Manjul Mittal & Associates
Chartered Accountants
GSTIN:03ABCFM3460B1ZY

INDEPENDENT AUDITOR'S REPORT

To the Members of
Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)
CIN - L43292HP1980PLC031020

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Rudra Ecovation Limited (Formerly Himachal Fibres Limited) ("the Company")**, which comprise the Balance Sheet as at 31 March 2026, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 31 March 2026, its loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements. Our opinion is not modified in respect of the matter described in the Emphasis of Matter paragraph.

Emphasis of Matter

- We draw attention to Note 4 to the standalone financial statements, which describes the Company's investment in the equity shares of Shiva Texfabs Limited aggregating Rs. 9,623.77 Lakhs as at March 31, 2026, acquired in an earlier financial year and carried at fair value through other comprehensive income. The Board has approved the scheme of Amalgamation of Rudra Ecovation Limited (formerly Himachal Fibres Limited) with Shiva Texfabs Limited on dated 23.12.2024 and The application for Merger & Amalgamation of Rudra Ecovation Limited (formerly Himachal Fibres Limited) with Shiva Texfabs Limited has filed with NCLT on dated 23rd September 2025 and is pending for final order.

Our Opinion is not modified in respect of the above matters. UDIN: 26500559BDCLXD5238

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MANJUL MITTAL & ASSOCIATES Chartered Accountants LUDHIANA

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
During the financial year 2024-25, on 11.07.2024, the company had issued and allotted 2,07,65,000 convertible warrants at a price of Rs. 48/- per warrant to the promoters and non-promoters on a preferential basis with a right to the warrant holders to apply for and be allotted one fully paid up equity share of the company of face value of Re. 1/- each at a premium of Rs. 47/- per share for each warrant within a period of 18 months from the date of allotment. The company has already converted 1,31,18,000 of these warrants into equity shares of Re. 1/- each at a premium of Rs. 47/- per share on receipt of the balance 75% of the issue price in the FY 2024-25. During the current financial year, 49,60,000 of these warrants were converted into equity shares of Re. 1/- each at a premium of Rs. 47/- per share on receipt of the balance 75% of the issue price, and the remaining 26,87,000 warrants were forfeited on the failure of the warrant holders to exercise the conversion option within the stipulated period, consequent to which subscription money of Rs. 322.44 Lakhs has been transferred to Capital Reserve. We identified this as a key audit matter because of its impact on the capital structure of the company and the judgement involved in assessing compliance with the applicable provisions of the Companies Act, 2013, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the accounting treatment prescribed under Ind AS 32.	Our procedures included, but were not limited to, the following: • Obtained and reviewed board and shareholder resolutions approving the issue of warrants. • Verified compliance with the applicable provisions of the Companies Act, 2013. • Reviewed the approval letter from the stock exchange. • Assessed the accounting treatment of the warrants under Ind AS 32, including the derecognition of the forfeited subscription money of Rs. 322.44 Lakhs from "Money received against share warrants" and its transfer to Capital Reserve, and verified that the balance under that head is Nil as at March 31, 2026 (previous year Rs. 917.64 Lakhs). • Evaluated the related disclosures made in the notes to the financial statements to ensure adequacy and compliance with the financial reporting framework. Based on the procedures performed, we did not identify any material exceptions in the accounting treatment of, and the disclosures relating to, the convertible warrants.

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report(s) thereon.

Our opinion on the standalone financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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 Ind AS financial statements that give a true and fair view of the state of affairs, loss and total comprehensive loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: -

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

e) On the basis of the written representations received from the directors as on 31 March 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

g) Based on our examination of the books of account and according to the information and explanations given to us, the Company has paid managerial remuneration during the year. In our opinion, the remuneration paid is in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013 and does not exceed the prescribed limits. Further, requisite approvals as mandated under the Act have been obtained by the Company.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial statements; refer the note on Contingent Liabilities and Commitments to the standalone Ind AS financial statements.

ii. The company did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2026.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared/paid any dividend to the shareholders during the year under review.

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

FOR MANJUL MITTAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO. 028039N

DATED: 29-05-2026
PLACE: LUDHIANA

MANJUL MITTAL
PARTNER
(M.NO.500559)
UDIN: 26500559BDCLXD5238

"Annexure A" to the Independent Auditors' Report"

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of **M/s Rudra Ecovation Limited (Formerly Himachal Fibres Limited)** ("the Company") for the year ended March 31, 2026:

i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets;

(B) The Company has no intangible assets for the year ended March 31, 2026.

(b) The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements are held in the name of the company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii)(a) The management has conducted the physical verification of inventory at reasonable intervals and in our opinion, the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.

b) According to the information and explanation given to us and on the basis of our examination of the records, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks/financial on the basis of the security of current assets. The company is not availing any working capital limits from any Bank/Financial Institutions. Therefore, reporting under clause 3(ii)(b) of the Order is not applicable.

iii) (a) During the year the Company has not made any investments in, nor provided any guarantee or security, nor granted any loans or advances in the nature of loans to companies, firms, limited liability partnerships or any other parties. The investment in equity instruments of Shiva Texfabs Limited, carried at Rs. 9,623.77 Lakhs as at March 31, 2026 (previous year Rs. 9,627.37 Lakhs), was made in an earlier financial year and the movement during the year represents fair valuation through other comprehensive income only; the matter is referred to in the Emphasis of Matter paragraph of our report.



(b) to (f) Since the Company has not made any investments, provided any guarantee or security, or granted any loans or advances in the nature of loans during the year, reporting under clauses 3(iii)(b) to 3(iii)(f) of the Order is not applicable.

iv) In our opinion and according to the information and explanations given to us, the provisions of sections 185 and 186 of the Companies Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees, and securities given have been complied with by the company.

v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi) Maintenance of cost records under Section 148(1) of the Companies Act, 2013 are not applicable on the company. Hence, reporting under clause 3(vi) of the Order is not commented upon.

vii) (a) In our opinion, the Company has not been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2026 for a period of more than six months from the date they became payable except following:-.

S. No.	Statute	Nature	Amount in Lakhs
1	Himachal Pradesh Sales Tax Act	Works Contract Tax Payable	1.36
2	Finance Act, 1994	Service Tax Payable	0.04
3	Employee's State Insurance Act, 1948	E.S.I. Payable	2.93
4	Income Tax Act, 1961	TDS / TCS Payable	11.74
5	Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund Payable	9.15

b) According to the information and explanations given to us and the records of the Company examined by us, the following dues of Income Tax have not been deposited on account of dispute as on March 31, 2026.

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	7.29	AY 2013-14	As informed to us, Not challenged by the assessee in any forum
Income Tax Act, 1961	TDS/TCS	12.23	F.Y. 2023-24 to F.Y. 2025-26 and earlier years	As informed to us, Not challenged by the assessee in any forum

viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender during the year under review.

(b) In our opinion and according to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable

(d) The Company has not raised any fresh short term loan during the year. Therefore, the provisions of clause 3 (ix) (d) of the Order could not be commented upon.

(e) The company has no subsidiaries, associates or joint ventures. Accordingly, the provisions of clause 3 (ix) (e) of the Order are not applicable to the Company and hence not commented upon.

(f) The company has no subsidiaries, associates or joint ventures. Accordingly, the provisions of clause 3 (ix) (f) of the Order are not applicable to the Company and hence not commented upon.

x) (a) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer(including debt instruments) during the year under review. Accordingly, the provisions of clause 3 (x) (a) of the Order are not applicable to the Company and hence not commented upon.

(b) The company had allotted 2,07,65,000 convertible warrants at a price of Rs. 48/- per warrant on 11.07.2024 to the promoter and non-promoters on preferential basis with a right to the warrant holders to apply for and be allotted 1 fully paid up equity share of the company of face value of Rs. 1/- each at a premium of Rs. 47/- per share for each warrant within a period of 18 months from the date of allotment of warrants. Out of it, 1,31,18,000 warrants had been converted into equity shares on receipt of 75% of the issue price per warrant upto 31st March 2025. During the year under review, a further 49,60,000 warrants were converted into equity shares of Re. 1/- each at a premium of Rs. 47/- per share on receipt of the balance 75% of the issue price and the balance 26,87,000 warrants were forfeited on the failure of the warrant holders to exercise the conversion option within the stipulated period, consequent to which subscription money of Rs. 322.44 Lakhs has been transferred to Capital Reserve.

xi) (a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As per the information & Explanation provided to us, No whistle blower complaints has been received by the Company during the year (and upto the date of this report).

xii) Since the Company is not a Nidhi Company, therefore, the provisions of clause (xii) (a), (xii) (b) and (xii) (c),of the Order are not applicable to the Company.

xiii) In our opinion, all other transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, and the details have been disclosed in the financial statements as required by the applicable accounting standards.

xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act.

xvi) (a) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934(2 of 1934) and accordingly, the provisions of clause 3 (xvi)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii) According to the information and explanations given to us and based on our audit, the Company has incurred cash losses of ₹ 308.48 Lakhs in the financial year and cash losses of ₹ 234.47 Lakhs in the immediately preceding financial year.

xviii) There has been no resignation of the statutory auditors of the Company during the year under review.

xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx) Section 135 of the Companies Act is not applicable to the company; therefore reporting under clause 3(xx) of the Order is not applicable.

FOR MANJUL MITTAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO. 028039N



DATED: 29-05-2026
PLACE: LUDHIANA

MANJUL MITTAL
PARTNER
(M.NO.500559)
UDIN: 26500559BDCLXD5238

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of M/s Rudra Ecovation Limited (Formerly Himachal Fibres Limited).

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Rudra Ecovation Limited (Formerly Himachal Fibres Limited) ("the Company")**, as of March 31, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively 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, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.



A company's internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR MANJUL MITTAL & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO. 028039N

DATED: 29-05-2026
PLACE: LUDHIANA

MANJUL MITTAL
PARTNER
(M.NO.500559)
UDIN: 26500559BDCLXD5238

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)
Regd Office-Plot No: 43-44, Industrial Area, Baretewala, Baddi, Himachal Pradesh
CIN - L43292HP1980PLC031020

Balance Sheet as at 31st March 2026 *(Rs. In Lakhs)*

Particulars	Note No.	As at 31.03.2026		As at 31.03.2025	
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3	993.15		1112.88	
(b) Capital Work in Progress		0.00		0.00	
(c) Right-of-use assets		5.75		5.86	
(d) Financial Assets					
(e) Investments	4	9623.77		9627.37	
(f) Deferred tax assets (net)		276.77		255.40	
(g) Other non-current assets	5	28.05	10927.49	454.53	11456.04
Current assets					
(a) Inventories	6	854.61		481.54	
(b) Financial Assets					
(i) Trade Receivables	7	1945.14		74.04	
(ii) Cash and cash equivalents	8	6.62		11.52	
(c) Current Tax Assets (Net)	9	2.96		2.80	
(d) Other Current Assets	10	128.10	2937.43	129.21	1199.11
Total Assets			**13864.92**		**12655.15**
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	11	1193.28		1143.68	
(b) Other Equity	12	10741.50		8486.17	
(c) Money received against share warrants		0.00	11934.78	917.64	10547.49
LIABILITIES					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	13	83.85		73.55	
(ii) Other Long Term Liabilities	14	344.67		982.29	
(b) Provisions	15	17.98	446.50	20.28	1076.12
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings		0.00		0.00	
(ii) Trade Payables	16				
I. Dues to Micro and Small Enterprise (MSE)		0.00		0.00	
II. Other than MSE Dues		47.98		70.38	
(iii) Other financial liabilities	17	999.04		230.00	
(b) Other current liabilities	18	434.52		728.94	
(c) Provisions	19	2.10	1483.64	2.22	1031.54
Total Equity and Liabilities			**13864.92**		**12655.15**

As per our attached report of even date
For **Manjul Mittal & Associates**
Chartered Accountants
Firm Reg.No 028059N

MANJUL MITTAL
PARTNER
M.NO- 505552
UDIN: 25505559BMLKKM8352
Dated- 29.05.2026
Place- Ludhiana

For and on behalf of the Board of Directors of
Rudra Ecovation Limited

Akhilesh Kumar Tiwari
(Director Cum CEO)
DIN : 01086015

Gian Chand Thakur
(Whole Time Director)
DIN : 07006447

Akhil Malhotra
(Director)
DIN : 00126240

Ravi Passi
(CFO)

Nancy Sogla
(Company Secretary)

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)
Regd.Office-Plot No: 43-44, Industrial Area, Baroliwala, Baddi, Himachal Pradesh.
CIN - L43292HP1980PLC031020

Statement of Profit and Loss for the period ended 31st March 2026

(Rs. In Lakhs)

Particulars	Note No.	For the period ended 31.03.2026	For the Year ended 31.03.2025
INCOME			
Revenue from operations	20	3160.13	2659.21
Other Income	21	55.78	76.03
Total Income		**3215.91**	**2735.24**
EXPENSES			
Cost of materials consumed	22	1959.73	1662.33
Purchases of Stock-in-Trade			
Changes in inventories of finished goods and work-	23	497.55	117.28
Employee benefits expense	24	460.73	470.94
Finance costs	25	128.05	145.71
Depreciation expense	26	119.84	115.56
Other expenses	27	478.33	573.46
Total Expenses		**3644.23**	**3085.28**
Profit/ - Loss before exceptional items and tax		(428.32)	(350.03)
Exceptional items-Expenses/(Income)		-	-
Profit/ - Loss before tax		(428.32)	(350.03)
Less: tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(21.35)	(21.05)
Profit/ - Loss for the period		**(406.97)**	**(328.98)**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or			
Remeasurement of post-employment benefit		15.07	10.24
Changes in fair value of FVOCI equity instruments		(3.59)	2.25
(ii) Income tax relating to items that will not be			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be			
Total Comprehensive Income for the period		**(395.49)**	**(316.49)**
Earnings per equity share:			
(Nominal value of equity share - Rupee 1/-)			
Basic		(0.34)	(0.30)
Diluted		(0.34)	(0.30)

As per our attached report of even date
For Manjul Mittal & Associates
Chartered Accountants
Firm Reg.No.028039N

MANJUL MITTAL
PARTNER
M.NO. 500559
UDIN: 25500559BMLKKM8352

For and on behalf of the Board of Directors of
Rudra Ecovation Limited

Akhilesh Kumar Tiwari
(Director Cum CEO)
DIN : 11086015

Gian Chand Thakur
(Whole Time Director)
DIN : 07006447

Akhil Malhotra
(Director)
DIN:00126240

Ravi Passi
(CFO)

Nancy Singla
(Company Secretary)

Dated- 29.05.2026
Place- Ludhiana

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)
Regd Office-Plot No: 43-44, Industrial Area, Baddowala, Baddi, Himachal Pradesh
CIN - L45292HP1980PLC031620

CASH FLOW STATEMENT FOR THE YEAR ENDING 31st March'2026

(Rs. In Lakhs)

	PARTICULARS	AS AT 31.03.2026 (Audited)	AS AT 31.03.2025 (Audited)
A.	**CASH FLOW FROM/USED IN OPERATING ACTIVITIES**		
	NET PROFIT BEFORE TAX	(413.25)	(337.54)
	ADJUSTMENTS FOR:		
	DEPRECIATION	139.84	115.56
	MISCELLENOUS EXPENSES WRITTEN OFF		
	INTEREST EXPENSES	128.05	145.71
	INTEREST INCOME	(0.82)	(4.63)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(166.18)	(80.90)
	ADJUSTMENTS FOR:		
	(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	(1444.63)	1298.91
	(INCREASE)/DECREASE IN INVENTORIES	126.92	(452.17)
	INCREASE/(DECREASE) IN TRADE PAYABLES AND OTHER LIABILITIES	(187.81)	781.89
	INCREASE /(DECREASE) IN LOANS & ADVANCES	0.94	(39.29)
	CASH GENERATED FROM OPERATIONS	(1670.76)	1511.44
	INCOME TAX PAID	2.81	6.57
	NET CASH FROM/USED IN OPERATING ACTIVITIES	(1673.57)	1504.87
B.	**CASH FLOW FROM/USED IN INVESTING ACTIVITIES**		
	PURCHASE OF FIXED ASSETS	0.00	(84.13)
	PURCHASE OF INVESTMENTS	0.00	(9627.37)
	INTEREST RECEIVED	0.82	4.63
	NET CASH FROM/USED IN INVESTING ACTIVITIES	0.82	(9706.87)
C.	**CASH FLOW FROM/USED IN FINANCING ACTIVITIES**		
	PROCEEDS /(ADJUSTMENT) OF SHARE WARRANTS	(917.64)	298.89
	(REPAYMENT) RECEIPT OF LONG TERM BORROWINGS	10.30	9.03
	CHANGES IN WORKING CAPITAL LOANS/SHORT TERM BORROWINGS	0.00	0.00
	INCREASE/(DECREASE) IN SHARE CAPITAL	49.60	281.18
	INCREASE/(DECREASE) IN OTHER EQUITY	2653.64	7515.46
	INTEREST PAID	(128.05)	(145.71)
	NET CASH FROM/USED IN FINANCING ACTIVITIES	1667.85	7958.85
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLANTS	(4.90)	(243.14)
	OPENING CASH AND CASH EQUIVALENTS	11.52	254.67
	CLOSING CASH AND CASH EQUIVLALENTS	6.62	11.52

As per our attached report of even date
For Manjul Mittal & Associates
Chartered Accountants
Firm Reg No 028019N

MANJUL MITTAL
PARTNER
M.NO. 580559
UDIN: 25580559BMLKKA8352

For and on behalf of the Board of Directors of
Rudra Ecovation Limited

Akhilesh Kumar Tiwari (Director Cum CEO) DIN : 11086015
Gian Chand Thakur (Whole Time Director) DIN : 07006447
Akhil Malhotra (Director) DIN:00126240
Ravi Passi (CFO)
Nency Singla (Company Secretary)

Dated- 29.05.2026
Place- Ludhiana

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)

Note No: 3
(Rs.in Lakhs)

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31.03.2026

Note No.	Description of assets	Gross carrying amount				Depreciation				Net carrying amount	
		As at 01.04.2025	Additions during the period	Disposal	As at 31.03.2026	Opening accumulated depreciation	Depreciation for the year	Eliminated on disposal of assets	Closing accumulated depreciation	As at 31.03.2026	As at 31.03.2025
3.	**Property, plant and equipment**										
	At Works										
	Freehold Land	0.82	-	-	0.82	-	-	-	-	0.82	0.82
	Total	0.82	-	-	0.82	-	-	-	-	0.82	0.82
	Buildings	1,304.75	-	-	1,304.75	836.19	30.53	-	866.72	438.03	468.56
	Plant and equipment	3,931.89	-	-	3,931.89	3,294.24	88.89	-	3,383.14	548.76	637.65
	Furniture and fixtures	18.65	-	-	18.65	18.16	-	-	18.16	0.49	0.49
	Vehicles	35.69	-	-	35.69	34.43	-	-	34.43	1.26	1.25
	Office equipments	6.29	-	-	6.29	5.98	-	-	5.98	0.31	0.31
	Computers	9.24	-	-	9.24	8.78	-	-	8.78	0.46	0.46
	Mobile Phones	0.35	-	-	0.35	0.33	-	-	0.33	0.02	0.02
	Electrical Fittings	8.39	-	-	8.39	5.85	0.27	-	6.11	2.28	2.55
	Weighing Machines	0.85	-	-	0.85	0.65	0.05	-	0.69	0.16	0.21
	Tubewell	3.25	-	-	3.25	3.09	-	-	3.09	0.16	0.16
	At Ludhiana Office										
	Office equipments	0.43	-	-	0.43	0.40	-	-	0.40	0.02	0.02
	Computers	5.80	-	-	5.80	5.51	-	-	5.51	0.29	0.29
	Mobile Phones	1.49	-	-	1.49	1.42	-	-	1.42	0.07	0.07
	Total	5,327.90	-	-	5,327.90	4,215.03	119.73	-	4,334.76	993.15	1,112.88
	Previous Year	5,243.78	84.13	-	5,327.90	4,099.58	115.45	-	4,215.03	1,112.88	1,144.20



Rudra Ecovation Limited

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31.03.2026

A. Equity Share Capital

(1) Current reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
1142.92	-	1142.92	48.00	1190.92

(2) Previous reporting period

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
852.50	-	852.50	290.42	1142.92

B. Other Equity

(1) Current reporting period

Particulars	Share application money pending allotment	Equity component of Preference Shares 4% Non-Cumulative Redeemable Preference Shares	Equity component of Unsecured Loan	Reserves and Surplus				Money received against share warrants	Total
				Capital Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings		
Balance at the beginning of the current reporting period		921.00	502.38	1717.51	8035.49	314.80	(3081.88)	917.94	9427.24
Changes in accounting policy/prior period errors									
Restated balance at the beginning of the current reporting period									
Other Comprehensive Income for the current year							11.47		11.47
Additions during the period				322.44	2351.20			1760.68	4434.32
Transfer to retained earnings									
Transfer to Issued Capital & Securities Premium								(2353.80)	(2353.80)
Transfer to Capital Reserves								(324.44)	(324.44)
Profit/Loss for the Period							(408.87)		(408.87)
Income Tax for Earlier Years							(2.81)		(2.81)
Balance at the end of the current reporting period	-	921.00	502.38	2161.37	10386.69	314.80	(3481.88)	-	10241.65

(2) Previous reporting period

Particulars	Share application money pending allotment	Equity component of Preference Shares 4% Non-Cumulative Redeemable Preference Shares	Equity component of Unsecured Loan	Reserves and Surplus				Money received against share warrants	Total
				Capital Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings		
Balance at the beginning of the previous reporting period		921.00	502.38	1717.51	8035.49	314.80	(3081.88)	917.94	9427.24
Changes in accounting policy/prior period errors									
Restated balance at the beginning of the previous reporting period									
Total Comprehensive Income for the previous year							12.46		12.46
Additions during the period					(515.49)			306.80	(208.69)
Transfer to retained earnings									
Profit/Loss for the Period							(325.98)		(325.98)
Income Tax for Earlier Years							(9.57)		(9.57)
Balance at the end of the previous reporting period		921.00	502.38	1717.51	8035.49	314.80	(3081.88)	917.94	9427.24

As per our attached report of even date
For Manjit Mittal & Associates
Chartered Accountants
Firm Reg. No. 026539N

MANJIT MITTAL
PARTNER
M.NO. 100938
UDIN: 25500559BMLICKM8352
Dated: 29.05.2026
Place: Ludhiana

For and on behalf of the Board of Directors of
Rudra Ecovation Limited

Abhinav Kumar Tatan
(Director Cum C.E.O)
DIN : 11086015

Ishan Dhand Thakur
(Whole Time Director)
DIN: 37305447

Rahul Malhotra
(Director)
DIN: 09128249

Sunil Pasi
(CFO)

Nancy Gupta
(Company Secretary)

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31.03.2026

(All amount in Lakhs of Indian Rupees, except share data and stated otherwise)

Note	Particulars	As at 31.03.2026		As at 31.03.2025	
4	**Long Term Investments**				
	Investment at fair value through other comprehensive income	No. of Shares		No. of Shares	
	Shiva Textiles Limited (Equity Shares of Rs.10/- each at price of Rs.212.75 Each Fully paid up)	2339181	4,999.30	2339181	5,001.17
	Shiva Textiles Limited (Equity Shares of Rs.10/- each at price of Rs.212.75 Each Partly paid up)	4701755	4,624.47	4701755	4,626.20
	Total		9,623.77		9,627.37
5	**Other non-current assets**				
	Capital Advances		6.40		6.40
	Security deposits		21.65		21.65
	Slow Moving Inventories		-		426.47
	Total		28.05		454.53
6	**Inventories**				
	(Refer Note No.: 2 (h) for mode of valuation)				
	Raw materials		42.00		121.97
	Work in progress		103.36		72.50
	Finished goods		429.91		938.33
	Stores and spares		279.34		255.21
			854.61		1,408.01
	Less: Slow Moving Inventories (Non Current)		-		426.47
	Total		854.61		981.54
7	**Trade receivables**				
	Unsecured, considered good				
	Related Parties - Where Director is Director or Member				
	(i) Undisputed Trade Receivable - Considered Good				
	Less than 6 months	1,864.33		74.04	
	6 Months to 1 Year	80.81			
	1-2 Years	-			
	2-3 Years	-			
	More than 3 Years	-	1,945.14		74.04
	Other Parties				
	(ii) Undisputed Trade Receivable - Considered Doubtful				
	(iii) Disputed Trade Receivable - Considered Good				
	(iv) Disputed Trade Receivable - Considered Doubtful				
	Less: Provision for Doubtful Debts		-		
	Total		1,945.14		74.04
	Doubtful				
	Less: Provision for Life Time Expected Credit Loss				
	Others				
	Total		1,945.14		74.04

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.

8	**Cash and cash equivalents**		
	Balances with banks		
	- in current/ cash credit accounts	4.44	8.54
	- in deposit accounts with maturity upto three months (pledged with banks towards margin against Bank		
	Cheque in Hand		
	Cash in hand	2.18	1.78
	FDR A/C -HDFC BANK	-	1.20
	Total	**6.62**	**11.52**
9	**Current Tax Assets (Net)**		
	TDS/ TCS Recoverable	2.96	2.80
	Total	**2.96**	**2.80**
10	**Other current assets**		
	Other Parties	112.86	44.55
	Other advances Recoverable in Cash or Kind	1.64	5.86
	Prepaid Expenses	3.02	4.19
	GST Input (HP)	3.08	10.95
	GST Refund Receivable	3.47	60.00
	GST Cash Ledger	3.67	3.19
	GST Claimable	0.36	0.46
	Total	**128.10**	**129.21**

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)

(All amount in Lakhs of Indian Rupees, except share data and stated otherwise)

Note	Particulars	As at 31.03.2026	As at 31.03.2025
11	Equity Share capital		
	Authorised		
	Equity Shares		
	- 17,50,00,000(PY 17,50,00,000) Equity Shares for Re. 1/- EACH	1,750.00	1,750.00
	Preference Shares		
	- 1,65,000 16.5% Cumulative Redeemable Pref. Shares of Rs.100/- Each	165.00	165.00
	- 14,35,000 4% Non-Cumulative Redeemable Pref. Shares of Rs.100/- Each	1,435.00	1,435.00
	Total	3,350.00	3,350.00
	Issued, Subscribed & Paid Up Equity Shares		
	- 11,93,28,000 (PY 11,43,68,000) Equity Shares for Re. 1/- Each Fully Paid up	1,193.28	1,143.68
	Total	1,193.28	1,143.68

The reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Equity shares of Rs. 1/- each:

Particulars				
Number of shares and amount at the beginning	114,368,000	114,368,000.00	86,250,000	86,250,000.00
Add: Shares issued	4,960,000	4,960,000.00	28,118,000	28,118,000.00
Add: Share Warrants				
Share Appecation Money		-		-
Number of shares and amount at the end		**119,328,000.00**		**114,368,000.00**

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of

Equity shares: The company has one class of equity share having face value of Rs. 1/- per share. Every member holding equity shares and entitled to vote and present in person or by proxy shall have voting rights which shall be in the same proportion as the capital paid on the equity share or shares (whether fully paid up or partly paid up) held by him bears to the total paid up equity capital of the company.

Shares in the company held by each shareholder holding more than 5 percent shares:

Name of the shareholder	Number of shares	% held	Number of shares	% held
Brijeshwari Textiles P Ltd	7,041,500	5.90%	7,041,500	6.16%
India Equity Fund 1	5,870,000	4.92%	5,870,000	5.13%
	12,911,500	0.11	12,911,500	0.11
Promoters' share holding*				
1) Indian				
a) Individual				
Alka Malhotra	500,000	0.42%	500,000	0.44%
Mayank Malhotra	2,000,000	1.68%	2,000,000	1.75%
Simmi Malhotra	5,000,000	4.19%	5,000,000	4.37%
Sub Total	7,500,000	6.29%	7,500,000	6.56%
b) Other body Corporates				
Brijeshwari Textiles Private Limited	7,041,500	5.90%	7,041,500	6.16%
Shiva Sperlab Private Limited	4,030,000	3.38%	1,250,000	1.09%
Sub Total	11,071,500	9.28%	8,291,500	7.25%
Total Shareholding of Promoter and Promotor Group	18,571,500	15.56%	15,791,500	13.81%

12 Other Equity

Redeemable Preference Shares

The Company had issued 12,00,000 (PY 12,00,000) 4% Non-Cumulative Redeemable Preference Shares of ₹100/- each aggregating to ₹12,00,00,000/- on 31st August 2009. As per the original terms of issue, the said preference shares were to be redeemed after the expiry of the 16th, 17th and 18th year from the date of allotment, by repayment of the amounts paid up thereon along with such premium not exceeding 4% per annum (to be calculated for a period of 15 years) on the face value of the preference shares, in installments of 30%, 35% and 35% respectively, with the first installment falling due on 31st August 2025. Pursuant to a Special Resolution passed by the Preference Shareholders at the General Meeting held on 25th August 2025 under Sections 48 and 55 of the Companies Act, 2013, the redemption period of the first installment (representing 30% of 12,00,000 preference shares, due on 31st August 2025) has been extended by one year to 31st August 2026.



The Preference Shares are presented in the Balance Sheet as follows.				
Equity Component of Preference Shares 4% Non-Cumulative Redeemable Preference Shares		921.00		921.00
Equity Component of Preference Shares		**921.00**		921.00
Retained Earnings				
Balance at the begining of the year	(3,065.50)		(2,742.43)	
Add: Profit/(Loss) for the period	(395.49)		(316.49)	
Less: Income Tax for Earlier Years	(2.81)		(6.57)	
Balance at the end of the Year	(3,463.80)	-3,463.80	(3,065.50)	-3,065.50
Capital redemption reserve				
As at the commencement of the year	314.89		314.89	
Add: receipt during the year		314.89		314.89
Capital reserves				
As at the commencement of the year	1,777.93		1,777.93	
Add: Receipt during the year / Forfeiture of Share Warrants	322.44	2,100.37		1,777.93
Share Premium Account				
As at the commencement of the year	8,035.46		520.00	
Add: Additions during the period	2,331.20	10,366.66	7,515.46	8,035.46
Equity Component of Unsecured Loan	502.38		502.38	
Less: Redeemed During The Year		502.38		502.38
Total		**10,741.50**		**8,486.17**

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited) (All amount in Lakhs of Indian Rupees, except share data and stated otherwise)
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31.03.2026

Note	Particulars	As at 31.03.2026		As at 31.03.2025	
13	**Borrowings**				
	Unsecured Loans				
	Inter Corporate Deposits	525.00		525.00	
		525.00		525.00	
	Less: Equity Portion of Unsecured Loan	(502.38)		(502.38)	
	Add: NPV of Interest on Unsecured Loans	61.23	83.85	50.93	73.55
	Total		**83.85**		**73.55**
14	**Other Long Term Liabilities**				
	Redeemable Portion of 4% Non-Cummulative Pref Share		344.67		982.29
	Total		**344.67**		**982.29**
15	**Provisions**				
	Provision for Employee Benefits				
	Gratuity		17.96		20.28
	Total		**17.96**		**20.28**
16	**Trade payables**				
	Creditors other than Micro and small Enterprises				
	(i) MSE				
	- Less than 1 year	-		-	
	- 1-2 years	-		-	
	- 2-3 years	-		-	
	- More than 3 year	-	-	-	-
	(ii) Others				
	- Less than 1 year	39.27		63.85	
	- 1-2 years	8.13		6.23	
	- 2-3 years	0.56		0.20	
	- More than 3 year	0.02	47.98	0.11	70.38
	(iii) Disputed Dues - MSME				
	(iv) Disputed Dues -Others		-		-
	Total		**47.98**		**70.38**
17	**Other financial liabilities**				
	Others				
	-Employees Dues		180.10		166.70
	Other Expenses Payable		63.83		63.29
	Redeemable Portion of 4% Non-Cummulative Pref Share		755.31		-
	Total		**999.04**		**230.00**
18	**Other current liabilities**				
	Statutory Dues Payable				
	- Provident Fund		12.48		5.15
	- Employee State Insurance (ESI)		4.83		1.51
	- GST Payable RCM		1.06		0.67
	- SGST Output (LDH)		1.19		-
	- Tax Deducted at Source		20.52		31.31
	- Service Tax		0.04		0.04
	- Work Contract Tax		1.36		1.36
	Advance From Customers		0.20		650.06
	Other Current Liabilities Payable		344.40		-
	Cheques Issued But Not Presented		48.44		28.94
	Unclaimed Preference Shares Redemption		-		10.00
	Total		**434.52**		**728.94**
19	**Provisions**				
	Provision for employee benefits				
	- Gratuity		2.10		2.22
	Total		**2.10**		**2.22**

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31.03.2026

(All amount in Lakhs of Indian Rupees, except share data and stated otherwise)

Note	Particulars	AS AT 31.03.2026	AS AT 31.03.2025
20	Revenue from operations		
	Sale of products	3,084.32	2,387.29
		3,084.32	2,387.29
	Other operating revenues		
	Sale of waste	60.79	63.78
	Sale of Stores & Spares	12.95	206.75
	Sale of scrap	2.07	1.40
		75.81	271.92
	Total	3,160.13	2,659.21
21	Other income		
	Interest income	0.82	4.53
	Misc income	0.10	0.10
	Other Non -operative Income	26.72	59.29
		27.64	64.02
	Sundry Balances/Amount Written Back	28.14	12.01
	Total	55.78	76.03
22	Cost of materials consumed		
	Cost of raw materials consumed		
	Opening stock of raw materials	121.97	108.96
	Add: purchase of raw materials	1,879.76	1,675.34
		2,001.73	1,784.31
	Less :		
	Closing stock of raw materials	42.00	121.97
	Cost of materials consumed - Total	1,959.73	1,662.33
23	Changes in inventories of finished goods and work-in-progress		
	Closing inventories		
	Finished goods	420.32	937.74
	Saleable waste	9.69	20.59
	Work-in-progress	103.36	72.50
		533.27	1,030.83
	Opening inventories		
	Finished goods	937.74	1,060.04
	Saleable waste	20.59	16.07
	Work-in-progress	72.50	71.99
		1,030.83	1,148.11
	(-) increase/ decrease in inventories of finished goods and work-in-progress		
	Finished goods	517.42	122.30
	Saleable waste	10.99	-4.52
	Work-in-progress	-30.86	-0.51
	Changes in inventories of finished goods and work-in-	497.55	117.28

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31.03.2026

(All amount in Lakhs of Indian Rupees, except share data and stated otherwise)

Not e	Particulars	AS AT 31.03.2026	AS AT 31.03.2025
24	**Employee benefits expense**		
	Salaries and wages	398.06	410.36
	Contribution to provident fund and other funds	5.51	6.42
	Gratuity expense	12.64	14.08
	Staff welfare expenses	6.55	2.64
	Bonus	19.97	19.17
	Compensated Absences	17.00	18.27
	Total	**460.73**	**470.94**
25	**Finance costs**		
	Interest others	0.03	8.48
	Interest on Preference Shares	117.68	128.12
	NPV of Interest on Unsecured Loans	10.30	9.03
	Bank Charges	0.04	0.07
	Total	**128.05**	**145.71**
26	**Depreciation Expense**		
	Depreciation on property, plant and equipment (refer Note No. 3)	119.73	115.45
	Depreciation of Right of use assets	0.11	0.11
	Total	**119.84**	**115.56**
27	**Other expenses**		
	Manufacturing Expenses		
	Power & Electricity	298.57	233.26
	Fuel Consumed	0.48	0.02
	Oil & Lubricants	13.55	11.50
	Store & Spares Consumed	47.09	46.60
	Freight & Cartage Inwards	0.28	1.56
	Machinery Repair	24.12	13.43
		382.09	**306.37**
	Administrative Expenses		
	Remuneration of Auditors		
	(a) As Auditor	2.00	2.00
	Board Meeting Expenses	0.89	1.76
	Computer Repair & Expenses	1.15	0.64
	Fees Subscription & Taxes	10.46	22.17
	Festival/ Worship Expenses	-	0.05
	General & Miscellaneous Expenses	0.20	0.05
	Insurance Expenses	1.65	1.90
	Legal & professional Expenses	21.15	117.62
	Printing & Stationary Expenses	0.75	0.59
	Charity & Donation	0.21	-
	Rent Expenses	1.92	1.65
	Rounding off	0.01	-
	Repair & Maintenance	9.32	6.40
	Telephone, Fax, Internet & Postage Expenses	2.12	0.78
	Travelling Expenses	0.18	0.59
	Business Promotion Expenses	-	1.44
	Director's Travelling	-	0.12
	Vehicle Running & Maintenance	7.53	7.63
		58.54	**165.60**
	Selling Expenses		
	Advertisement Expenses	6.70	7.45
	Exhibition Expenses	0.53	64.01
	Freight & Cartage Outwards	29.92	29.39
	Packing & Handing Expenses	0.55	0.55
		37.70	**101.50**
	Total	**478.33**	**573.46**

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)

NOTE-28. RATIOS

S NO.	Particulars	31st March 2026	31st March 2025	Variance	Remarks
(a)	Current Ratio (Current Assets/Current Liabilties)	1.98	1.16	70.32%	Due to increase in current Assets
(b)	Debt – Equity Ratio (Total Debt/Equity Share Capital)	0.07	0.06	9.26%	-
(c)	Debt Service Coverage Ratio (Earnings available for debt services/Debt Service)	0.00	0.00	NA	Due to Negative Earnings
(d)	Return on Equity (ROE) (Total Comprehensive Income/Shareholders' Equity)	-3.31%	-3.00%	10.43%	Due to Increase in Losses
(e)	Inventory Turnover Ratio (Cost of Goods Sold/Average Inventory)	2.68	1.76	52.08%	Due to Increase in COGS
(f)	Trade receivables turnover ratio (Revenue from Operations/Average Trade Receivable)	3.13	5.95	-47.39%	Due to Increase in Debtors
(g)	Trade payables turnover ratio (Purchases/Average Trade Payables)	31.76	27.66	14.83%	-
(h)	Net capital turnover ratio (Total Income/Shareholder's Equity)	0.27	0.26	3.91%	-
(i)	Net profit ratio (Total Comprehensive Income/Total Income)	-12.30%	-11.57%	6.28%	Due to Increase in Losses
(j)	Return on capital employed (ROCE) (Earnings before Interest and Taxes/Capital Employed)	-2.43%	-1.65%	46.98%	Due to Increase in Losses
(k)	Return on Investment(ROI)(Income generated from investments/weighted average investments)	NA	NA	NA	-

29. **Contingent liability not provided for:**

(Rupees in Lakhs)

Particulars	As At 31.03.2026	As At 31.03.2025
Entry Tax with H.P. Excise and Taxation Deptt.	70.80	70.80
Processing Fees of Dy. Director of Industries, Solan	267.68	254.08
Income Tax demand for various Assessment Years	19.52	5.75
Total		

30. The Company has paid/provided the managerial remuneration to the following persons which is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act :-

Name of Directors / Managers	Designation	Remuneration	
		31.03.2026	31.03.2025
Sh. Vinod Kumar Goyal*	ED & CEO	2.00	37.91
Sh. Akhilesh Kumar Tiwari	ED & CEO	31.65	---

*Note- Mr. Vinod Kumar Goyal has resigned from company w.e.f. 30.04.2025.

31. The earnings per share (EPS) disclosed in the profit and loss account have been calculated as under:-

(Rupees in Lakhs)

S.No.	Particulars	As At 31.03.2026	As At 31.03.2025
A.	**Basic Earning Per Share**		
i	Profit/(Loss) attributable to equity shareholders	(395.49)	(316.49)
	Less: Preference Dividend for the year	0.00	0.00
	Earnings Attributable to Equity shareholders	(395.49)	(316.49)
ii	Weighted average number of equity shares (Nos) Basic	115470466	105423759
iii	**Basic Earning per shares**	**(0.34)**	**(0.30)**
B.	**Diluted earning per share**		
i	Earnings Attributable to Equity shareholders	(395.49)	(316.49)
ii	**Weighted average number of equity shares for (diluted)**		
	--Weighted average number of equity shares (Nos) Basic	115470466	105423759
	--Dilution of equity	0	1447544
	Weighted average number of equity shares (diluted) for the year	**115470466**	**106871303**
iii	**Diluted earnings per share**	**(0.34)**	**(0.30)**

32. **Deferred Taxation**

The disclosure requirements as per the Indian Accounting Standard (Ind AS 12 Income Taxes) is as under:-

Net Deferred Tax Asset as on 31st March, 2026 has been recognized by applying the tax rate applicable for the current financial year as under:-

(Rupees in Lakhs)

Sr. No.	Particulars	Deferred Tax	
		Debit	Credit
1.	Deferred Tax Assets as on 01.04.2025	255.40	--
2.	Deferred Tax Income recognized during the year due to timing difference between depreciation as per Income Tax Act, 1961 & as per books of account for the year 2025-26	21.37	--
3.	**Net Deferred Tax Assets as on 31.03.2026**	**276.77**	--

33. (i) As per Ind AS 24, the disclosures of transactions with the related parties are given below:

A. Enterprises under the common control as the company :

- Shiva Texfabs Ltd.
- Shiva Specialty Yarns Ltd
- Yogindera Worsted Ltd
- Shiva Spinfabs Ltd
- Shiva Cottex Pvt. Ltd
- Shiva Texchem (Gujrat) Pvt. Ltd.
- Jai Guru Ji Food Processors Pvt. Ltd

B. Key Management Persons

- Mr. Gian Chand Thakur (Whole Time Director)
- Mr. Akhil Malhotra (Non-Executive Director)
- Mr. B.S. Goyal (Non-Executive Independent Director)
- Mr. Surjit Singh (Independent Director-Cessation on 13.08.2025)
- Ms. Kajal Rai (Independent Director)
- Mr. Ravi Passi (CFO)
- Ms. Nancy Singla (Company Secretary)
- Mr. Vinod Kumar Goyal (Executive Director & CEO-Cessation on 30.04.2025)
- Mr. Akhilesh Kumar Tiwari (Executive Director & CEO-Joined on 09.05.2025)
- Mr. Dharamveer Singh (Independent Director Joined on 13.08.2025)

C. Relative of Key Management Persons

- Mrs. Ishani Bansal (Relative of Director - holding office or place of profit)

(ii) Disclosure of transactions between the company and related parties during the year and outstanding balances as on March 31, 2026.

(Rupees in Lakhs)

Particulars	Enterprises that are under common control as the company		Key Management Personnel / Relative of KMP	
	As At 31.03.2026	As At 31.03.2025	As At 31.03.2026	As At 31.03.2025
Director Sitting fees	--	--	0.89	1.43
Remuneration	--	--	33.65	37.91
Salary	--	--	35.32	21.98
Travelling & Other Expenses	--	--	--	0.33
Sale	3269.80	1535.10	--	--
Purchase	2108.64	2007.81	--	--
Rent	2.27	2.18	--	--
Investment in the shares of Shiva Texfabs Ltd. (Including Party Paid up shares & Shares Pending for Allotement)	9623.77	9627.37	--	--

Note: Sale/Purchase/Rent figures are inclusive of GST

34. 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.

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

36. Other Regulatory Information

(i) The Company does not have any benami property where any proceedings have been initiated or pending against the Company for holding such benami property

(ii) The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year under review.

(iii) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(iv) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(viii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) The following charges are not satisfied beyond the Statutory Period and reasons detailed as follows

Charge Id	Charge holder's name	Date of Creation/ Modification	Amount (Rs.in Lakhs)	Remarks
80036826	The Industrial Credit And Investment Corp of India Ltd	16-MAR-1989	9.00	These are the Redundant Charges which could not be got satisfied. The company is in continuous following Ex Banks / Financial Institutions to get the "No Due Certificate".

(x) The Company does not have any immovable property whose title deeds are not held in the name of the Company.

(xi) As per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016, the Company is not a Core Investment Company (CIC) and the group does not have any CIC.

(xii) The Company has complied with the number of layers prescribed under the Companies Act, 2013.

37. The company had allotted 2,07,65,000 convertible warrants at a price of Rs. 48/- per warrant on 11.07.2024 to the promoter and non-promoters on preferential basis with a right to the warrant holders to apply for and be allotted 1 fully paid up equity share of the company of face value of Rs. 1/- each at a premium of Rs. 47/- per share for each warrant with in a period of 18 months from the date of allotment of warrants. Out of it, 1,31,18,000 warrants had been converted into equity shares on receipt of 75% of the issue price per warrant upto 31st March 2025. During the year under review, a further 49,60,000 warrants were converted into equity shares of Re. 1/- each at a premium of Rs. 47/- per share on receipt of the balance 75% of the issue price and the balance 26,87,000 warrants were forfeited on the failure of the warrant holders to exercise the conversion option within the stipulated period, consequent to which subscription money of Rs. 322.44 Lakhs has been transferred to Capital Reserve.

38. The Company holds the following equity shares of M/s Shiva Texfabs Limited, measured at fair value through other comprehensive income. No fresh investment was made during the year under review; the carrying amount has decreased by Rs. 3.60 Lakhs (from Rs. 9,627.37 Lakhs to Rs. 9,623.77 Lakhs) on account of fair valuation. as detailed below

(Rupees in Lakhs)

Particulars	**Amount as on 31.03.2026**
2339181 Eq.Shares of Rs.10/- each at price of Rs. 213.72 Each Fully paid up	4999.30
4701755 Eq.Shares of Rs.10/- each at price of Rs. 213.72 Each Partly paid up	4624.47
Total	**9623.77**

39. The Company has made an assessment of the inventories carried during the year under review on the basis of their nature and ageing. On the basis of such assessment, no inventories have been identified as slow moving as at 31st March 2026. Inventories amounting to Rs. 426.47 Lacs which were identified as slow moving as at 31st March 2025 and segregated under the head "Other non current assets" in the Statement of Assets & Liabilities have been consumed / realised during the year under review.

40. **Leases:**

(i) Leases as Lessee

The company has long term lease contract for factory land situated plot no.43-44, Industrial area Barotiwala District Solan which has lease term for 99 years. Generally, The Company's obligations under its lease are secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets.

The company also has certain leases of office premises and machinery and equipment with lease term of 12 months or less. The company applies the short term lease recognition exemptions for these leases.

Leases as lessee Right-of-use assets related to leased properties that do not meet the definition of investment property:

Particulars	**(Rupees in Lakhs)**	
	2025-26	**2024-25**
	Leasehold Land	**Leasehold Land**
Opening Balance	5.86	5.97
Depreciation expenses of right-of-use assets	0.11	0.11
Closing Balance	**5.75**	**5.86**

The following are the amounts recognized in statement of profit and loss:

Particulars	**(Rupees in Lakhs)**	
	2025-26	**2024-25**
Depreciation expenses of right-of-use assets	0.11	0.11
Expenses relating to short term leases (included in other expenses)	1.92	1.85
Total	**2.03**	**1.96**

Payments associated with short term leases are recognized on a straight line basis as an expense in statement of profit and loss. Short term leases are leases with a lease term of 12 months or less.

41. There were cheques amounting to Rs. 10.00 Lacs issued in FY 2018-19 for the redemption of preference shares which remained uncleared as at 31st March 2025 and were disclosed as Unclaimed Preference Shares Redemption under the head other financial liabilities at Note no.17. The said cheques stand cleared / adjusted during the year under review and accordingly no balance is outstanding under Unclaimed Preference Shares Redemption as at 31st March 2026.

42. Payment to Auditors:-

Particulars	**(Rupees in Lakhs)**	
	As At 31.03.2026	**As At 31.03.2025**
Audit Fees	1.00	1.00
Tax Audit Fees	1.00	1.00
Total	**2.00**	**2.00**

43. The company is operating in single segment i.e Textiles i.e. Knitted Fabric and Blended Yarn. Hence segment reporting as required under IND AS108 (Operating Segments) is not applicable.

44. Major Customers

Detail of the Major Customers where sales of the company are more than 10% of the turnover of the company is as below:-

(Rupees in Lakhs)

Name	FY 2026	FY 2025
Shiva Texfabs Ltd	2994.84	1299.50
Vinayak International	---	1193.51

Note: Sale figures are net of GST.

45. Dues to Micro And Small Enterprises - As Per Micro, Small And Medium Enterprises Development Act, 2006 ('MSMED' ACT)

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

(Rupees in Lakhs)

S. No.	Particulars	31 March 2026	31 March 2025
i)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of accounting year; - Principal amount - Interest thereon	 Nil Nil	 Nil Nil
ii)	the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii)	the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	Nil	Nil
iv)	The amount of interest accrued and remaining unpaid at the end of accounting year; and	Nil	Nil
v)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	Nil	Nil

46. 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 Indian Accounting Standard (Ind AS 19 Employee Benefits) are as under:

a. Gratuity

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

i) Economic Assumptions

	31/03/2026	**31/03/2025**
i) Discounting Rate	7.90	6.99
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 (2012-14)	
iii) Ages	Withdrawal Rate (%)	
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 (Rupees in Lakhs)

	Assets / Liability	**31/03/2026**	**31/03/2025**
A	Present value of obligation	20.08	22.50
B	Fair value of plan assets	--	--
C	Net assets / (liability) recognized in balance sheet as provision	(20.08)	(22.50)

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

(Rupees in Lakhs)

		31/03/2026	**31/03/2025**
a)	Current liability (Amount due within one year)	2.10	2.22
b)	Non-Current liability (Amount due over one year)	17.98	20.28
c)	Total PBO at the end of year	20.08	22.50

b. Provident Fund

During the year the company has recognized an expense of Rs. 3.81 Lakhs (Previous Year Rs. 3.95 Lakhs) towards provident fund scheme.

c. Leave Encashment and Bonus

During the year the company has recognized an expense of Leave Encashment and Bonus for Rs. 17.00 Lakhs and Rs. 19.97 Lakhs respectively (Previous Year 18.27 Lakhs and Rs. 19.17 Lakhs respectively)

47. The Ministry of Corporate Affairs introduced Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, which requires the Company to have a feature of recording audit trail (edit log) facility for its accounting softwares used for maintaining its books of account and the same has operated throughout the year for all relevant transactions recorded in the respective softwares. Accordingly, the company has enabled the audit trail (edit log) feature for its accounting softwares used for maintaining its books of account and the same has operated throughout the year for all relevant transactions recorded in the respective software.

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

For Manjul Mittal & Associates
Chartered Accountants
Firm Reg.No.028039N

Manjul Mittal
Partner
M.NO. 500559

Dated: 29.05.2026
Place: Ludhiana

For and on behalf of the Board of Directors of
Rudra Ecovation Limited

Akhilesh Kumar Tiwari	Gian Chand Thakur	Akhil Malhotra
(Director Cum CEO)	(Whole Time Director)	(Director)
DIN: 11086015	DIN:07006447	DIN: 00126240

Nancy Singla	Ravi Passi
(Company Secretary)	(CFO)

Rudra Ecovation Limited
(Formerly Himachal Fibres Limited)

Notes to financial statements for the year ended 31st March 2026

1. **Corporate Information**

Rudra Ecovation Limited (Formerly Himachal Fibres Limited) (hereinafter referred to as "the Company") is a Company incorporated and domiciled in India with its registered office at Plot No. 43-44, Industrial Area, Barotiwala, District Solan, Himachal Pradesh. Corporate identification number of the company is L43292HP1980PLC031020 and the company is engaged in the business of manufacturing and sale of cotton polyester yarn and knitted clothes.

2. **Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

(a) Basis of preparation and presentation

The financial statements of the Company comply in all material aspects with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements were authorized for issue by the Company's Board of Directors on 29th May, 2026.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis except for the following items:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets. Or Employee's Defined Benefit Plan as per actuarial valuation.

(c) Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts have been rounded off to the nearest lakh (₹ in Lakhs), except where otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and judgment that affect the reported amounts of assets, liabilities, income, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates and judgment are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other estimates and judgments that are believed to be reasonable under the circumstances. Actual results may differ from these

estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The area involving significant estimates and judgments are:

- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
- Measurement of defined benefit obligations: key actuarial assumptions
- Estimation of useful lives of property, plant and equipment and intangible assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

(e) Current / non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A Liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

(f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by management and estimated costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognized.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

Subsequent expenditure

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-today repairs, maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on Straight line method in the manner and over the useful life of the assets prescribed under Part 'C' of Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(g) Impairment

Impairment of financial assets

The Company recognizes loss allowance for expected credit losses on financial assets measured at amortized cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default in payment within the due date;
- the restructuring of a loan or advance by the entity on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any) held.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate.

(h) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost in respect of different classifications of inventories is computed as under:

- in case of raw material, stores and spares, diesel and packing material at first-in-first-out (FIFO) cost method plus direct expenses.

- in case of work-in-progress at raw material cost (determined on FIFO cost method) plus appropriate portion of conversion cost and other overheads incurred depending upon the stage of completion.

- in case of finished goods at raw material cost (determined on FIFO cost method) plus conversion cost, packing cost and other overheads incurred to bring the goods up to their present location and condition.

- Saleable waste/ Scrap has been valued at estimated net realizable value.

- Goods/ material in transit are valued at realizable value to date.

(i) Foreign currency transactions

Transactions in foreign currencies are recorded by the Company entities at their respective functional currency at the exchange rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date

Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of Profit and Loss.

(j) Employee benefits

- **Short-term employee benefits**

  Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal

or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

- **Defined contribution plans**
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees.

- **Defined benefit plans**
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in Statement of Profit and Loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

Liabilities for compensated absences that are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are measured at the present value of the estimated future cash outflows, determined on the basis of an actuarial valuation carried out using the projected unit

credit method at the reporting date. Re-measurements of such liabilities are recognized in the Statement of Profit and Loss in the period in which they arise.

(k) Revenue recognition

- **Revenue from Sale of goods**
- Revenue is measured at the fair value of the consideration received or receivable. Sales are recognized when the significant risks and rewards of ownership which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract and are recognized. Amounts disclosed as revenue is net of returns, trade discounts, Good and Service Tax (GST) and amount collected on behalf of third parties.
- The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the company.

- **Revenue from other than sale of goods**
- Revenue (other than sale) is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Export incentives and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.
- Insurance claims are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain.

(l) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in Statement of Profit and Loss over the period of the borrowings using the effective interest method (EIR). Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Compound financial instruments

Preference shares and other instruments that contain both a liability and an equity component are compound financial instruments. On initial recognition, the fair value of the liability component is determined as the present value of the contractually determined stream of future cash flows, discounted at the market rate of interest applicable to a similar liability that does not have an associated equity component. The liability component is subsequently measured at amortized cost using the effective interest method, and the periodic accretion is

recognized as finance cost. The residual amount is allocated to the equity component and is not remeasured in subsequent periods.

(m)Borrowing costs

Borrowing cost are interest and other costs incurred in connection with borrowing of funds. Borrowing costs directly attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

(n) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Particulars	Lease Term
Leasehold Land	99 Years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases except in case of lease contracts with related parties since there exist economic incentive for the Company to continue using the leased premises for a period longer than 11 months and considering the contract is with the related parties, it does not foresee non-renewal of the lease term for future periods, thus basis the substance and economics of the arrangements, management believes that under Ind AS 116, the lease terms in the arrangements with related parties have been determined considering the period for which management has an economic incentive to use the leased asset (i.e. reasonable certain to use the asset for the said period of economic incentive). Such assessment of incremental period is based on management assessment of various factors including the remaining useful life of the asset as on the date of transition. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

i. Financial Assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The company classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The company makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

Debt instruments at amortized cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate ('EIR') method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

Debt instrument at fair value through Other Comprehensive Income (FVOCI)

Debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

ii. Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognized from the initial recognition of the trade receivables.

iii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of amortized cost, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortized cost
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognized in the profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss.

Derivative financial instruments
Foreign exchange forward contracts are purchased to mitigate the risk of changes in foreign exchange rates associated with forecast transactions denominated in certain foreign currencies. The Company recognizes all derivatives as assets or liabilities measured at their fair value. These are marked to market at each reporting date and the related gains (losses) are recognized in the Statement of Profit and Loss.

De-recognition of financial liabilities
The company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

(p) Measurement of fair values

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(r) Earning per share

Basic earning per share (EPS) are calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share(EPS), the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(s) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future obligation at a pre-tax rate that reflects current market

assessments of the time value of money and the risks specific to the liability. They are not discounted where they are assessed as current in nature. Provisions are not made for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made. Contingent assets are not recognized in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable.

(t) Taxation

Income tax comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets - unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.