb-15	Increase	Share Split	39524298		43572023	50.52
31-Mar-15	Increase	Transfer	4904039		48476062	56.20
	At the end of the year		48476062	56.20	48476062	56.20
<b>S. NO.</b>	<b>For Each of the Top 10 Shareholders</b>		<b>Shareholding during the year</b>		<b>Cumulative Shareholding during the Year</b>	
<b>10</b>	<b>NSD L</b>		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year		1960650	22.73	1960650	22.73
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
11-Apr-14	Increase	Transfer	675		1961325	2.27
09-May-14	Increase	Transfer	100		1961425	2.27
16-May-14	Decrease	Transfer	-216400		1745025	2.02
01-Aug-14	Increase	Transfer	216850		1961875	2.27
15-Aug-14	Increase	Transfer	25		1961900	2.27
30-Sep-14	Decrease	Transfer	-226428		1735472	2.01
17-Oct-14	Increase	Transfer	226478		1961950	2.27
24-Oct-14	Increase	Transfer	50		1962000	2.27
14-Nov-14	Increase	Transfer	50		1962050	2.27
21-Nov-14	Decrease	Transfer	-303586		1658464	1.92
12-Dec-14	Increase	Transfer	306686		1965150	2.28
19-Dec-14	Increase	Transfer	25		1965175	2.28
31-Dec-14	Decrease	Transfer	-304666		1660509	1.93
23-Jan-15	Increase	Transfer	304716		1965225	2.28
06-Feb-15	Increase	Transfer	750		1965975	2.28
13-Feb-15	Increase	Share Split	14599002		16564977	19.21
31-Mar-15	Increase	Transfer	95961		16660938	19.32
	At the end of the year		16660938	19.32	16660938	19.32

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel			Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>AKHIL MALHOTRA ( Managing Director, KMP)</b>						
	At the beginning of the year			310000	3.59	310000	3.59
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	13-02-2015	Increase	Share split	2790000		3100000	3.59
	At the end of the year			3100000	3.59	3100000	3.59
<b>2</b>	<b>MAYANK MALHOTRA ( Director)</b>						
	At the beginning of the year			200000	2.32	200000	2.32
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	13-02-2015	Increase	Share split	1800000	2.32	2000000	2.32
	At the end of the year			2000000	2.32	2000000	2.32
<b>3</b>	<b>GIAN CHAND THAKUR (Director)</b>						
	At the beginning of the year			0	0	0	0

	Date	Increase/ Decrease	Reason		
	At the end of the year	0	0	0	0
<b>4</b>	<b>SUSHIL KUMAR SINGLA ( Director)</b>				
	At the beginning of the year	0	0	0	0
	Date	Increase/ Decrease	Reason		
	At the end of the year	0	0	0	0
<b>5</b>	<b>RAJAN DHAWAN ( Director)</b>				
	At the beginning of the year	0	0	0	0
	Date	Increase/ Decrease	Reason		
	At the end of the year	0	0	0	0
<b>6</b>	<b>MALKEET KAUR ( Director)</b>				
	At the beginning of the year	0	0	0	0
	Date	Increase/ Decrease	Reason		
	At the end of the year	0	0	0	0
<b>7</b>	<b>AMIT SHARMA (KMP) (Company secretary)</b>				
	At the beginning of the year	0	0	0	0
	Date	Increase/ Decrease	Reason		
	At the end of the year	0	0	0	0
<b>8</b>	<b>ASHWANI KUMAR (KMP) (CFO)</b>				
	At the beginning of the year	0	0	0	0
	Date	Increase/ Decrease	Reason		
	At the end of the year	0	0	0	0

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
i) Principal Amount	27874000.00	110000000.00	-	137874000.00
ii) Interest due But not paid	414292.00	0.00	-	414292.00
iii) Interest Accrued but not due	0.00	0.00	-	0.00
Total(i+ii+iii)	28288292.00	110000000.00	-	138288292.00
change in indebtedness during the financial year				
*Addition	70065973.00	52500000.00	-	122565973.00
*Reduction	28288292.00	110000000.00	-	138288292.00
Net Change	41777681.00	-57500000.00	-	-15722319.00
Indebtedness at the end of the financial year				
i) Principal Amount	70000000.00	52500000.00	-	122500000.00

ii) Interest due But not paid	65973.00	0.00	-	65973.00
iii) Interest Accrued but not due	0.00	0.00	-	0.00
Total(i+ii+iii)	70065973.00	52500000.00	-	122565973.00

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

*A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		MD	WTD	WTD	
		<b>AKHIL MALHOTRA</b>	<b>GIAN CHAND THAKUR</b>	<b>PAWAN NAGPAL</b>	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	278000	350000	<b>628000</b>
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961	-	-	--	-
	(c) Pro fits in lieu of salary under section 17(3) Income- tax Act, 1961	-	--	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	-	<b>278000</b>	<b>350000</b>	<b>628000</b>
	Ceiling as per the Act	4200000	4200000	4200000	

*B. Remuneration to other directors:*

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		SUSHIL KUAMR SINGLA	DALJEET SINGH RANA	RAJAN DHAWAN	
1	Independent Directors				
	Fee for attending board & committee meetings	20000	-	20000	<b>40000</b>
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>20000</b>	<b>-</b>	<b>20000</b>	<b>40000</b>
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board & committee meetings	-	7000	-	<b>7000</b>
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>7000</b>	<b>-</b>	<b>7000</b>
	Total (B)=(1+2)	<b>20000</b>	<b>7000</b>	<b>20000</b>	<b>47000</b>
	<b>Total Managerial Remuneration (A)+(B)</b>	<b>20000</b>	<b>285000</b>	<b>370000</b>	<b>675000</b>
	Overall Ceiling as per the Act	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	59355	480000	539355
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income -tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>59355</b>	<b>480000</b>	<b>539355</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding					

**Annexure- C**

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended on 31<sup>st</sup> March, 2015, which were not at Arm's Length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

	Name(s) of the related party and nature of relationship	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Amount ( in Rs. Lacs)
	<b>PURCHASES OF GOODS</b>					
(a)	SHIVA TEXTFABS LIMITED	2014-15	N.A.	05.09.2014	-	1501.65
(b)	SHIVA SPECIALITY YARNS LIMITED	2014-15	N.A.	05.09.2014	-	63.14
(c)	YOGINDERA WORSTED LIMITED	2014-15	N.A.	05.09.2014	-	497.93
(d)	INDIAN YARN LIMITED	2014-15	N.A.	05.09.2014	-	652.87
	<b>SALE OF GOODS</b>					
(a)	SHIVA TEXTFABS LIMITED	2014-15	N.A.	05.09.2014	-	2778.62
(b)	SHIVA SPECIALITY YARNS LIMITED	2014-15	N.A.	05.09.2014	-	155.15
(c)	YOGINDERA WORSTED LIMITED	2014-15	N.A.	05.09.2014	-	1057.54
(d)	SHIVA SPIN-N-KNIT LIMITED	2014-15	N.A.	05.09.2014	-	5.91
(e)	K.K. FIBRES LIMITED	2014-15	N.A.	05.09.2014	-	371.98
(f)	INDIAN YARN LIMITED	2014-15	N.A.	05.09.2014	-	135.45

**Annexure- D**

**(A) Conservation of Energy –**

- i. **The steps taken or impact on conservation of Energy** – Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and distribution system and through improved operational techniques
- ii. **The steps taken by the company for utilizing alternate sources of energy** : NIL
- iii. **The capital investment on energy conservation equipments** – Due to Industry scenario and losses in previous years company was not able to spend any money on equipments for energy conservation.

**(B) Technology absorption –**

- i. **The efforts made towards technology absorption;**  
The Company is continuously endeavoring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies and productivity.
- ii. **The benefit derived like product improvement, cost reduction, product development or import substitution:** NONE
- iii. **In case of imported technology ( imported during the last three years reckoned from the beginning of the financial year)**  
: NONE



- a. The details of technology imported;
  - b. The year of import;
  - c. Whether the technology been fully absorbed;
  - d. If not fully absorbed, areas where absorption has not taken place, and the reasons the reasons thereof; and
- iv. **The expenditure incurred on Research and Development:** No specific expenditure exclusively on R&D has been incurred. The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

**(A) FOREIGN EXCHANGE EARNING AND OUTGO**

	2014-15 (12 Months) (Rs./Lacs)	2013-14 (12 Months) (Rs./Lacs)
a) Earning (Export Sales- FOB Value)	NIL	NIL
b) Outgo:		
i) Imports-Raw Material & Spares	NIL	NIL
Capital Goods	NIL	NIL
ii) Expenditure	NIL	NIL
c) Net Foreign Exchange Earnings	NIL	NIL

**Annexure – E**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. The percentage Increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S.NO.	NAME OF DIRECTOR/KMP & DESIGNATION	REMUNERATION FOR DIRECTORS/KMP FOR THE F.Y. 2014 -15	% INCREASE IN REMUNERATION IN THE F.Y. 2014-15	COMPARISON OF REMUNERATION OF EACH DIRECTOR TO MEDIAN REMUNERATION OF EMPLOYEES	COMPARISON OF REMUNERATION OF KMP AGAINST THE PERFORMANCE OF THE COMPANY
1	GIAN CHAND THAKUR (WHOLE TIME DIRECTOR)	278000*	\$	\$\$	Profit after Tax before provision for differed Tax decreased by 32.61%.
2	PAWAN NAGPAL (WHOLE TIME DIRECTOR)	350000**	\$	\$\$	
3	AMIT SHARMA (COMPANY SECRETARY)	59355~	\$	\$\$	
4	ASHWANI KUMAR (CFO)	480000#	\$	\$\$	

\* Has been appointed as a director w.e.f. 12.11.2014 and thus percentage of increase will not be applicable.

\*\* Resigned on 12.11.2014 and thus percentage of increase will not be applicable.

~ Has been appointed as a Company Secretary w.e.f. 11.01.2015 and thus percentage of increase will not be applicable.

# Has been appointed as a CFO w.e.f. 01.09.2014 and thus percentage of increase will not be applicable.

\$ Details not given as KMP were employed for Part of the year.

\$\$ Details not given as KMP were employed for part of the year.

- 2. The median remuneration of employees of the Company during the financial year was 2.17 lacs.
- 3. In the financial year, there was a decrease of 9.48% in the median remuneration of employees.

4. There were 367 permanent employees on the rolls of Company as on March 31, 2015.
5. **Relationship between average increase in remuneration and company performance:** Profit after Tax before provision for deferred Tax decreased by 32.61% whereas the decrease in median remuneration was 8.02%.
6. **Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:** The data for the comparison was not available as the KMP's were not employed during the financial year 2013-2014. During the year under review the KMP's were employed for only part of the year.
7.
  - a) Variations in the market capitalization of the Company: The market capitalization as on March 31, 2015 was 11195.25 lacs (1323.94 lacs as on February 20, 2013 as shares were not traded from this date till August 21, 2014).
  - b) Price Earnings ratio of the Company was -92.71 as at March 31, 2015 and was 69.77 as at February 20, 2013 as shares were not traded from this date till August 21, 2014.
8. **Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2014 -15** – The data for the comparison was not available as the KMP's were not employed during the financial year 2013-2014. During the year under review the KMP's were employed for only part of the year.
9. The key parameters for the variable component, if any, of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
10. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year - **Not Applicable.**
11. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE WAS NOT LESS THAN RS. 60,00,000/- PER ANNUM.**

There was not any employee who received remuneration more than Rs. 60 Lacs per annum in the Financial Year 2014-15.

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#### Annexure – F

##### **Nomination & Remuneration Committee Policy**

Himachal Fibres Limited, as required under the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement entered with Stock Exchanges, constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the Committee) to oversee, inter-alia, matters relating to

- a) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- b) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- c) recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- d) carry out evaluation of every director's performance including that of Independent Directors and
- e) devise a policy on Board Diversity

Now this document sets out the framework and guidelines that the said Committee is expected to observe in discharging its functions effectively as contemplated under aforesaid provisions i.e. to oversee process of identifying persons qualified to become directors of the Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.

This document also contains the remuneration policy relating to the remuneration of the Directors, Key Managerial and Senior Managerial Personnel as well as policy on Board Diversity as recommended by the Committee and approved by the Board.

It is to be noted that framework and guidelines set out hereunder is subject to such periodical reviews and the Committee in consultation with Board of Directors and top management of the Company, may make such alterations as may be required from time to time to meet the exigencies arising out of statutory modifications or otherwise.

Definitions: Words used hereunder will have the same meaning as defined and ascribed in the Companies Act, 2013 (herein after referred to as the Act) and clause 49 of the listing agreement entered with stock exchanges (Clause 49).

#### **Matters pertaining to Nomination of Directors, KMPs, Senior Management and other employees:**

**Nomination Criteria for Directors:** In identifying and recommending the candidature for appointment as Director, the Committee will consider the following criteria:

- i. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, ability to bring exercise of independent judgment and judicious thinking, qualification, expertise as strategist, eminence in his field of expertise.

- ii. Possessing appropriate skills, experience and knowledge in one or more fields of Business including International Business, Strategy and Expansion, Engineering, Medicine, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to preferably the company's business.
- iii. Non-disqualified under the applicable provisions of Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force, as the case may be;
- iv. Ensure that the Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years without the approval of shareholders by passing a special resolution with proper justification.
- v. Ensure that the proposed Director consents to act as Director and can devote his time and energies towards the overall development and betterment of the Company's business.
- vi. Ensure that the proposed Director discloses his interest and Company's shareholding, if any and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
- vii. Ensure that the candidature of the Director will be in line with and promote the objectives enshrined in Company's policy on Board Diversity.

**Nomination Criteria for KMPs / Senior Management personnel:**

The committee will consider:

- i. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, qualification, expertise and experience.
- ii. Possessing adequate qualification, expertise and experience as prescribed by the Company for the position he / she is considered for appointment. The Committee for this purpose, if required, will avail the assistance of other top executives of the Company but however, has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. Ensure that the person discloses his interest and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.

**Additional Criteria for Appointment of Independent Directors:**

The Committee will consider whether the Director meets the criteria of Independence as well as other attributes as mentioned under the provisions of Section 149 of the Companies Act, 2013 read with applicable rules and Schedule IV thereunder and clause 49 of the Listing Agreement, including any amendments made thereof from time to time.

**Additional Responsibility of the Board:**

It is further to be noticed that it is the responsibility of the Board to obtain other relevant and applicable approvals and procedures as laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force and applicable as the case may be

**Term / Tenure, Continuity and Renewal:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The terms of KMPs and other Senior Management employees shall be governed under their respective terms of appointment.

As regards the continuity or renewal of appointment of Directors; their resignation and removal, the Committee will make its recommendations to the Board, based on the periodical evaluation process to be done under this document from time to time as well as subject to observation of provisions as contemplated under the Companies Act, 2013 and other applicable laws including listing agreement relating to disqualifications, resignation, removal and retirement.

Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company respectively. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**Matters pertaining to Remuneration:**

This document also sets out the following remuneration policy applicable to the remuneration payable to Directors, key managerial and other Senior Managerial personnel and other employees of the Company.

**General:**

- 1) The Company's remuneration policy, in general, is driven by the success and performance of the individual employee as well as his expertise in critical areas of operations of the Company.
- 2) The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval and while recommending such remuneration, the Committee will consider, inter-alia, whether
  - a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person of the quality required to run the company successfully;
  - b) The remuneration is comparable and in proportion to the accepted industry standards;
  - c) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- d) To the extent possible, such remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- 3) The remuneration / compensation / commission etc. so recommended shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- 4) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Executive Directors.
- 5) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- 6) Loans, advances and other similar kind of benefits to KMPs, Senior Management Personnel are governed under Company's relevant policies as applicable to all the employees of the Company read with relevant provisions of all applicable laws in that connection.

**Remuneration to Executive Directors, KMPs and Senior Management Personnel:****a) Fixed pay:**

The Executive Director/ KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board/the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Besides, Managing Director is eligible for commission such that the total remuneration payable shall not exceed 5% of the net profits for each financial year as determined under the provisions of the Companies Act, 2013.

Remuneration payable to Senior Management Personnel is governed by their respective terms of appointment.

**b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**c) Provisions for excess remuneration:**

If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**Remuneration to Non-Executive / Independent Directors:****a) Sitting Fee:**

The Non- Executive / Independent Director may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed such amount per meeting as may be prescribed by the Central Government from time to time and approved by the Board.

**Matters pertaining to Evaluation:**

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its internal execution.

As regards the evaluation process; the scheme of the Companies Act, 2013 read with clause 49 of the listing agreement contemplates that:

- a) As required under Section 134(3)(p) of the Companies Act, the manner of formal evaluation made by Board of Directors of its own performance, that of its committees and individual Directors shall be disclosed in Board's Report;
- b) As required under Section 178(2), the Nomination and Remuneration Committee shall carry out evaluation of every Director's performance;
- c) As required under Clause VII of Schedule IV to the Companies Act, 2013; in the separate meeting held by the Independent Directors;
  - i. Performance of the non-independent directors and the Board as a whole shall be reviewed and
  - ii. Performance of the Chairperson of the Company (after taking into account views of Executive and Non-Executive directors) shall be reviewed.
- d) Clause 49 (II) (5) (a) stipulates that the Nomination & Remuneration Committee shall lay down the evaluation criteria for performance evaluation of independent directors and
- e) Clause 49 (II)(5)(c) stipulates that the performance of Independent Directors shall be done by the entire Board.

evaluations including the Duties, Responsibilities and key functions of Board as contemplated under the Act and clause 49 of the listing agreement. In all these cases, be it by Board or by Independent Directors, the evaluation of each Director would be done based on parameters like

- a. well informed and understand the Company, its business and the external environment in which it operates;
- b. prepare well and participate actively in the Board and its committee meetings;
- c. Effectively probe to Test the assumptions; rendering independent and unbiased opinion
- d. Resolute in holding to their views and resisting pressure from others;
- e. Follow-up on matters about which they have expressed concern;
- f. strive to attend all meetings of the Board of Directors, Committees and General meetings;
- g. Contributions in development of a Strategy, Business plan or risk management;
- h. Maintenance of good interpersonal and cordial relationship with other Board members, KMPs and Senior Management personnel;
- i. Diplomatic and convincing way of presenting their views and listening to views of others
- j. up-to-date with the latest developments in areas such as the corporate governance framework, financial reporting and in the industry and market conditions etc.,
- k. adhering to ethical standards, code of conduct of the Company and insider trading guidelines etc.,
- l. making timely disclosures of their interest and disclosure of non-independence, when it exists
- m. His/her contribution to enhance overall brand image of the Company.

The Committee also follows the same in evaluating each Director of the Company. Further, the Executive Directors will be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time and Independent Directors would be evaluated based on professional conduct, Roles, functions and duties as contemplated under Schedule IV of the Act, apart from their evaluation as Directors based on aforesaid criteria. The committee submits its evaluation report to the Board for its consideration.

As stated above, it is to be noted here that the Directors collectively as a Board or individually as Independent Directors, Non-Independent Director etc., will be evaluated by the Board, Independent Directors etc., based on the criteria adopted for that purpose and in the eventuality of existence of discrepancies, if any between the evaluation made by the Committee and the Board or Independent Directors, the Board of Directors will have the discretion to decide and act on the same.

**CORPORATE GOVERNANCE REPORT**

The Company believes that Corporate Governance is a set of processes, customs, policies, rules, regulation and laws for ensuring transparency, professionalism and accountability in its dealings with its customers, principal, employees, shareholders and with every individual who comes in contact with the Company. The Company’s philosophy on Corporate Governance is bounded upon a rich legacy of fair ethical governance practices which has been in practice since the beginning. In fact the company has long been a staunch supporter of this code even before it became mandatory. Integrity, transparency, accountability and compliance with laws which are columns of good governance have always been the hallmark of company. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement entered into with the Stock Exchanges and in this regard, submits a report on the matters mentioned in the said clause and also the practices followed by the Company as stated below:

**BOARD COMPOSITION**

**Size and Composition of Board of Directors**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2015, the Board consists of 6 members, three of whom are executive or whole-time directors, and three are independent directors. The Board periodically evaluates the need for change in its composition and size.

Details of composition of the board, Category of Directors, shareholding details, number of board meeting attended, attendance at last AGM, Total Number of directorship held, Chairpersonship & Membership of the committees are as given below. Directorship for this purpose also includes alternate directorship but does not include directorship in foreign company. Chairmanship / Membership of Board Committees include only Audit committee and Stakeholders Relationship Committee.

Name of the Director	Category	Attendance Particulars		No. of Directorship and other committee			No. of shares held in the Company as on 31.03.2015
		Board Meeting	Last AGM	Directorship	Committee Membership	Committee Chairmanship	
Sh. Akhil Malhotra	Executive Director	8	Yes	10	6	Nil	31,00,000
Sh. Mayank Malhotra	Executive Director	8	Yes	9	Nil	Nil	20,00,000
Sh. Gian Chand Thakur	Whole Time Director	4	No	Nil	Nil	Nil	Nil
Sh. Sushil Kumar Singla	Independent Director	8	Yes	4	6	2	Nil
Sh. Rajan Dhawan	Independent Director	8	Yes	5	2	Nil	Nil
Smt. Malkeet kaur	Additional Director	1	No	2	Nil	Nil	Nil
Sh. D. S. Rana	Non Executive (Professional)	6*	Yes		NA	NA	NA
Sh. Pawan Nagpal	Whole Time Director	3^	Yes	NA	NA	NA	NA
Sh. Raj Mittal	Independent Director	0~	No	NA	NA	NA	NA

\* Sh. D. S. Rana resigned from the directorship of the company w.e.f. 14/02/2015.

^ Sh. Pawan Nagpal resigned from the directorship of the company w.e.f. 12/11/2014.

~ Sh. Raj Mittal resigned from the directorship of the company w.e.f. 21/04/2014.

None of the present directors are relative of each other except Sh. Mayank Malhotra being son of Sh. Akhil Malhotra.

Eight Board Meetings were held during the year on 28th May, 2014, 13th August, 2014, 5th September, 2014, 12th November, 2014, 18th December, 2014, 24th January, 2015, 14th February, 2015 and 28th March, 2015. There was not a gap of more than 120 days between two consecutive meetings. All the information as required under Clause 49 of the Listing Agreements has been placed before the Board.

The company issued formal letters of appointment to independent directors in the manner as provided in the Companies Act, 2013. The terms and conditions of appointment are disclosed on the website of the company. The company has formulated a policy to familiarise the independent directors which is disclosed in the website of the company.

**Change in directors**

During the year under review Sh. D. S. Rana, Sh. Pawan Nagpal and Sh. Raj Mittal have resigned from the directorship of the company w.e.f. 14/02/2015, 12/11/2014 and 21/04/2014 respectively. Sh Gian Chand Thakur was appointed as Whole Time Director of the company w.e.f. 12/11/2014 and Mrs. Malkeet Kaur was appointed as an additional director being woman director on the Board of the company w.e.f. 28/03/2015.

**Information to Directors:**

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Additional agenda items in the form of “Other Business” are included with the permission of the Chairman. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board Meeting to take note of the same.

Apart from the Board members, the Company Secretary and the CFO are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes

presentation on the quarterly and annual operating & financial performance and on annual operating. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

**Post Meeting Action:**

Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Company Secretary for the action taken / pending to be taken.

**Support and Role of Company Secretary:**

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

**Training/Familiarization of Board of Directors**

Your Company follows a structured orientation and familiarization programme through various reports/codes/internal policies for all the Directors with a view to update them on the Company’s policies and procedures on a regular basis. Periodic presentations are made at the Board Meetings on business and performance, long term strategy, initiatives and risks involved. The details of familiarization programme have been posted in the website of the Company under the web link [www.himachalfibre.com](http://www.himachalfibre.com).

**Remuneration Paid to Directors**

Looking the scenario of the textile Industry and financial position of the company none of the Executive Directors have taken any remuneration except Sh. Gian Chand Thakur (Whole Time Director) to whom a consolidated remuneration of Rs. 60,000/- per month has been paid w.e.f. 12/11/2014. Sh. Pawan Nagpal also received consolidated remuneration of Rs. 50,000/- per month from April 2014 to September 2014.

Non Executive Directors are not paid any remuneration except sitting fee for attending Board Meeting and Committee Meetings. The Details of sitting fee paid during the year is as follows:

Name of Director	Sitting fee paid (in Rs)
Shri Sushil Singla	20000
Shri D. S. Rana	7000
Shri Rajan Dhawan	20000

**Separate Meeting of Independent Directors:**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors of the Company was held on 31 March, 2015 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

**Code of Conduct for Board members and Senior Management**

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. All the Board members and Senior Management personnel have affirmed compliance with the code of conduct. The Code of Conduct is available on the website of the company.

**BOARD COMMITTEES**

**AUDIT COMMITTEE**

The audit committee was reconstituted in accordance with the provisions of Companies Act, 2013 and clause 49 of listing agreement on 28.05.2014. Composition of Audit Committee and attendance of each Director during the meetings held in financial year 2014-15 are given below:

Name	Status	Category	No of Meetings Attended during the year 2014-15
Sh. Sushil Kumar Singla	Chairman	Non Executive & Independent Director	5
Sh. Rajan Dhawan	Member	Non Executive & Independent Director	5
Sh. Akhil Malhotra	Member	Managing Director	5

Five Audit Committee meetings were held during the year on 28th May, 2014, 14th August, 2014, 05th September, 2014, 14th November, 2014, 14th February, 2015. The company secretary acts as the secretary to the committee. The terms of reference of the committee is as per Companies Act, 2013 and clause 49 of listing agreement

**NOMINATION AND REMUNERATION COMMITTEE**

The remuneration committee was renamed and reconstituted as Nomination and Remuneration Committee at a board meeting held on 28.05.2014. The terms of reference of the committee inter alia includes:

1. Formulation of the criteria for determining candidature of director and evaluation of Independent Directors and the Board
2. formulate policy relating to the remuneration of the directors, key managerial personnel and other employees and policy on Board

diversity;

The remuneration policy as adopted by the company envisages payment of remuneration according to qualification, experience and performance at different levels of the organization. However, the Company has been paying the remuneration during the year as per performance of the Company.

The committee meeting was held on 24.01.2015 under the chairmanship of Sh. Sushil Kumar Singla. Sh. Rajan Dhawan who was inducted committee member during the year. The committee also approved the Nomination and Remuneration Policy and Criteria of Annual Evaluation of the Board of Directors. The details of the composition of the Remuneration Committee are as under:

Name	Status	Category	No of Meetings Attended during the year 2014-15	
			Held	Attended
Sh. Sushil Kumar Singla	Chairman	Non Executive & Independent Director	1	1
Sh. Rajan Dhawan	Member	Non Executive & Independent Director	1	1
Sh. Akhil Malhotra	Member	Managing Director	1	1

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders’ Relationship Committee was constituted by the Board on 28 May, 2014 consequent to the dissolution of the Shareholders’/ Investors’ Grievance Committee). The Stakeholders’ Relationship Committee’ Committee is primarily responsible to review and redressal of shareholders’ / investors’ / security holders’ complaints. The Committee also monitors the implementation and compliance with the Company’s Code of Conduct for prohibition of Insider Trading.

The Stakeholders’ Relationship Committee’s composition and the terms of reference meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

The Stakeholders Relationship Committee comprises of three members, viz.; Sh. Sushil Kumar Singla, Sh. Akhil Malhotra and Sh. Rajan Dhawan. Sh. Sushil Kumar Singla is the Chairperson of this Committee. The Stakeholders Relationship Committee once during the year 2014-15 on 24 January 2015.

The details of composition & Meeting Details of the Committee are as under:

Name	Status	Category	No of Meetings Attended during the year 2014-15	
			Held	Attended
Shri Sushil Kumar Singla	Chairman	Non-Executive & Independent Director	1	1
Shri Akhil Malhotra	Member	Managing Director	1	1
Sh. Rajan Dhawan	Member	Non-Executive & Independent Director	1	1

No complaints were received from the shareholders during the year 2014-15 and no investor complaint was pending with the Company as well as Registrar and Share Transfer Agent of the Company as on 31 March 2015. Sh. Amit Sharma, the Company Secretary is the Compliance Officer of the Company and be contacted at Ph: 0161-4684000 and Fax: 0161-4684010 and Email: [hfl.corporate@gmail.com](mailto:hfl.corporate@gmail.com).

**Other Committee Details:**

In order to smoothen the operation of the company, the power of Board has been delegated by forming committees with specific purposes. The details related to composition and number of meeting held during the year is as under:

COMMITTEE NAME	MEMBERS	NO OF MEETINGS
<b>SECURITIES TRANSFER COMMITTEE</b>	Sh. Akhil Malhotra(Chairman) Sh. Mayank Malhotra Sh. Ashwani Kumar Sh. Amit Sharma	<b>2</b>
<b>RISK MANAGEMENT COMMITTEE</b>	Sh. Akhil Malhotra(Chairman) Sh. Mayank Malhotra Sh. Sushil Kumar Singla Sh. Rajan Dhawan	<b>1</b>
<b>BANKING &amp; FINANCE COMMITTEE</b>	Sh. Akhil Malhotra(Chairman) Sh. Mayank Malhotra Sh. Sushil Kumar Singla Sh. Ashwani Kumar	<b>1</b>

**RISK MANAGEMENT COMMITTEE**

The Board of Directors of the Company at its meeting held on 28.05.2014 constituted a Risk Management Committee of the Board comprising of two Non-Executive Independent Directors viz. Shri Sushil Kumar Singla and Sh. Rajan Dhawan and one executive director viz. Shri Akhil Malhotra.

**FORMULATION OF POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration Committee through discussion evaluated the performance of all non independent directors, Whole time directors and Board as whole in their meeting held on 24.01.2015. The nomination and remuneration policy is available at the website of the



Company.

**RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties as defined under Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company’s website [www.himachalfibre.com](http://www.himachalfibre.com).

**SUBSIDIARY COMPANIES**

There is no subsidiary, associate and joint venture of the Company. Thus disclosure on subsidiary and provisions related to consolidated financial statement etc are not applicable.

**WHISTLE BLOWER POLICY**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. During the year under review, no employee was denied access to the Audit Committee.

**Compliance with Accounting Standards**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

**GENERAL BODY MEETING**

The details of last three Annual General Meeting of the Company held are given below :

Financial Year	Location of the Meeting	Date	Time	No. of Special Resolution passed
2011 – 2012	Registered Office at Barotiwala	29.09.2012	01.00 P.M.	1
2012 – 2013	Registered Office at Barotiwala	27.09.2013	01.00 P.M.	2
2013 – 2014	Registered Office at Barotiwala	30.09.2014	03.00 P.M.	2

**RESOLUTION PASSED THROUGH POSTAL BALLOT**

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company’s registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the website of the Company, [www.himachalfibre.com](http://www.himachalfibre.com), besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

The Equity shares of the Company are listed on BSE Limited (BSE). In order to facilitate the benefit of more liquidity and broad base for small investors, the members approved the Sub-division of the nominal value of Equity Shares of the Company of Rs. 10/- each into smaller denomination of Rs. 1/- each by way of Postal Ballot conducted on 27/01/2015. Sh. Rajeev Bhambri, Practicing Company Secretary was appointed as Scrutinizer. Following Resolutions were passed through Postal Ballot:

Sr. No	Particular’s of Resolution	Voting in Favour	Voting Against
1	Sub –division of each Equity Share of Rs. 10/- each into 10 Equity Shares of Rs. 1/-each	100%	NIL
2	Alteration of Memorandum of Association of the company	100%	NIL

3	for Alteration of Articles of Association of the Company	100%	NIL
4	To Authorise Board of Directors of the Company for Charging and/or mortgaging all the present and future movable and immovable properties and whole of undertaking of the Company	100%	NIL
5	To Authorise Board of Directors of the Company to make loans or investments, give guarantee or provide security	100%	NIL

**MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION**

As required under Clause 49 IX of the listing agreement with the stock exchanges Sh. Akhil Malhotra, Managing Director and Sh. Ashwani Kumar, CFO certifies to the Board that:

- a) The financial statements and the Cash Flow Statement for the year have been reviewed and to the best of his knowledge and belief:
  - (i) these statements do not contain any untrue statement of material fact, have not omitted any material fact and do not contain any statement that is misleading;
  - (ii) these statements together present a true and fair view of the company’s affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b) To the best of his knowledge and belief no transactions entered into by the company during the year are fraudulent, illegal or violate the Company’s code of conduct.
- c) He accepts responsibility for establishing and maintaining internal controls for financial reporting and that he has evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
- d) He has indicated to the auditors and the Audit Committee:
  - 1. Significant changes in the internal control over financial reporting during the year
  - 2. Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - 3. There have been no instances of significant fraud either by the management or an employee having a significant role in the Company’s internal control system of financial reporting.

**MEANS OF COMMUNICATION**

Annual Reports in respect of each financial year are mailed to all shareholders in August/ September of each calendar year. Each Report contains the annual accounts of the company in respect of the financial year with the Directors’ and Auditors’ Reports. Also included in each Annual Report is the Notice convening the annual general meeting, the financial year’s Corporate Governance Report and the cash flow statement together with the corresponding reports of the auditors.

The quarterly, half-yearly and annual financial results were/will be published in eminent daily newspapers like **Business Standard** (English & Hindi) and also displayed on Company’s website : [www.himachalfibre.com](http://www.himachalfibre.com).

**SHAREHOLDER INFORMATION**

**Registered Office** : Plot No: 43-44, Industrial Area, Barotiwala, Himachal Pradesh- 174103  
 Telephone No. – 0161-4684000  
 Fax No. – 0161-4684010  
 Email: [hfl.corporate@gmail.com](mailto:hfl.corporate@gmail.com)

**PARTICULARS OF DIRECTORS REAPPOINTED**

As required under clause 49 of the Listing Agreement, the details of Director appointed/reappointment are given in this annual Report and forms part of this report.

**Registrar and Transfer Agent**

Shareholders may contact the Company’s Registrar and Share Transfer Agent (for both physical and demat segments) at the following address for any assistance regarding dematerialization of shares, share transfers, transmission, change of address, non-receipt of annual report and any other query relating to the shares of the Company:

**BEETAL Financial & Computer Services Pvt Ltd.**  
 BEETAL HOUSE, 3rd Floor, 99, Madangir, behind LSC, New Delhi - 110062  
 Ph. 011-29961281-283 Fax 011-29961284, Email: [beetalrta@gmail.com](mailto:beetalrta@gmail.com)

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

**Plant Location**

Plot No. 43-44, Industrial Area, Barotowala, Himachal Pradesh - 174103

**Compliances**

**Mandatory Requirements**

The Company has fully complied with the applicable mandatory requirements of clause 49 of the listing agreement.

**Adoption of non-mandatory requirements under Listing Agreement**

**The Board :**

Since the company have a non executive chairman a separate office is maintained at Registered office of the company along with a separate office at Corporate office at 8-L, Model Town Ludhiana – 141002

**Shareholders Rights :**

The quarterly and half-yearly financial results are published in widely circulated dailies and also displayed on Company's website [www.himachalfibre.com](http://www.himachalfibre.com). Hence, these are not individually sent to the Shareholders.

**Reporting of Internal Auditor:**

The internal auditor reports to audit committee.

**General Shareholders Information****Annual General Meeting**

Date	:	28 <sup>th</sup> September, 2015
Day	:	Monday
Time	:	11.30 A.M
Venue	:	Plot No: 43-44, Industrial Area,Barotiwala, Himachal Pradesh – 174103

**FINANCIAL CALENDAR**

Financial Year	:	1st April to 31st March
Financial results were announced on:		
o August 2014	:	First Quarter
o November 2014	:	Second Quarter
o February 2015	:	Third Quarter
o May 2015	:	Audited Results

**Book Closure**

The dates of book closure are from 25th September, 2015 to 28th September, 2015 (inclusive of both days).

**Demat ISIN Number for NSDL and CDSL** : INE723D01021

**Listing**

At present, the equity shares of the company are listed on the Bombay Stock Exchange Limited (BSE).

Stock Exchanges	Stock Code
<b>Bombay Stock Exchange Ltd.</b> 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	Demat Segment - 514010

**SHARE TRANSFER SYSTEM**

The Company's shares are in demat mode. The shares received for transfer in physical mode are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respect.

**Stock Market Data****Market Price Data as compared to closing Sensex during 2014-2015 :**

Month	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Sensex Closing
April, 2014	-	-	-	-	-	22,417.80
May, 2014	-	-	-	-	-	24,217.34
June, 2014	-	-	-	-	-	25,413.78
July, 2014	-	-	-	-	-	25,894.97
August, 2014	15.00	15.00	15.00	1	2	26,638.11
September, 2014	14.70	12.70	14.60	15992	36	26,630.51
October, 2014	22.85	15.32	22.85	12551	57	27,865.83
November, 2014	42.65	23.95	42.60	180880	355	28,693.99
December, 2014	56.40	43.00	56.35	96408	1471	27,499.42
January, 2015	84.95	57.10	78.00	67365	3059	29,182.95
February, 2015	84.30	8.60	11.05	430256	3582	29,361.50
March, 2015	14.22	10.5	12.98	838865	3181	27,957.49

**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH, 2015.**

Shareholding	Holders	Percentage %	No of shares	Percentage %
UP TO 5000	1,903	93.47	15,81,869	1.8341
5001 TO 10000	47	2.31	3,37,851	0.3917
10001 TO 20000	28	1.38	4,12,015	0.4777
20001 TO 30000	13	0.64	3,25,023	0.3768
30001 TO 40000	4	0.2	1,41,975	0.1646
40001 TO 50000	8	0.39	3,62,921	0.4208
50001 TO 100000	9	0.44	5,68,634	0.6593
100001 AND ABOVE	24	1.18	8,25,19,712	95.675

**DEMATERIALISATION OF SHARES:**

As on 31<sup>st</sup> March, 2015, 75.521% of the capital comprising 6,51,37,000 shares, out of total of 8,62,50,000 shares were dematerialised.

**ADDRESS OF CORRESPONDENCE**

Shareholders may contact:

**Sh. Amit Sharma** (Company Secretary) at  
**Registered Office & Works** :

Plot No: 43-44, Industrial Area,  
Barotiwala, Himachal Pradesh – 174103

**Corporate Office**

8-L, Model Town, Ludhiana-141002  
Telephone No. – 0161-4684000  
Fax No. – 0161-4684010  
Email: [hfl.corporate@gmail.com](mailto:hfl.corporate@gmail.com)

**Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct**

I, Akhil Malhotra, the Managing Director of the Company, do hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed their compliance on an annual basis with the Code of Conduct as laid down by the Company pursuant to the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

Place: Ludhiana  
Date: 02<sup>nd</sup> September, 2015

-sd/-  
Akhil Malhotra  
Managing Director

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**Certificate on Compliance from Practicing Company Secretary with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.**

**The Members,  
Himachal Fibres Limited,  
Plot No. 40-43, Industrial Area,  
Barotiwala. (Himachal Pradesh)**

We have examined the compliance of conditions of Corporate Governance by Himachal Fibres Limited ("the Company"), for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Rajeev Bhambri & Associates**

-sd/-  
**(Rajeev Bhambri)**  
**Proprietor**  
Company Secretary in whole time practice  
FCS 4327  
C.P. No. 9491  
Place: Ludhiana  
Dated: 11.08.2015

## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF  
HIMACHAL FIBRES LIMITED  
Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of HIMACHAL FIBRES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information,

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements as required by Section 143 (3) of the Act, we report that:**

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.

**FOR SUMAT GUPTA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 010288N**

**DATED: 30.05.2015  
PLACE: LUDHIANA**

**-sd-  
SUMAT GUPTA  
PARTNER  
(M.NO.086000)**

## **Annexure to the Auditors' Report**

**The Annexure referred to in our report to the members of M/s Himachal Fibres Limited for the year Ended on 31.03.2015. We report that:**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation give to us, the fixed assets have been physically verified by the Management at reasonable intervals during the year. No serious discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable with regard to the size of the company and the nature of its fixed assets.
- (ii) (a) According to information and explanations given to us, the stocks have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of above referred inventory 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 given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act 2013 during the year under review.
- (iv) In our opinion and according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and also with regard to sale of goods and services.
- (v) Clause (v) of the Companies (Auditor's Report) Order, 2015 is not applicable to the Company for the year under audit.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or not.
- (vii) (a) According to the records of the company, the company is not regular in depositing the undisputed statutory dues, including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax custom duty, excise duty, cess and other material statutory dues with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess were outstanding as on 31.03.2015 for a period of more than six months from the date these became payable except the following:-



S.No.	Statute	Nature	Amount
1.	Income Tax Act,1961	Income Tax (FY12-13)	Rs.3134800/-
2.	Himachal Pradesh Sales Tax Act	Works Contract Tax Payable	Rs. 136008/-
3.	Income Tax Act , 1961	Fringe Benefit Tax	Rs. 103040/-

(c) According to the information and explanations given to us, there is no amount which is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.

- (i) The company has been registered for a period more than five years, it has accumulated losses of Rs. 1396.91 Lacs at the end of the year which are more than fifty percent of its net worth. However it has not incurred any cash losses during the current and immediately preceding financial year.
- (ii) According to the information and explanations given to us, the company has made timely repayment of dues to financial institution and banks.
- (iii) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (iv) According to records examined by us and information and explanations given to us, on an overall basis, the company has applied term loans for the purpose for which the loans were obtained.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

**FOR SUMAT GUPTA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 010288N**

**DATED: 30.05.2015  
PLACE: LUDHIANA**

**-sd-  
SUMAT GUPTA  
PARTNER  
(M.NO.086000)**

**BALANCE SHEET AS AT 31ST MARCH 2015**

PARTICULARS	NOTE NO		AS AT 31.03.2015		AS AT 31.03.2014
<b>EQUITY AND LIABILITIES</b>					
<b>(1) SHAREHOLDER'S FUNDS</b>					
(A) SHARE CAPITAL	I	221250000.00		221250000.00	
(B) RESERVES AND SURPLUS	II	106590389.15		84230849.65	
<b>TOTAL OF SHARE HOLDER'S FUND (A)</b>			<b>327840389.15</b>		<b>305480849.65</b>
<b>(2) NON-CURRENT LIABILITIES</b>					
(A) LONG-TERM BORROWINGS	III	121667000.00		124164000.00	
(B) DEFERRED TAX LIABILITY		459175.00		0.00	
(C) OTHER LONG TERM PROVISIONS	IV	952843.00		957805.00	
<b>TOTAL OF NON CURRENT LIABILITIES (B)</b>			<b>123079018.00</b>		<b>125121805.00</b>
<b>(3) CURRENT LIABILITIES</b>					
(A) SHORT-TERM BORROWINGS	V	156806650.01		227664450.99	
(B) TRADE PAYABLES	VI	76427607.57		47102291.34	
(C) OTHER CURRENT LIABILITIES	VII	19354073.86		28283863.90	
(D) SHORT-TERM PROVISIONS	VIII	3319442.00		3358740.00	
<b>TOTAL OF CURRENT LIABILITIES (C)</b>			<b>255907773.44</b>		<b>306409346.23</b>
<b>GRAND TOTAL ( A + B + C)</b>			<b>706827180.59</b>		<b>737012000.88</b>
<b>ASSETS</b>					
<b>(1) NON-CURRENT ASSETS</b>					
FIXED ASSETS					
(A) TANGIBLE ASSETS	IX	271904634.40		240824768.87	
(B) DEFERRED TAX ASSETS (NET)		0.00		12285034.00	
(C) LONG TERM LOANS AND ADVANCES	X	1419292.23		1386904.44	
(D) OTHER NON-CURRENT ASSETS	XI	2165000.00		2165000.00	
<b>TOTAL OF NON CURRENT ASSETS (A)</b>			<b>275488926.63</b>		<b>256661707.31</b>
<b>(2) CURRENT ASSETS</b>					
(A) INVENTORIES	XII	338506050.00		240178788.75	
(B) TRADE RECEIVABLES	XIII	23280060.10		226061809.19	
(C) CASH AND CASH EQUIVALENTS	XIV	5614444.30		4305548.73	
(D) SHORT-TERM LOANS AND ADVANCES	XV	60297731.56		7124022.90	
(E) OTHER CURRENT ASSETS	XVI	3639968.00		2680124.00	
<b>TOTAL OF CURRENT ASSETS (B)</b>			<b>431338253.96</b>		<b>480350293.57</b>
<b>GRAND TOTAL ( A + B)</b>			<b>706827180.59</b>		<b>737012000.88</b>
			(0.00)		0.00

ACCOUNTING POLICIES AND NOTES

XXIV

ON OR BEHALF OF THE BOARD

TO ACCOUNTS

AS PER REPORT OF EVEN DATE ATTACHED

FOR SUMAT GUPTA & CO.

CHARTERED ACCOUNTANTS

FIRM REG.NO.010288N

-sd-

SUMAT GUPTA

PARTNER

M.NO.086000

LUDHIANA

May 30, 2015

-sd-

AKHIL MALHOTRA

MANAGING DIRECTOR

DIN: 00126240

-sd-

AMIT SHARMA

COMPANY SECRETARY

-sd-

MAYANK MALHOTRA

DIRECTOR

DIN:01395444

-sd-

ASHWANI KUMAR

CFO

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2015**

PARTICULARS	NOTE NO	AS AT 31-03-2015	AS AT 31-03-2014
<b>REVENUES:</b>			
REVENUE FROM OPERATIONS	XVII	846505741.60	1305730484.00
OTHER INCOME	XVIII	652767.00	1422621.96
<b>TOTAL REVENUE</b>		<b>847158508.60</b>	<b>1307153105.96</b>
<b>EXPENSES:</b>			
COST OF MATERIALS CONSUMED	XIX	587713503.64	473049158.30
PURCHASE OF STOCK-IN-TRADE		200664013.60	597736496.00
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	XX	(95132859.00)	64420878.00
EMPLOYEE BENEFIT EXPENSE	XXI	37164723.51	43610189.25
FINANCIAL COSTS	XXII	45893508.36	43352046.26
DEPRECIATION		21009240.73	27037225.00
OTHER EXPENSES	XXIII	49422144.34	57316649.50
<b>TOTAL EXPENSES</b>		<b>846734275.18</b>	<b>1306522642.31</b>
<b>PROFIT BEFORE TAX</b>		<b>424233.42</b>	<b>630463.65</b>
TAX EXPENSE:			
(1) CURRENT TAX		80837.00	120900.00
(2) DEFERRED TAX		12744209.00	1790794.00
<b>PROFIT AFTER TAX</b>		<b>(12400812.58)</b>	<b>(1281230.35)</b>
EARNING PER EQUITY SHARE:			
BASIC AND DILUTED		(0.14)	(0.15)

ACCOUNTING POLICIES AND NOTES  
TO ACCOUNTS  
AS PER REPORT OF EVEN DATE ATTACHED  
FOR SUMAT GUPTA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REG.NO.010288N  
-sd-  
SUMAT GUPTA  
PARTNER  
M.NO.086000

XXIV

ON OR BEHALF OF THE BOARD

-sd-  
AKHIL MALHOTRA  
MANAGING DIRECTOR  
DIN: 00126240  
-sd-  
AMIT SHARMA  
COMPANY SECRETARY

-sd-  
MAYANK MALHOTRA  
DIRECTOR  
DIN:01395444  
-sd-  
ASHWANI KUMAR  
CFO

LUDHIANA  
May 30, 2015

## CASH FLOW STATEMENT FOR THE YEAR 31ST MARCH 2015

	PARTICULARS	AMOUNT (RS.)	
		AS AT 31.03.2015	AS AT 31.03.2014
A.	<b>CASH FLOW FROM/USED IN OPERATING ACTIVITIES</b>		
	NET PROFIT BEFORE TAX	424233.42	630463.65
	<b>ADJUSTMENTS FOR:</b>		
	DEPRECIATION	21009240.73	27037225.00
	INTEREST EXPENSES	45893508.36	43352046.26
	INTEREST INCOME	(633822.00)	(792186.00)
	PROFIT ON SALE OF FIXED ASSETS	0.00	(606943.00)
	LOSS ON SALE OF ASSETS	46261.00	0.00
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>66739421.51</b>	<b>69620605.91</b>
	ADJUSTMENTS FOR:		
	(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	148615808.46	(69659696.66)
	(INCREASE)/DECREASE IN INVENTORIES	(98327261.25)	57118757.25
	INCREASE/(DECREASE) IN TRADE PAYABLES AND OTHER LIABILITIES	20651266.19	(3376687.05)
	<b>CASH GENERATED FROM OPERATIONS</b>	<b>137679234.91</b>	<b>53702979.45</b>
	INCOME TAX PAID	80837.00	120900.00
	<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>	<b>137598397.91</b>	<b>53582079.45</b>
B.	<b>CASH FLOW FROM/USED IN INVESTING ACTIVITIES</b>		
	PURCHASE OF FIXED ASSETS	(24116418.00)	(12479308.00)
	SALE OF FIXED ASSETS	6441403.00	10247397.57
	INTEREST RECEIVED	633822.00	792186.00
	<b>NET CASH FROM/USED IN INVESTING ACTIVITIES</b>	<b>(17041193.00)</b>	<b>(1439724.43)</b>
C.	<b>CASH FLOW FROM/USED IN FINANCING ACTIVITIES</b>		
	REPAYMENT OF LONG TERM BORROWINGS	(2497000.00)	(10968000.00)
	CHANGES IN WORKING CAPITAL LOANS/SHORT TERM BORROWINGS	(70857800.98)	1797293.52
	INTEREST PAID	(45893508.36)	(43352046.26)
	<b>NET CASH FROM/USED IN FINANCING ACTIVITIES</b>	<b>(119248309.34)</b>	<b>(52522752.74)</b>
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLANTS	1308895.57	(380397.72)
	OPENING CASH AND CASH EQUIVLANTS	4305548.73	4685946.45
	CLOSING CASH AND CASH EQUIVLANTS	5614444.30	4305548.73
		0.00	0.00

## ACCOUNTING POLICIES AND NOTES

## TO ACCOUNTS

AS PER REPORT OF EVEN DATE ATTACHED

FOR SUMAT GUPTA &amp; CO.

CHARTERED ACCOUNTANTS

FIRM REG.NO.010288N

-sd-

SUMAT GUPTA

PARTNER

M.NO.086000

LUDHIANA

May 30, 2015

XXIV

-sd-

AKHIL MALHOTRA  
MANAGING DIRECTOR  
DIN: 00126240

-sd-

AMIT SHARMA  
COMPANY SECRETARY

-sd-

MAYANK MALHOTRA  
DIRECTOR  
DIN:01395444

-sd-

ASHWANI KUMAR  
CFO

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

PARTICULARS	Amount in Rs.		
		AS AT 31.03.2015	AS AT 31.03.2014
<u>SHARE CAPITAL</u>			<u>NOTE - I</u>
<u>AUTHORISED SHARE CAPITAL</u>			
17,50,00,000 (PY 1,75,00,000) EQUITY SHARES OF RS. 1/- (PY RS. 10/-) EACH*		175000000.00	175000000.00
1,65,000 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH		16500000.00	16500000.00
14,35,000 4% NON-CUMMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH		143500000.00	143500000.00
TOTAL		335000000.00	335000000.00
<u>ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL</u>			
8,62,50,000 (PY 86,25,000) EQUITY SHARES OF RS. 1/- EACH (PY RS. 10/-) FULLY PAID UP*		86250000.00	86250000.00
1,50,000 (PY 1,50,000) 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH		15000000.00	15000000.00
12,00,000 (PY 12,00,000) 4% NON-CUMMULATIVE REDEEMABLE PREFERENCE SHARE OF RS. 100/- EACH		120000000.00	120000000.00
TOTAL		221250000.00	221250000.00

\* Subdivision of Nominal Value of equity share of Rs. 10/- each into Rs. 1/- each on 24.01.2015.

(A)(i) DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5% EQUITY SHARES

	%	NO. OF SHARES	%	NOTE - I (A) NO. OF SHARES
BALMUKHI TEXTILE P LTD	15.28%	13180500	15.28%	1318050
BRIJESHWARI TEXTILES P LTD	15.28%	13180500	15.28%	1318050
SHIVA SPINFAB P LTD	15.86%	13680500	15.86%	1368050
HIMACHAL STEEL UDYOG LTD.	9.84%	8486750	11.89%	1025175
SHIV NARAYAN INVESTMENTS P. LTD.	10.43%	8999750	11.59%	999975
GARG CORPORATION LTD.	6.97%	6010000	6.97%	601000
GARG FINCAP LTD.	7.79%	6715000	7.79%	671500
TOTAL	81.45%	70253000	84.66%	7301800

(ii) DETAIL OF SHAREHOLDING MORE THAN 5% IN 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARES

	%	NO. OF SHARES	%	NO. OF SHARES
SHIVA TEXTFABS LTD	66.67%	100000	66.67%	100000
GENERAL INSURANCE CORP OF INDIA	10.00%	15000	10.00%	15000
ORINETAL INSURANCE CO LTD	13.33%	20000	13.33%	20000
UNITED INDIA INSURANCE CO LTD	10.00%	15000	10.00%	15000
TOTAL	100.00%	150000	100.00%	150000

(iii) DETAIL OF SHAREHOLDING MORE THAN 5% IN 4% NON-CUMMULATIVE REDEEMABLE PREFERENCE SHARES

	%	NO. OF SHARES	%	NO. OF SHARES
SHIVA TEXTFABS LTD	100.00%	1200000	100.00%	1200000
TOTAL	100.00%	1200000	100.00%	1200000

	%	NO. OF SHARES	%	NO. OF SHARES
<u>(B) RECONCILIATION OF NO. OF SHARES OUTSTANDING IS SET AS BELOW :</u>				<u>NOTE - I (B)</u>
<u>(I) EQUITY SHARE CAPITAL (EACH OF FACE VALUE RS.1/-) (PY RS.10/-)</u>				
EQUITY SHARES AT THE BEGINNING OF THE YEAR	8625000		8625000	
ADD : SUB DIVISION OF SHARES DURING THE YEAR	77625000		0	
ADD : EQUITY SHARES ISSUED DURING THE YEAR	0		0	
EQUITY SHARES AT THE END OF THE YEAR		86250000		8625000
<u>(II) 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARE CAPITAL (EACH OF FACE VALUE RS.100/-)</u>				
PREFERENCE SHARES AT THE BEGINNING OF THE YEAR	150000		150000	
ADD : SHARES ISSUED DURING THE YEAR	0		0	
	150000		150000	
LESS: SHARES REDEEMED DURING THE YEAR	0		0	
PREFERENCE SHARES AT THE END OF THE YEAR		150000		150000
<u>(III) 4% NON - CUMMULATIVE REDEEMABLE PREFERENCE SHARE CAPITAL (EACH OF FACE VALUE RS.100/-)</u>				
PREFERENCE SHARES AT THE BEGINNING OF THE YEAR	1200000		1200000	
ADD : SHARES ISSUED DURING THE YEAR	0		0	
PREFERENCE SHARES AT THE END OF THE YEAR		1200000		1200000

PARTICULARS	Amount in Rs.		
		AS AT 31.03.2015	AS AT 31.03.2014
<u>RESERVE &amp; SURPLUS</u>			<u>NOTE - II</u>
<u>CAPITAL REDEMPTION RESERVE</u>		16489070.00	16489070.00
<u>CAPITAL RESERVE</u>			
OPENING BALANCE	177493476.00		177493476.00
ADD:ADDITIONS DURING THE YEAR	300000.00	177793476.00	0.00
			177493476.00
<u>PROFIT &amp; LOSS ACCOUNT</u>			
OPENING BALANCE (PROFIT / (LOSS))	(161751696.35)		(160470466.00)
ADD: PROFIT / (LOSS) DURING THE YEAR	(12400812.58)		(1281230.35)
	(174152508.93)		(161751696.35)
ADD: ADJUSTMENT RELATING TO FIXED ASSETS*	34460352.08		0.00
CLOSING BALANCE (PROFIT / (LOSS))		(139692156.85)	(161751696.35)
<u>SHARE PREMIUM ACCOUNT</u>			
OPENING BALANCE	52000000.00		52000000.00
ADD: ADDITIONS DURING THE YEAR	0.00		0.00
CLOSING BALANCE		52000000.00	52000000.00
<b>TOTAL</b>		<b>106590389.15</b>	<b>84230849.65</b>

\* Refer Note No.XXIV(14) below.

PARTICULARS		Amount in Rs.		
		AS AT 31.03.2015		AS AT 31.03.2014
<u>LONG TERM BORROWING</u>				<u>NOTE-III</u>
<u>SECURED LOANS</u>				
<u>TERM LOANS (FROM BANKS) (SEE NOTE BELOW)</u>				
STATE BANK OF INDIA (TERM LOAN -WCTL)	70000000.00		0.00	
STATE BANK OF INDIA (TERM LOAN)	0.00		27874000.00	
	TOTAL	70000000.00	27874000.00	
LESS: INSTALLMENTS DUE WITHIN 12 MONTHS	833000.00		13710000.00	
		69167000.00		14164000.00
<u>UNSECURED LOANS</u>				
BALMUKHI TEXTILE P LTD	25000000.00		55000000.00	
BRIJESHWARI TEXTILES PVT LTD	27500000.00	52500000.00	55000000.00	110000000.00
	TOTAL	121667000.00		124164000.00

(A) TERM LOAN - WCTL FROM STATE BANK OF INDIA IS SECURED AGAINST 1ST EXCLUSIVE CHARGE ON ENTIRE FIXED ASSETS OF THE COMPANY (INCL. EM OF LEASEHOLD RIGHTS ON PLOT NO. 43-44, INDUSTRIAL AREA, BAROTIWALA (H.P.). MEASURING 81612 SQ MTRS.)

(B) THIS TERM LOANS IS FURTHER COLLATERALLY SECURED BY 2ND CHARGE ON ENTIRE CURRENT ASSETS OF THE COMPANY.

(C) TERM LOAN - WCTL IS REPAYABLE IN TOTAL 84 MONTHLY INSTALLMENTS AS FOLLOWS : 83 INSTALLMENTS FROM MARCH 2016 OF RS.8.33 LACS EACH AND BALANCE IN 1 MONTHLY INSTALLMENT OF RS.8.61 LACS.

<u>OTHER LONG TERM PROVISIONS</u>				<u>NOTE-IV</u>
GRATUITY PAYABLE		952843.00		957805.00
	TOTAL	952843.00		957805.00

<u>SHORT TERM BORROWINGS</u>				<u>NOTE-V</u>
STATE BANK OF INDIA (WORKING CAPITAL LIMITS)		156806650.01		227664450.99
	TOTAL	156806650.01		227664450.99

(A) WORKING CAPITAL LIMITS ARE SECURED AGAINST 1ST CHARGE ON ENTIRE CURRENT ASSETS OF THE COMPANY .

(B) THESE ARE FURTHER SECURED BY 2ND CHARGE ON ENTIRE FIXED ASSETS OF THE COMPANY AND PERSONAL GUARANTEE OF PROMOTER DIRECTORS OF THE COMPANY NAMELY SH. AKHIL MALHOTRA AND SH. RAJINDER KUMAR.

PARTICULARS		AS AT 31.03.2015		AS AT 31.03.2014
<u>TRADE PAYABLES</u>				<u>NOTE-VI</u>
ILC PAYABLE		25000000.00		24994362.00
SUNDRY CREDITORS		51427607.57		22107929.34
	TOTAL	76427607.57		47102291.34

<u>OTHER CURRENT LIABILITIES</u>				<u>NOTE-VII</u>
ADVANCE FROM CUSTOMERS		4936309.00		1323794.00
OTHER LIABILITIES		13584764.86		13250069.90
TERM LOANS INSTALLMENTS (REPAYABLE WITHIN 12 MONTHS)		833000.00		13710000.00
	TOTAL	19354073.86		28283863.90

<u>SHORT TERM PROVISIONS</u>				<u>NOTE-VIII</u>
PROVISION FOR INCOME TAX(FY 2012-2013)		3135565.00		3134800.00
PROVISION FOR INCOME TAX(FY 2013-2014)		80837.00		120900.00
PROVISION FOR FBT		103040.00		103040.00
	TOTAL	3319442.00		3358740.00

DEPRECIATION CHART FOR THE PERIOD 01/04/2014 TO 31/03/2015

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	AS AT 01/04/2014	ADDITION	SALE / TFD.	TOTAL AS ON 31/03/2015	AS AT 01/04/2014	ADJUSTMENT	SALE ADJ.	PROVIDED DURING THE PERIOD	TOTAL AS ON 31/03/2015	W.D.V. AS ON 31/03/2015	W.D.V. AS ON 31/03/2014
AT WORKS											
FREE HOLD LAND	82239.00	0.00	0.00	82239.00	0.00	0.00	0.00	0.00	0.00	82239.00	82239.00
LEASEHOLD LAND	1294222.00	0.00	0.00	1294222.00	235659.00	0.00	0.00	0.00	235659.00	1058563.00	1058563.00
BUILDING	130474683.02	0.00	0.00	130474683.21	39893962.00	(1750965.68)	0.00	4321318.73	45961646.31	84513036.90	90585321.02
PLANT & MACHINERY	409238231.10	24014681.00	20357800.00	412895312.10	261870674.00	35720069.55	13820870.00	16088718.00	228418452.45	184476859.65	147367557.10
FURNITURE & FIXTURE	1811293.75	0.00	0.00	1811293.75	1442285.00	359327.40	0.00	115273.00	1198230.60	613063.15	369008.75
OFFICE EQUIPMENTS											
-- AT WORKS	629322.00	0.00	0.00	629322.00	398311.00	(101651.00)	0.00	83991.00	583953.00	45369.00	231011.00
-- COMPUTERS	860131.00	0.00	0.00	860131.00	672896.00	(94948.00)	0.00	44234.00	812078.00	48053.00	187235.00
-- MOBILE PHONES	34718.00	0.00	0.00	34718.00	9197.00	(23785.00)	0.00	0.00	32982.00	1736.00	25521.00
ELECTRIC FITTINGS	581453.00	0.00	0.00	581453.00	402953.00	56209.71	0.00	23922.00	370665.29	210787.71	178500.00
VEHICLE	3247362.00	0.00	325716.00	2921646.00	2856786.00	485655.00	374982.00	284718.00	2280867.00	640779.00	390576.00
WEIGHING MACHINE	45415.00	12100.00	0.00	57515.00	4015.00	0.00	0.00	3705.00	7720.00	49785.00	41400.00
TUBE WELL	324815.00	0.00	0.00	324815.00	107713.00	(158959.00)	0.00	5488.00	270160.00	54655.00	217102.00
AT LUDHIANA OFFICE											
COMPUTER	463585.00	89437.00	0.00	553022.00	442549.00	2143.00	0.00	7380.00	447786.00	105236.00	21036.00
MOBILE PHONES	46699.00	0.00	0.00	46699.00	11722.00	(32641.00)	0.00	0.00	44363.00	2336.00	34977.00
OFFICE EQUIPMENT AT LDH	42526.00	0.00	0.00	42526.00	7804.00	(2103.00)	0.00	30493.00	40400.00	2126.00	34722.00
TOTAL	549176894.87	24116418.00	20683516.00	552009597.06	308351926.00	34460352.08	14195852.00	21009240.73	280704962.65	271904634.40	240824763.87
PREVIOUS PERIOD	567217690.68	12473008.00	30520304.00	549176894.87	302194550.00	20879849.00	20879849.00	27037225.00	308351926.00	240824763.87	265023140.68

\*Depreciable Assets are regrouped during the year under review.



PARTICULARS	Amount in Rs.		
	AS AT 31.03.2015		AS AT 31.03.2014
<u>LONG TERM LOANS &amp; ADVANCES</u>			<u>NOTE-X</u>
ADVANCE TO SUPPLIERS -CAPITAL GOODS	1419292.23		1386904.44
TOTAL	1419292.23		1386904.44
<u>OTHER NON CURRENT ASSETS</u>			<u>NOTE-XI</u>
SECURITIES	2165000.00		2165000.00
TOTAL	2165000.00		2165000.00
<u>INVENTORY</u>			<u>NOTE-XII</u>
RAW MATERIAL	29871395.00		27860501.00
WORK IN PROGRESS	2954024.00		6016203.00
STOCK IN TRADE	10134982.00		157195496.00
FINISHED GOODS	285253590.00		39998038.00
STORES & SPARES	10292059.00		9108550.00
TOTAL	338506050.00		240178788.00
<u>TRADE RECEIVABLES</u>			<u>NOTE-XIII</u>
(UNSECURED AND CONSIDERED GOOD UNLESS OTHERWISE STATED)			
OUTSTANDING MORE THAN SIX MONTHS	22118816.10		6273029.19
OTHERS	1161244.00		219788780.00
TOTAL	23280060.10		226061809.19
<u>CASH AND BANK BALANCES</u>			<u>NOTE-XIV</u>
A) CASH IN HAND	356045.30		159256.20
B) BALANCES WITH NOTED BANKS IN			
--CURRENT ACCOUNTS	4381.00		121464.53
-- FIXED DEPOSIT WITH BANKS	5254018.00		4024828.00
TOTAL	5614444.30		4305548.73
<u>SHORT TERM LOAN &amp; ADVANCES</u>			<u>NOTE-XV</u>
ADVANCE RECOVERABLE IN CASH OR IN KIND	4979458.11		3099152.00
ADVANCES TO SUPPLIERS	55318273.45		4024870.90
TOTAL	60297731.56		7124022.90
<u>OTHER CURRENT ASSETS</u>			<u>NOTE-XVI</u>
FIXED DEPOSITS (BANK GUARANTEE)	3639968.00		2680124.00
TOTAL	3639968.00		2680124.00
<u>REVENUES FROM OPERATION</u>			<u>NOTE-XVII</u>
SALES	846505741.60		1305730484.00
TOTAL	846505741.60		1305730484.00
<u>OTHER INCOME</u>			<u>NOTE-XVIII</u>
INTEREST RECEIVED	633822.00		792186.00
MISC INCOME	18945.00		23492.96
PROFIT ON SALE OF ASSETS	0.00		606943.00
TOTAL	652767.00		1422621.96

PARTICULARS	Amount in Rs.		
	AS AT 31.03.2015		AS AT 31.03.2014
<u>COST OF RAW MATERIAL CONSUMED</u>			NOTE-XIX
OPENING STOCK	27860501.00		22593786.00
ADD: PURCHASES	790388411.24		478315873.30
TOTAL	818248912.24		500909659.30
CLOSING STOCK	29871395.00		27860501.00
RAW MATERIAL CONSUMED	788377517.24		473049158.30

<u>INCREASE/ (DECREASE IN STOCKS)</u>			
<u>CLOSING STOCK</u>			NOTE-XX
FINISHED GOODS	282497698.00		37846280.00
STOCK IN TRADE	10134982.00		157195496.00
WORK IN PROGRESS	2954024.00		6016203.00
WASTE	2755892.00		2151758.00
TOTAL (A)	298342596.00		203209737.00
<u>OPENING STOCK</u>			
FINISHED GOODS	37846280.00		131621376.00
STOCK IN TRADE	157195496.00		103367156.00
WORK IN PROGRESS	6016203.00		30466400.00
WASTE	2151758.00		2175683.00
TOTAL (B)	203209737.00		267630615.00
INCREASE/ (DECREASE IN STOCK) (A-B)	95132859.00		(64420878.00)

<u>EMPLOYEE BENEFIT EXPENSES</u>			NOTE-XXI
WAGE/STIPEND/SALARIES AND ALLOWANCES	32697723.01		37930650.00
STAFF WELFARE	752448.50		1103491.25
BONDS	592370.00		1326064.00
CONTRIBUTION TO EPF & FPF	1253334.00		1023925.00
CONTRIBUTION TO ESI	919191.00		804657.00
LEAVE WITH WAGES	872951.00		473247.00
GRATUITY	0.00		909464.00
RECRUITMENT EXPENSES	76706.00		38691.00
TOTAL	37164723.51		43610189.25

<u>FINANCIAL EXPENSES</u>			NOTE-XXII
BANK INTEREST	40627720.01		38304008.00
OTHER INTEREST	5091137.47		3960696.09
BANK CHARGES	174650.88		1087342.17
TOTAL	45893508.36		43352046.26

<u>OTHER EXPENSES</u>			
<u>(A) MANUFACTURING EXPENSES</u>			NOTE-XXIII
POWER & ELECTRICITY	32822141.00		30506736.00
FUEL CONSUMED	2441574.00		5846563.72
OIL & LUBRICANT	883376.12		1248245.00
STORE & SPARES CONSUMED	2537006.29		2949695.95
FREIGHT & CARTAGE INWARD	210269.00		2596818.00
TOTAL	38894366.41		43148058.67

PARTICULARS	Amount in Rs.		
	AS AT 31.03.2015		AS AT 31.03.2014
<b>(B) ADMINISTRATIVE EXPENSES</b>			
REMUNERATION OF AUDITORS	224720.00		224720.00
BOARD MEETING EXP	47000.00		60000.00
COMPUTER EXPENSES	56701.00		41051.00
DIRECTOR REMUNERATION	676666.00		652000.00
FEES, SUBSCRIPTION AND TAXES	107178.50		151096.00
FESTIVAL/WORSHIP EXPENSES	166600.00		201414.00
FINE & PENALTY	298872.00		120890.00
GENERAL EXPENSES	2820.00		7310.04
INSURANCE CHARGES	476372.00		576424.06
LEGAL & PROFESSIONAL CHARGES	867819.00		397200.00
LOSS ON SALE OF FIXED ASSETS	46261.00		0.00
PRINTING & STATIONARY	212503.40		190669.89
RENT	159825.00		265300.00
REPAIR AND MAINTENANCE	218211.08		175206.01
SERVICE TAX	22424.00		0.00
TELEPHONE, TELEX AND POSTAGE	235424.91		412380.44
TRAVELLING EXPENSES	168091.00		381601.00
VEHICLE RUNNING & MAINTENANCE	1034068.00		627034.82
<b>TOTAL</b>	<b>5021556.89</b>		<b>4484297.26</b>
<b>(C ) SELLING EXPENSES</b>			
ADDITIONAL GOODS TAX PAID	527984.50		494305.00
ENTRY TAX (H.P 1/3)	369794.00		225102.00
VAT/CST PAID	0.00		101532.00
ADVERTISEMENT EXP.	126329.00		135930.00
COMMISSION	0.00		8504.00
FREIGHT & CARTAGE OUTWARD	1392320.00		5083881.07
PACKING & HANDLING EXPENSES	2396798.40		3635039.50
REBATE & DISCOUNT A/C	692995.14		0.00
	5506221.04		9684293.57
<b>GRAND TOTAL (A + B + C)</b>	<b>49422144.34</b>		<b>57316649.50</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. Significant Accounting Policies****a) Accounting Convention**

The accounts are prepared on accrual basis under the Historical Cost Convention in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 and other relevant presentational requirements of the Companies Act, 1956.

**b) Revenue Recognition**

The revenue in respect of sales is recognized as and when the risk and reward in the goods is transferred to the buyer.

**c) Borrowing Costs**

Borrowing costs that are attributable to acquisition or construction of qualifying asset are capitalized as part of cost of such assets. Qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred.

**d) Accounting for Taxes on Income**

Provision for taxation for the year is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent period, In respect of carry forward of losses, deferred tax assets are recognized based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**e) Retirement Benefits****-Gratuity**

The company has made provision for gratuity on the basis of actuarial valuation carried out in accordance with Accounting Standard 15 on 'Employee Benefit'.

**-Provident Fund**

Contribution to provident fund is made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and is treated as revenue expenditure.

**f) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses and interest on loan for the acquisition of assets up to the date of commissioning of assets, Loss or gain on transition of foreign currency liabilities for acquisition of fixed assets from a country outside India are added to or deducted from the cost of assets.

**g) Depreciation**

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

**h) Inventories**

- i. Inventories of Raw Material, Stores & Spares, Loose Tools, Finished Goods and Goods in Trade are valued at lower of cost or net realizable value. Work in Process is valued at estimated cost and waste at net realizable value.
- ii. The inventories are taken as certified and valued by the management.

**i) Impairment of Assets.**

At each balance sheet date an assessment is made whether any indication exists that an assets has been impaired. If any such indication exists, an impairment loss, i.e. the amount by which the carrying amount of assets exceeds its recoverable amount is provided in the books of account.

**2. Contingent liability not provided for**

Particulars	(Rs. in Lacs)	
	As At 31.03.2015	As At 31.03.2014
Contingent liability not provided for		
--Entry Tax with H.P.Excise and Taxation Deptt.	36.40	26.80
--Processing Fees of Dy.Director of Industries, Solan	149.77	149.77
--Overdrawal Demand and IDC Charges of HPSEB	--	12.24
--Demand against ED on Electricity Charges of HPSEB	4.08	4.81
-- Damages under ESI	59.40	15.00
-- Debtors under Protest	62.70	62.70
-- PF Liability	3.50	--
Total	315.85	271.32

3. (a) The Company has furnished Bank Guarantee of Rs.36.40 lacs (PY Rs.26.80 Lacs) with H.P. Excise and Taxation Department under protest for Entry Tax. The matter is still pending with Hon'ble High Court of H.P. Shimla.  
  
(b) The credit facilities being availed by the company are restructured by the lender bank i.e. State Bank of India. On the basis of restructuring scheme, the bank has stipulated the Right to Recompense amounting to Rs.5.91 crores.
4. Managerial Remuneration of Rs. 6.77 Lacs has been paid to Sh. Pawan Nagpal, Director and Sh.Gian Chand Thakur, Director of the Company during the year under review (Previous Year Rs.6.52 Lacs) which is as per provisions of section 197 and 198 of the Companies Act 2013.
5. The Company has no information about the parties who has registered themselves under Micro, Small and Medium Enterprises Development Act, 2006.
6. The earnings per share (EPS) disclosed in the profit and loss account have been calculated as under:-

**Basic earning per share**

Particulars	As At 31.03.2015	As At 31.03.2014
Profit/(Loss) attributable to equity shareholders (Rs. In Lacs) (A)	(124.01)	(12.81)
Less: Preference Dividend for the year	--	--
Earnings Attributable to Equity shareholders	(124.01)	(12.81)
Weighted average number of equity shares (Nos) (B)	8625000	862500
Earning per shares (Rs per shares) (face value of Rs.10 each (A/B))	-ve	-ve
Diluted earning per share	-ve	-ve

\*As per the re habilitation scheme sanctioned by the Hon'ble BIFR, the company have to redeem 1,65,000 16.5% Redeemable Preference Shares of Rs.100 each at 20% of its face value and without payment of dividend. Therefore No Dividend has been assumed on said redeemable preference shares while calculating EPS.

**7. Deferred Taxation**

The disclosure requirements as per the Accounting Standards (AS-22) on 'Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India is as under:-

Net Deferred Tax Liability as on 31<sup>st</sup> March, 2014 has been recognized by applying the tax rate applicable for the current financial year as under:-

Sr. No.	Particulars	Deferred Tax (Rs.)	
		Debit	Credit
1.	Deferred Tax Assets as on 01.04.2014	12285034/-	--
2.	Deferred Tax Liability recognized during the year due to timing difference between depreciation as per Income Tax Act, 1961 & as per books of account for the year 2014-15	--	12744209/-
3.	Net Deferred Tax Liability as on 31.03.2015	--	459175/-

8. (i) The related party disclosures as per Accounting Standard-18 issued by The Institute of Chartered Accountants of India are as under:-

**I. Enterprises under the common control as the company**

- M/s Shiva Texfab Limited
- M/s Shiva Specialty Yarns Ltd
- M/s Yogindera Worsted Limited
- M/s Shiva Spin-N-Knit Ltd
- M/s K.K.Fibres Ltd.
- M/s Indian Yarns Ltd.

**II. Key Management Persons**

- Sh. Akhil Malhotra
- Sh. Daljeet Singh Rana (Resigned on 14.02.2015)
- Sh. Mayank Malhotra (Appointed on 12.04.2013)
- Sh. Pawan Nagpal (Resigned on 12.11.2014)
- Sh. Gian Chand Thakur (Appointed on 12.11.2014)

a. Disclosure of transactions between the company and related parties during the year and outstanding balances as on March 31, 2015.

Particulars	(Rs. in Lacs)			
	Enterprises that are under common control as the company		Key management personnel	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
Purchases	2715.59	7896.77	Nil	Nil
Sales (Including Jobwork Income)	4504.65	3952.41	Nil	Nil
Unsecured Loans Taken/(repaid)	Nil	Nil	Nil	Nil
Director Sitting fees	Nil	Nil	0.47	0.60
Rent Paid	0.60	Nil	1.00	1.57
Remuneration	Nil	Nil	6.77	6.52

9. In the opinion of the management, all current assets, loan and advances their value if realized in the ordinary course of business, at least to the amount at which they are stated except expressly stated otherwise.

10. Balance of Sundry Debtors, Sundry Creditors and Loans and Advances are subject to confirmation and reconciliation.

**11. Payment to Auditors:-**

Particulars	(Rs. in Lacs)	
	As At 31.03.2015	As At 31.03.2014
Audit Fees	1.12	1.12
Tax Audit Fees	1.12	1.12
<b>Total</b>	<b>2.24</b>	<b>2.24</b>

12. As per the rehabilitation scheme sanctioned by the Hon'ble BIFR, the company shall redeem 1,65,000 16.5% Redeemable Preference Shares of Rs.100 each at 20% of its face value within period of two years starting from Financial Year 2010-11 towards full and final settlement and accumulated dividend of past years shall not be paid. Out of it 1,50,000 16.5% Redeemable Preference Shareholders has not approached the company for redemption of the same.

13. The company has only one segment "Cotton and Blended Yarn", so the disclosure requirements in accordance with guiding principles enunciated in Accounting Standard-17 "Segment Reporting", are not applicable.

14. Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss Account amounting to Rs.344.60 Lacs .

15. The summarized position of Post-Employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard (AS15) are as under:

**a. Gratuity**

The principal assumptions used in actuarial valuation of gratuity are as below:

**i) Economic Assumptions**

	<b>31/03/2015</b>	<b>31/03/2014</b>
i) Discounting Rate	8.00	8.75
ii) Future salary Increase	5.00	5.00
iii) Expected Rate of return on plan assets	0.00	0.00

**ii) Demographic Assumption**

i) Retirement Age (Years)	58	58
ii) Mortality Table	IALM (2006 - 08)	
iii) Ages	<b>Withdrawal Rate (%)</b>	
Up to 30 Years	5.00	5.00
From 31 to 44 years	5.00	5.00
Above 44 years	5.00	5.00

**iii) Actuarial Value**

	<b>Assets / Liability</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
A	Present value of obligation	9,84,277	9,86,275
B	Fair value of plan assets	--	--
C	Net assets / (liability) recognized in balance sheet as provision	(9,84,277)	(9,86,275)

**iv) Bifurcation of PBO at the end of year as per revised schedule VI to the companies Act.**

		<b>31/03/2015</b>	<b>31/03/2014</b>
a)	Current liability (Amount due within one year)	31,434	28,470
b)	Non-Current liability (Amount due over one year)	9,52,843	9,57,805
c)	<b>Total PBO at the end of year</b>	<b>9,84,277</b>	<b>9,86,275</b>

**b. Provident Fund**

During the year the company has recognized an expense of Rs. 12,53,334/- (Previous Year Rs. 10,23,925/-) towards provident fund scheme.

**c. Leave Encashment**

During the year the company has recognized an expense of Rs. 8,72,951/- (Previous Year Rs. 4,73,247/-)

16. The figures of the previous year have been rearranged/ regrouped, wherever necessary to facilitate comparison.

**FOR SUMAT GUPTA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REG.NO.010288N**

**ON BEHALF OF THE BOARD**

-sd/-  
**SUMAT GUPTA  
PARTNER  
M.NO. 086000**

**May 30, 2015  
LUDHIANA**

-sd/-  
**AKHIL MALHOTRA  
(MANAGING DIRECTOR)  
DIN: 00126240**

-sd/-  
**MAYANK MALHOTRA  
(DIRECTOR)  
DIN:01395444**

-sd/-  
**AMIT SHARMA  
(COMPANY SECRETARY)**

-sd/-  
**ASHWANI KUMAR  
(CFO)**





**HIMACHAL FIBRES LIMITED**

**Registered Office:** Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103  
**CIN:** L17119HP1980PLC031020 **Phone:** 0161-4684000 **Fax:** 0161-4684010  
**Email:** hfl.corporate@gmail.com, **Website:** www.himachalfibre.com

**ATTENDANCE SLIP**

Regd. Folio No.		Name and Address of the registered Shareholder
No. of Shares Held		

I being the registered Shareholder/ proxy for the registered Shareholder of the Company hereby record my presence at the 34th ANNUAL GENERAL MEETING of the Company held on Monday, September 28, 2015 at 12:00 P.M. at Plot No.43 -44, Industrial Area, Brotiwala, Distt. Solan -174103 and at any adjournment(s) thereof.

Signature of Shareholder /proxy



**HIMACHAL FIBRES LIMITED**

**Registered Office:** Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103  
**CIN:** L17119HP1980PLC031020 **Phone:** 0161-4684000 **Fax:** 0161-4684010  
**Email:** hfl.corporate@gmail.com, **Website:** www.himachalfibre.com

**PROXY FORM**

Form MGT - 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L17119HP1980PLC031020
Name of the Company	Himachal Fibres Limited
Regd. Office	Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103
Name of the Member(s)	
Regd. Address	
Email	
Folio No.	

I/We, being the member(s) of \_\_\_\_\_ shares of Himachal Fibres Limited, hereby appoint:

- Name : \_\_\_\_\_ Address \_\_\_\_\_  
 Email: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_ Address \_\_\_\_\_  
 Email: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_ Address \_\_\_\_\_  
 Email: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th ANNUAL GENERAL MEETING of the Company held on Monday, September 28, 2015 at 12:00 P.M. at Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103 and at any adjournment(s) thereof, in respect of such resolutions as are indicated below:

<b>Ordinary Business:</b>
1. Adoption of Audited Financial Statement of the Company for the Financial year ended March 31, 2015, and the reports of the Board of Directors and Auditors thereon.
2. Appoint a Director in place of Mr. Mayank Malhotra who retires by rotation and being eligible, offers himself for re-appointment.
3. Appointment of M/S Sumat Gupta & co. as Statutory Auditors and fixing their remuneration
<b>SPECIAL BUSINESS:</b>
4. Appointment of Mrs. Malkeet Kaur (DIN 07140603) as an Independent Director.
5. Ratification of the remuneration of the Cost Auditors for the financial year ending 31st March, 2016

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

Signature of the Member: \_\_\_\_\_

Signature of the Proxy holder(s): \_\_\_\_\_

Affix  
revenue  
stamp of  
Rs. 1

**Notes:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting

**BOOK POST**



If Undelivered please return to

**HIMACHAL FIBRES LIMITED**  
Corp. Office : L, Model Town, Backside  
Hotel Chevron,  
Ludhiana-141002 (INDIA)