



HIMACHAL FIBRES LIMITED

Corp. Office : 8 L, Model Town, (Backside Hotel Chevron), Ludhiana -141 002 (INDIA), Phone : 91 - 161 - 4684000.
Fax : 91-161-4684010, E-mail : helpdesk@shivagroup.info, Visit : www.shivatexfabs.com
CIN No. : L 17119 HP 1980 PLC 031020

Date: October 03, 2017

The General Manager
Department of Corporate Relations
Bombay Stock Exchange Limited
Sir Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400001

Sub.: Annual Report for the Financial Year Ended on 31st March, 2017.

Dear Sir/ Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 please find enclosed herewith copy of Annual Report for the financial year ended on March 31, 2017 duly approved and adopted by the members of the Company at 36th Annual General Meeting of the company held on 28th September, 2017.

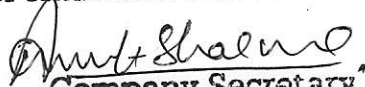
You are requested to take the above as compliance under the applicable regulation(s) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully

For Himachal Fibres Limited

For Himachal Fibres Ltd.


Company Secretary

Amit Sharma
(Company Secretary)



HIMACHAL FIBRES LIMITED

ANNUAL REPORT 2016-17



www.himachalfibre.com

HIMACHAL FIBRES LIMITED

BOARD OF DIRECTORS

Shri Sushil Kumar Singla
Shri Akhil Malhotra
Shri Gian Chand Thakur
Shri Manoj Kumar
Shri Rajan Dhawan
Smt. Malkeet Kaur

DESIGNATION

Chairman
Managing Director
Whole Time Director
Director
Director
Director

KEY EXECUTIVE OFFICERS

Shri Amit Sharma
Shri Navrattan Sharma

Company Secretary
Chief Financial Officer

STATUTORY AUDITORS

Sumat Gupta & Co.
Chartered Accountants
G.T.Road, Miller Ganj, Ludhiana-141003

BANKERS

State Bank of India
IFB, Golden Tower Branch,
Dholewal, Ludhiana.

SECRETARIAL AUDITORS

Rajeev Bhambri & Associates
Company Secretary in Practice
SCO-9, 2nd Floor, Jandu Tower,
Miller Ganj, Ludhiana.

REGISTERED OFFICE / WORKS

Plot No. 43-44, Industrial Area,
Barotiwala-174 103.
Distt. Solan (H.P.)

REGISTRAR & SHARE TRANSFER AGENT

Beetal Financial & Computer Services (P) Ltd.
Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre,
New Delhi-110 062

CORPORATE OFFICE

8-L, Model Town, Ludhiana-141002

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NOTICE

Notice is hereby given that the 36th Annual General Meeting of the members of the company will be held on Thursday, the 28th day of September, 2017 at 11.00 a.m. at the Registered Office of the Company situated at Plot no. 43-44, Industrial Area , Barotiwala, Distt. Solan (H.P.)-174103 to transact the following business:-

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017, Statement of Profit and Loss and Cash Flow for the year ended on that date, together with the Report of Auditors and Directors thereon.**
- To appoint a Director in place of Mr. Manoj Kumar (DIN -06872575), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.**
- Appointment of Statutory Auditors of the Company.**
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Manjul Mittal & Associates, Chartered Accountants (Firm Registration No. 028039N), be appointed as statutory auditors of the Company, in place of retiring auditors M/s Sumat Gupta & Co. (FRN : 010288N, to hold office from the conclusion of this 36th Annual General Meeting (AGM) until the conclusion of 41st AGM, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.”

SPECIAL BUSINESS:

- To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2018:**
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-
“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Companies Cost Audit rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. J. Verma & Associates, Cost Auditors, Jalandhar appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, be paid the remuneration of Rs. 40,000/- Plus Service Tax and re-imbursment of out-of-pocket expenses, if any.
RESOLVED FURTHER THAT Mr. Akhil Malhotra, Director and Mr. Amit Sharma, Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

BY ORDER OF THE BOARD

Place: Ludhiana

Dated: 31st August, 2017

-sd/-

(AMIT SHARMA)

Company Secretary

| | |
|--|--|
| Registered Office: Plot No. 43-44, Industrial Area Barotiwala – 174103, Dist: Solan, Himachal Pradesh – 174103 | CIN: L17119HP1980PLC031020 Website: www.himachalfibre.com Email: hfl.corporate@gmail.com |
|--|--|

NOTES:

- The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("Act") with respect to the special business set out in the Notice is annexed hereto. Additional information pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 in respect of Director seeking appointment / reappointment at the meeting is enclosed as Annexure to this Notice.
- A member entitled to attend and vote at the Annual General Meeting (AGM), is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a Member. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the company.
- The Register of Members and the Share Transfer Books of the Company shall remain closed from 22nd September, 2017 to 28th September, 2017 (both days inclusive).



4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. Members are requested to bring their attendance Slip along with their copies of the Annual Report to the Meeting.
6. Members desiring any information, as regards Accounts, are requested to write to the Company at its Corporate Office at: 8-L, Model Town, Ludhiana - 141002 at least 7 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
8. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
9. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically.
In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Directors' Report etc and other communications in electronic form.
The Members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar & Transfer Agent, BEETAL Financial & Computer Services Pvt Ltd., New Delhi (in case of shares held in physical form)
10. The Annual Report 2016-17 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their mail addresses, physical copies of the Annual Report 2016-17 are being sent by permitted mode.
11. Voting through electronic means:
In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

Steps for remote e-voting

- (i) **The remote e-voting period begins on 25th September, 2017 at 9.00 a.m. and will end on 27th September, 2017 at 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as **on the cutoff date i.e. 21st September, 2017**, may cast their vote electronically. The remote e-voting modules shall be disabled by CDSL for voting thereafter. The members are requested to note that once vote on a resolution is cast electronically, he shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The Shareholders should log on to the remote e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier remote e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in de-mat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the de-mat holders for remote e-voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- (xii) Click on the Company i.e. Himachal Fibres Limited"/ "Electronic Voting Sequence Number" of Himachal Fibres Limited.**
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If De-mat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same
- (xxi) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. **21.09.2017**, may follow the same instructions as mentioned above for remote e-voting. The Voting rights of the members shall be in proportion to their shares in the paid up capital of the company as on the cut-off date i.e. **21.09.2017**. A person whose name is recorded in the Register of members or in the Register of Beneficial owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the said meeting. A person who is not a Member as on the cutoff date should treat this Notice for information purposes only.
 - In case of any queries or issues regarding e-voting, members may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. Further Mr. Wenceslaus Furtado Deputy Manager having address i.e. Central Depository Services (India) Limited 16th Floor, P. J. Towers, Dalal Street Fort, Mumbai – 400001, email id: helpdesk.evoting@cdslindia.com and contact number 18002005533 is responsible to address the grievances connected with facility for voting by electronic means.
 - The Board of Directors has appointed **Mr. Rajeev Bhambri**, Practicing Company Secretary (Membership No. 4327 and C.P.No. 9491) of Rajeev Bhambri & Associates, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. He has communicated his willingness to be appointed and will be available for same purpose.
 - The Scrutinizer shall, immediately after the conclusion of voting at the meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than forty eight hours of conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.



- The Chairman or the person authorized by him in writing, shall forthwith on receipt of the consolidated Scrutinizer's Report declare the results of voting within 48 hours of the conclusion of this AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.himachalfibre.com and on the website of CDSL immediately after the result is declared by the Chairman and shall also be communicated to the BSE Limited (BSE), where the shares of the Company are listed.

Subject to the receipt of requisite number of Votes, the resolutions shall be deemed to be passed on the date of AGM i.e. 28th September, 2017.

BY ORDER OF THE BOARD

-sd/-

(AMIT SHARMA)

Company Secretary

Place: Ludhiana

Dated: 31st August, 2017

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

Item No. 3

Though not mandatory, this statement is provided for reference. M/s Sumat Gupta & Co. (FRN : 010288N), Chartered Accountants were reappointed as auditors at 33rd AGM held on 30 September 2014. In terms of their appointment made at the 33rd AGM held on 30 September 2014, they are holding office of the auditors up to the conclusion of the 36th AGM and hence, would retire at the conclusion of the forthcoming 36th AGM. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years. Accordingly, as per the said requirements of the Act, M/s. Manjul Mittal & Associates, Chartered Accountants (Firm Registration No. 028039N) are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 36th AGM till the conclusion of the 41st AGM, subject to ratification by members every year, as may be applicable. M/s. Manjul Mittal & Associates, Chartered Accountants (Firm Registration No. 028039N), have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 3 of the notice. The Board recommends the resolution set forth in item No. 3 of the notice for approval of the members.

Item No. 4

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held on 31st August, 2017 had appointed M/s. J. Verma & Associates, (FRN: 100769) of Jalandhar as Cost Auditors of the Company to conduct Cost Audit for Financial Year ending 31st March, 2018.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 4 of the notice for ratification of payment of remuneration to the Cost Auditors for the Financial Year ending 31st March, 2018. The Board commends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the shareholders.

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

BY ORDER OF THE BOARD

-sd/-

(AMIT SHARMA)

Company Secretary

Place: Ludhiana

Dated: 31st August, 2017

Information Pursuant to Corporate Governance Clause of the SEBI (LODR) Regulations, 2015 regarding the Directors seeking appointment/ re-appointment in the Annual General Meeting.

| | |
|---|--|
| Name of the Director | Sh. Manoj Kumar |
| DIN | 06872575 |
| Date of Birth | 07-04-1969 |
| Date of Appointment | 22-08-2016 |
| Expertise in specific functional area | Industrial & Business Experience of more than 15 Years |
| No. of Shares in the company | Nil |
| Qualification | Under Graduate |
| Directorships of other Companies as on date of appointment | 1.Himachal Fibres Limited 2.Shiva Speciality Yarns Limited 3.Indian Yarn Limited 4.Yogindera Worsted Limited 5.Hitech Dyeing And Finishing Mills private Limited 6.Shiva Cottex Private Limited 7.K K Fibers Limited 8.Shiva Texfabs Limited 9.Shiva Texchem (Gujarat) Private Limited |
| Chairmanship / Membership of Committees of other Listed Companies as on date of appointment | Nil |
| Relationship with other Directors | Not related to any director |

BOARD'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

TO
THE MEMBERS OF,
HIMACHAL FIBRES LIMITED.

Your Directors have pleasure in presenting the 36th Annual Report together with the Audited Statement of Accounts of Himachal Fibres Limited (HFL) for the year ended 31st March, 2017.

1. FINANCIAL HIGHLIGHTS.

The summary of the financial performance of the Company for the financial year ended March 31, 2017 compared to the previous year ended March 31, 2016 is given below:

| | Year Ended March 31, 2017 | (In Lacs) Year Ended March 31, 2016 |
|---|------------------------------|---|
| Revenue from Operations and Other Income (Total Revenues) | 5597.02 | 4764.60 |
| Gross profit before interest and depreciation | 383.49 | 542.45 |
| Finance cost | 314.61 | 301.36 |
| Profit before depreciation and amortization (Cash Profit) | 68.89 | 241.09 |
| Depreciation and Amortisation | 222.13 | 220.21 |
| PBT before exceptional items | -153.25 | 20.87 |
| Exceptional items | 0.00 | 0.00 |
| Profit before Tax (PBT) | -153.25 | 20.87 |
| Tax- Current | 0.00 | 3.30 |
| Tax- Deferred | -50.16 | 0.61 |
| Profit after Tax | -103.09 | 16.96 |
| Earning per Share (EPS) (in Rs) | | |
| (after exceptional item) | | |
| - Basic | -0.12 | 0.02 |
| - Diluted | -0.12 | 0.02 |

2. STATE OF COMPANY'S AFFAIRS :

Total Revenue from operation for the year is Rs. 5586.27 Lakhs as compared to Rs. 4754.73 Lakhs of previous year. The Net Loss for the year ended 31.03.2017 is Rs. (103.09) Lakhs as compare to Net Profit of Rs. 16.96 Lakhs for the previous year.

3. DIVIDEND

In order to accumulate funds for future projects, your directors do not recommend any dividend for the year under review.

4. TRANSFER TO RESERVE

The company has not transferred any amount to any reserve during the year under review.

5. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there were no unpaid/unclaimed Dividend and other amounts, as prescribed under Section 205A & 205C of Companies Act, 1956 lying with the company, therefore, the provisions of above mentioned sections do not apply to the company.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT.

No Material changes and commitments affecting the financial position of the company have occurred between the end of the financial year and the date on which this report has been signed.

7. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the company during the year under review.

8. SHARE CAPITAL

During the year under review the, there was no change in the paid-up share capital of the company.

8.1 Buy Back Of Securities

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

8.2 Sweat Equity

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

8.3 Bonus Shares

No Bonus Shares were issued during the year under review.

8.4 Employees Stock Option Plan

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

9. FINANCE**9.1 Cash And Cash Equivalent**

Cash and Cash equivalent as at 31st March, 2017 is Rs. 95.28 lakhs. The Company continues to focus on judicious management of working capital. Working Capital parameters are kept under strict check through continuous monitoring.

9.2 Deposits/ Fixed Deposits

During the year, Company has not accepted deposit from the public falling within the ambit of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Further, the Company has not repaid any deposits to the public during the year and no deposits are remained unpaid / unclaimed as on 31st March, 2017.

9.3 Particulars Of Loans, Guarantees Or Investments

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

10. HUMAN RESOURCES

HFL is committed to hiring, developing and retaining the best minds in the industry. The Company has key internal processes and initiatives that support this vision. The Company has developed a strong employee value proposition that focuses on key pillars of challenging work that matters, hiring and retaining the right people, sustained focus on talent and leadership development, differentiated rewards to drive exceptional performance and community engagement.

Talent management is a shared responsibility between business leaders and the Human Resources function at HFL, enabling a strong focus on succession planning for key roles and actively promoting internal move to drive career growth. Talent management is supported by a strong learning architecture that enables leadership and functional development. This is supported by a Positive Employee Relations (PER) strategy that aims to build an engaged and motivated workforce.

11. BOARD

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

There has been no change in the board of directors as on 31/03/2017. Mr. Manoj Kumar retires by rotation at his AGM and being eligible offer himself for reappointment.

12. BOARD MEETINGS

Six meetings of the Board of Directors were held during the year. Details about the meetings are available in the Report on Corporate Governance, which forms a part of this Report.

13. COMMITTEES OF BOARD

The details regarding Committees of the Board of Directors of the Company are given in the Report on Corporate Governance, which forms a part of this Report.

14. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down in and Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

15. REMUNERATION POLICY AND BOARD EVALUATION

Company has Nomination and Remuneration policy in place pursuant to Companies Act, 2013 and SEBI (LODR) Regulation, 2015.

Independent directors in their meeting held on 30/03/2017, evaluated the performance of the non independent director of the board including Managing Director. The minutes of the meeting were placed before the board and board affirmed the same. The Board has carried out an annual evaluation of its own performance, performance of its Committees as well as the directors individually.

The details regarding process and criteria for evaluation are given in the Report on Corporate Governance, which forms a part of this Report.

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 and SEBI(LODR) Regulation, 2015 is enclosed herewith as 'Annexure - 6'.

16. CODE OF CONDUCT COMPLIANCE:

The declaration signed by the Managing Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the financial year ended March 31, 2017 is given in Report on Corporate Governance, which forms a part of this Report.

17. CORPORATE SOCIAL RESPONSIBILITY

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company yet the Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

18. TRAINING OF INDEPENDENT DIRECTORS.

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

19. DIRECTORS' RESPONSIBILITY STATEMENT

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

- A) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- C) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. AUDITORS**20.1 Statutory Auditors**

M/s Sumat Gupta & Co. (FRN : 010288N) , Chartered Accountants, were appointed as Statutory Auditors for a period of three years in the Annual General Meeting held on 30.09.2014. Their term of three years is ending on completion of 36th AGM to be held on 28th September 2017 and they will not be eligible for re-appointment due to the conditions mentioned u/s 139(2) of the companies act, 2013. So your board of directors recommends appointment of M/s Manjul Mittal & Associates (FRN : 028039N) Chartered Accountants in place of retiring auditors. The Company has received a certificate from M/s Manjul Mittal & Associates to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

20.2 Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Rajeev Bhambri & Associates (CP No.: 9491, FCS: 4327), Company Secretaries to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure - 1'.

20.3 Internal Auditors

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

20.4 Explanation on qualification/ reservation/ adverse remarks in the Auditors' Report

Members attention is invited to the observations/Qualifications made by the statutory auditors under point No. 7(a) and 8 appearing in independent auditors report and by Secretarial Auditors in their report. The observation/ Qualifications made by the auditors in their reports along with the management replies on them as follows:

- (a) Regarding auditors remarks in their report in point 7(a), it is informed that the company accords top priorities in depositing the statutory dues. However the liquidity crunch being faced by it due to various reasons has led to some delay in the deposit of statutory dues.
- (b) Regarding auditors remark in their report in point no. 8 & secretarial auditors remark in their report, the delay in services the bank dues was mainly because of liquidity crunch created by demonetization. However the same was paid on 29th April, 2017 to the bank.

The cost auditors report for the period under review is self-explanatory and requires no comment.

21. INTERNAL FINANCIAL CONTROLS

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

22. LISTING OF SECURITIES

The Securities of the Company are listed on Bombay Stock Exchange Limited. The Company has paid annual listing fee to exchanges for the year 2017-18.

23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

24. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as 'Annexure- 2'



25. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has set up vigil mechanism viz. Whistle Blower Policy to enable the employees and directors to report genuine concerns, unethical behavior and irregularities, if any, in the company noticed by them which could adversely affect company's operations. The same is reviewed by the Audit Committee from time to time. No concerns or irregularities have been reported till date. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

26. RISK MANAGEMENT POLICY

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes and behaviors together form the Risk Management Policy that governs how the company conducts its business and manages associated risks.

27. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company. There were no companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year under review.

28. RELATED PARTY TRANSACTIONS/ PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES.

All transactions entered into with Related Parties, as defined under the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year, were in the ordinary course of business and were on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were few materially significant transactions with related parties during the financial year for which shareholders approval was sought during the year by way of Resolution passed in Extra Ordinary General Meeting held on 28/06/2016 (Results declared on 20/06/2016). Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The report of the Board in respect of the particular of contracts or arrangements with related parties referred to sub section (1) of Section 188 in form AOC-2 is annexed to this report in '**Annexure-3**'.

29. MANAGEMENT DISCUSSION & ANALYSIS/CORPORATE GOVERNANCE REPORT

The Management Discussion and Analysis Report and Corporate Governance Report pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed herewith and form part of the Directors Report.

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

The Company has in place a prevention of sexual Harassment policy in line with the requirements of the sexual Harassment of Women at the Workplace (prevention, prohibition and Redressal) Act, 2013. During the year 2016-17, no complaint were received by the Company related to sexual Harassment.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "**Annexure-4**"

32. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to the *Board's report* as per '**Annexure-5**'.

33. APPRECIATION AND ACKNOWLEDGEMENTS

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

34. CAUTIONARY STATEMENT

The statements contained in the Board's Report and Management Discussion and Analysis contain certain statements relating to the future and therefore are forward looking within the meaning of applicable securities, laws and regulations. Various factors such as economic conditions, changes in government regulations, tax regime, other statutes, market forces and other associated and incidental factors may however lead to variation in actual results.

FOR AND ON BEHALF OF THE BOARD

-sd-

(SUSHIL KUMAR SINGLA)

CHAIRMAN

DIN: 00126157

Place: Ludhiana

Dated: 31st August, 2017

Annexure- 1
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Himachal Fibres Limited,
Plot No. 43-44, Industrial Area,
Barotiwala. (Himachal Pradesh)

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 to the extent applicable and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to, inter alia:
 - All labour & industrial laws;
 - The Competition Act, 2012;
 - All environmental laws;
 - Textiles (Consumer Protection) Regulations, 1988;
 - Textiles (Development and Regulation) Order, 2001;
 - Textiles Committee Act, 1963;
 - Additional Duties of Excise (Textiles and Textiles Articles) Act, 1978.
 - Indian Boilers Act, 1923

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India to the extent of its applicability.
- (ii) The Listing Agreement entered into by the Company with the BSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

HIMACHAL FIBRES LIMITED



Company is not regular in depositing the statutory payments as required under Income Tax Act, 1961, The Employee Provident Fund and Miscellaneous Act, 1952, Employee's State Insurance Act, 1948 and Himachal Pradesh Sales Tax Act. Company has also defaulted by way of late payment of interest and installment of loan to Bank.

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

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

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

We further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For Rajeev Bhambri & Associates

Place: Ludhiana
Dated: 31.08.2017

Sd/-
(Rajeev Bhambri)
Proprietor
Company Secretary in whole time practice

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

ANNEXURE A'

To,
The Members,
Himachal Fibres Limited,
Plot No. 43-44, Industrial Area,
Barotiwala. (Himachal Pradesh)

Our report of even date is to be read along with this letter.

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as we have relied upon the Audit done by Statutory Auditors as required under Companies Act, 2013.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Rajeev Bhambri & Associates

Place: Ludhiana
Dated: 31.08.2017

-sd/-
(Rajeev Bhambri)
Proprietor
Company Secretary in whole time practice
C.P. No. 9491

Annexure- 2

Form No. MGT-9 (EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017)

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

I. REGISTRATION AND OTHER DETAILS

| | | |
|-------|---|------------------------------|
| (i) | CIN : | L17119HP1980PLC031020 |
| | Foreign Company Registration Number/GLN | N.A. |
| | Registration Date [DDMMYY] | 20/02/1980 |
| (ii) | Category of the Company | Public Company |
| (iii) | Sub Category of the Company | Limited by Shares |
| (iv) | Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed | Yes Bombay Stock Exchange |

| | | |
|---|--|---|
| (V) | AGM details :- | 36 th AGM to be held on 28 th September, 2017 at 11:00 A.M.at registered office of the company at Plot No. 43-44, Industrial Area, Barotiwala, Himachal Pradesh -174103 |
| | Whether extension of AGM was granted -Yes / No (If Yes, provide reference number, date of approval latter and the period upto which extension granted) | No |
| | If annual General Meeting was not held, specify the reason for not holding the same | NA |
| (Vi) | NAME AND REGISTERED OFFICE ADDRESS OF COMPANY: | |
| | Company Name | HIMACHAL FIBRES LIMITED |
| | Address | Plot No. 43-44, Industrial Area, Barotiwala, Himachal Pradesh - 174103 |
| | Town / City | Barotiwala, Distt. Solan |
| | State | Himachal Pradesh |
| | Pin Code : | 174103 |
| | Country Name : | India |
| | Country Code : | +91 |
| | Telephone (with STD Area Code Number) | 0161-4684000 |
| | Fax Number : | 0161-4684010 |
| | Email Address | hfl.corporate@gmail.com |
| | Website | http://www.himachalfibre.com |
| | Name of the Police Station having jurisdiction where the registered office is situated | Barotiwala, Tehsil Nalagarh |
| Address for correspondence, if different from address of registered office: | Plot No. 43-44, Industrial Area, Barotiwala, Himachal Pradesh - 174103 | |
| (Vii) | Name and Address of Registrar & Transfer Agents (RTA):- Full address and contact detail to be given. | |
| | Registrar & Transfer Agents (RTA):- | Beetal Financial & Computer Services Pvt. Ltd. |
| | Address | Beetal House, 3rd Floor, 99, Madangir, New Delhi |
| | Town / City | New Delhi |
| | State | New Delhi |
| | Pin Code : | 110062 |
| | Telephone (with STD Area Code Number) | 011 - 29961281 / 29961282 |
| | Fax Number : | 011 - 29961284 |
| | Email Address | beetal@beetalfinancial.com |

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

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

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

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

i)Category-wise Share Holding

| Category of Shareholders | No. Of Shares held at the beginning of the year [As on 1-April-2016] | | | | No. Of Shares held at the end of the year [As on 31-March-2017] | | | | % Change during the year |
|---|--|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) India | | | | | | | | | |
| a) Individual/ HUF | 7000000 | 0 | 7000000 | 8.12 | 7000000 | 0 | 7000000 | 8.12 | 0.00 |
| b) Central Govt (s) | | | 0 | 0.00 | | | 0 | 0.00 | 0.00 |
| c) State Govt (s) | | | 0 | 0.00 | | | 0 | 0.00 | 0.00 |
| d) Bodies Corp. | 40041500 | 0 | 40041500 | 46.42 | 40041500 | 0 | 40041500 | 46.42 | 0.00 |
| e) Bank / FI | | | 0 | 0.00 | | | 0 | 0.00 | 0.00 |
| f) Any other | | | 0 | 0.00 | | | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoter (A) | 47041500 | 0 | 47041500 | 54.54 | 47041500 | 0 | 47041500 | 54.54 | 0.00 |

| | No. Of Shares held at the beginning of the year [As on 1-April-2016] | | | | No. Of Shares held at the end of the year [As on 31-March-2017] | | | | % Change during the year |
|--|---|----------------|-----------------|-------------------|--|----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | 0 | 0.00 | | | 0 | 0.00 | 0.00 |
| 1. Institutions | | | 0 | 0.00 | | | 0 | 0.00 | 0.00 |
| a) Mutual Funds | 4000 | 0 | 4000 | 0.00 | 4000 | 0 | 4000 | 0.00 | 0.00 |
| b) Bank / FI | 0 | 140500 | 140500 | 0.16 | 0 | 140500 | 140500 | 0.16 | 0.00 |
| c) Cenral Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt. (s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (B)(1):- | 4000 | 140500 | 144500 | 0.17 | 4000 | 140500 | 144500 | 0.17 | 0.00 |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | 26865943 | 1614750 | 28480693 | 33.02 | 26152089 | 1613250 | 27765339 | 32.19 | -0.83 |
| l) Indian | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Individual Shareholders holding nominal share capital upto Rs 1 lakh | 1825620 | 1777000 | 3602620 | 4.18 | 2318667 | 1536250 | 3854917 | 4.47 | 0.29 |
| ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lakh | 6786431 | 0 | 6786431 | 7.87 | 7014749 | 0 | 7014749 | 8.13 | 0.26 |
| c) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Non Resident Indians | 102030 | 0 | 102030 | 0.12 | 101606 | 0 | 101606 | 0.12 | 0.00 |
| Overseas Corporate Bodies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Foreign Nationals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Clearing Members | 38322 | 0 | 38322 | 0.04 | 131199 | 0 | 131199 | 0.15 | 0.11 |
| Trusts | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| HUF | 53904 | 0 | 53904 | 0.06 | 196190 | 0 | 196190 | 0.23 | 0.16 |
| Foreign Bodies - D R | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (B)(2):- | 35672250 | 3391750 | 39064000 | 45.29 | 35914500 | 3149500 | 39064000 | 45.29 | 0.00 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 35676250 | 3532250 | 39208500 | 45.46 | 35918500 | 3290000 | 39208500 | 45.46 | 0.00 |
| C. Share held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Grand Total (A+B+C) | 82717750 | 3532250 | 86250000 | 100.00 | 82960000 | 3290000 | 86250000 | 100.00 | 0.00 |

(II) Shareholding of Promoters

| S.No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Share holding during the year |
|-------|------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|---|
| | | No. Of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total | No. Of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total | |
| 1 | Rajinder Kumar | 1900000 | 2.20 | - | 1900000 | 2.20 | - | - |
| 2 | Mayank Malhotra | 2000000 | 2.32 | - | 2000000 | 2.32 | - | - |
| 3 | Akhil Malhotra | 3100000 | 3.59 | - | 3100000 | 3.59 | - | - |
| 4 | Balmukhi Textiles P. Ltd. | 13180500 | 15.28 | - | 13180500 | 15.28 | - | - |
| 5 | Brijeshwari Textiles P. Ltd. | 13180500 | 15.28 | - | 13180500 | 15.28 | - | - |
| 6 | Shiva Spinfab P. Ltd. | 13680500 | 15.86 | - | 13680500 | 15.86 | - | - |
| | TOTAL | 47041500 | 54.54 | | 47041500 | 54.54 | | |

(III) Change in Promoter's Shareholding (please specify, if there is no change) There is no change in Promoter's Shareholding during the year 2016-17.

(IV) Shareholding Pattern of top ten Shareholders as on 31.03.2017 (other than Directors, Promoters and Holder of GDRs and ADRs):

| S.No. | For Each of the top 10 shareholders | Reason | Shareholding at the beginning of year | | Cumulative Shareholding During the Year | |
|-------------|---|---------------|---------------------------------------|---------------------------------|---|---------------------------------|
| | | | No. Of Shares | % of Total Share of the Company | No. Of Shares | % of Total Share of the Company |
| 1 | HIMACHAL YARNS LIMITED | | | | | |
| | At the beginning of the year | | 10151750 | 11.77 | 10151750 | 11.77 |
| Date | Increase/Decrease | Reason | | | | |
| 09-Dec-16 | Increase | Transfer | 28300 | | 10180050 | 11.80 |
| 31-Mar-17 | Decrease | Transfer | -300000 | | 9880050 | 11.46 |
| | At the end of the year | | 9880050 | 11.46 | 9880050 | 11.46 |
| 2 | SHIV NARAYAN INVESTMENTS PVT. LTD. | | | | | |
| | At the beginning of the year | | 899750 | 10.43 | 899750 | 10.43 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 8999750 | 10.43 | 8999750 | 10.43 |
| 3 | GARG FINCAP LIMITED | | | | | |
| | At the beginning of the year | | 6715000 | 7.79 | 6715000 | 7.79 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 6715000 | 7.79 | 6715000 | 7.79 |
| 4 | ROMESH KUMAR AGGARWAL | | | | | |
| | At the beginning of the year | | 6010000 | 6.97 | 6010000 | 6.97 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 6010000 | 6.97 | 6010000 | 6.97 |
| 5 | SALASAR INDUSTRIAL INVESTMENT PVT. LTD. | | | | | |
| | At the beginning of the year | | 698000 | 0.81 | 698000 | 0.81 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 698000 | 0.81 | 698000 | 0.81 |

| S.No. | For Each of the top 10 shareholders | | Shareholding at the beginning of year | | Cumulative Shareholding During the Year | |
|-------------|-------------------------------------|---------------|---------------------------------------|---------------------------------|---|---------------------------------|
| | | | No. Of Shares | % of Total Share of the Company | No. Of Shares | % of Total Share of the Company |
| 6 | SOLI ARDESHIR KARANJIA | | | | | |
| | At the beginning of the year | | 460101 | 0.53 | 460101 | 0.53 |
| Date | Increase/Decrease | Reason | | | | |
| 08-Apr-16 | Decrease | Transfer | -8580 | | 451521 | 0.52 |
| 11-Nov-16 | Decrease | Transfer | -18930 | | 432591 | 0.50 |
| | At the end of the year | | 432591 | 0.50 | 432591 | 0.50 |

| S.No. | For Each of the top 10 shareholders | | Shareholding at the beginning of year | | Cumulative Shareholding During the Year | |
|-------------|-------------------------------------|---------------|---------------------------------------|---------------------------------|---|---------------------------------|
| | | | No. Of Shares | % of Total Share of the Company | No. Of Shares | % of Total Share of the Company |
| 7 | EDELWEISS BROKING LIMITED | | | | | |
| | At the beginning of the year | | 525175 | 0.61 | 525175 | 0.61 |
| Date | Increase/Decrease | Reason | | | | |
| 08-Apr-16 | Increase | Transfer | 6000 | | 531175 | 0.62 |
| 22-Apr-16 | Increase | Transfer | 500 | | 531675 | 0.62 |
| 29-Apr-16 | Decrease | Transfer | -250 | | 531425 | 0.62 |
| 06-May-16 | Increase | Transfer | 15 | | 531440 | 0.62 |
| 20-May-16 | Increase | Transfer | 1111 | | 532551 | 0.62 |
| 27-May-16 | Decrease | Transfer | -1111 | | 531440 | 0.62 |
| 17-Jun-16 | Increase | Transfer | -120520 | | 410920 | 0.48 |
| 29-July-16 | Increase | Transfer | 98 | | 411018 | 0.48 |
| 05-Aug-16 | Increase | Transfer | -98 | | 410920 | 0.48 |
| 12-Aug-16 | Increase | Transfer | 124 | | 411044 | 0.48 |
| 19-Aug-16 | Increase | Transfer | 21 | | 411065 | 0.48 |
| 26-Aug-16 | Increase | Transfer | 12707 | | 423772 | 0.49 |
| 02-Sep-16 | Increase | Transfer | 2000 | | 425772 | 0.49 |
| 09-Sep-16 | Increase | Transfer | 1 | | 425773 | 0.49 |
| 16-Sep-16 | Decrease | Transfer | -3331 | | 422442 | 0.49 |
| 23-Sep-16 | Increase | Transfer | 18829 | | 441271 | 0.51 |
| 30-Sep-16 | Decrease | Transfer | -10950 | | 430321 | 0.50 |
| 07-Oct-16 | Decrease | Transfer | -400 | | 429921 | 0.50 |
| 14-Oct-16 | Increase | Transfer | 40452 | | 470373 | 0.55 |
| 21-Oct-16 | Decrease | Transfer | -8649 | | 461724 | 0.54 |
| 28-Oct-16 | Increase | Transfer | 11037 | | 472761 | 0.55 |
| 11-Nov-16 | Increase | Transfer | 500 | | 473261 | 0.55 |
| 18-Nov-16 | Increase | Transfer | 609 | | 473870 | 0.55 |
| 25-Nov-16 | Increase | Transfer | 1593 | | 475463 | 0.55 |
| 02-Dec-16 | Increase | Transfer | 1350 | | 476813 | 0.55 |
| 16-Dec-16 | Decrease | Transfer | -132752 | | 344061 | 0.40 |
| 31-Dec-16 | Decrease | Transfer | -35000 | | 309061 | 0.36 |
| 06-Jan-17 | Increase | Transfer | 300 | | 309361 | 0.36 |
| 13-Jan-17 | Increase | Transfer | 3210 | | 312571 | 0.36 |
| 20-Jan-17 | Increase | Transfer | 2600 | | 315171 | 0.37 |
| 27-Jan-17 | Increase | Transfer | 8451 | | 323622 | 0.38 |
| 03-Feb-17 | Decrease | Transfer | -14261 | | 309361 | 0.36 |
| 10-Mar-17 | Decrease | Transfer | -75000 | | 234361 | 0.27 |
| 31-Mar-17 | Increase | Transfer | 65841 | | 300202 | 0.35 |
| | At the end of the year | | 300202 | 0.35 | 300202 | 0.35 |

| S.No. | For Each of the top 10 shareholders | | Shareholding at the beginning of year | | Cumulative Shareholding During the Year | |
|-------------|-------------------------------------|---------------|---------------------------------------|---------------------------------|---|---------------------------------|
| | | | No. Of Shares | % of Total Share of the Company | No. Of Shares | % of Total Share of the Company |
| 8 | SKYLAND TRADING CO. LTD. | | | | | |
| | At the beginning of the year | | 275000 | 0.32 | 275000 | 0.32 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 275000 | 0.32 | 275000 | 0.32 |
| S.No. | For Each of the top 10 shareholders | | Shareholding at the beginning of year | | Cumulative Shareholding During the Year | |
| 9 | C. SAM SAMUEL | | No. Of Shares | % of Total Share of the Company | No. Of Shares | % of Total Share of the Company |
| | At the beginning of the year | | 215000 | 0.25 | 215000 | 0.25 |
| Date | Increase/Decrease | Reason | | | | |
| 27-May-16 | Increase | Transfer | 60000 | | 275000 | 0.32 |
| | At the end of the year | | 275000 | 0.32 | 275000 | 0.32 |
| S.No. | For Each of the top 10 shareholders | | Shareholding at the beginning of year | | Cumulative Shareholding During the Year | |
| 10 | JYOTI TRADE & CREDIT PVT. LTD. | | No. Of Shares | % of Total Share of the Company | No. Of Shares | % of Total Share of the Company |
| | At the beginning of the year | | 250000 | 0.29 | 250000 | 0.29 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 250000 | 0.29 | 250000 | 0.29 |

(V) Shareholding of Directors and Key Managerial Personnel:

| S.No. | Shareholding of each Directors and each Key Managerial Personnel: | | Shareholding at the beginning of year | | Cumulative Shareholding During the Year | |
|-------------|---|---------------|---------------------------------------|---------------------------------|---|---------------------------------|
| | | | No. Of Shares | % of Total Share of the Company | No. Of Shares | % of Total Share of the Company |
| 1 | AKHIL MALHOTRA (Managing Director, KMP) | | | | | |
| | At the beginning of the year | | 3100000 | 3.59 | 3100000 | 3.59 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 3100000 | 3.59 | 3100000 | 3.59 |
| 2 | MAYANK MALHOTRA (Director) * | | | | | |
| | At the beginning of the year | | 200000 | 2.32 | 200000 | 2.32 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 200000 | 2.32 | 200000 | 2.32 |
| 3 | GIAN CHAND THAKUR (Director) | | | | | |
| | At the beginning of the year | | 0 | 0 | 0 | 0 |
| Date | Increase/Decrease | Reason | | | | |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | At the end of the year | | 0 | 0 | 0 | 0 |

| | | | | | |
|-----------|--|-------------------------------|---------------|-----|-----|
| 4 | SUSHIL KUMAR SINGLA (Director) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date | Increase/ Decrease | Reason | | |
| | | NIL | NIL | NIL | NIL |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 5 | RAJAN DHAWAN (Director) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date | Increase/ Decrease | Reason | | |
| | | NIL | NIL | NIL | NIL |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 6 | MALKEET KAUR (Director) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date | Increase/ Decrease | Reason | | |
| | | NIL | NIL | NIL | NIL |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 7 | MANOJ KUMAR (Director) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date | Increase/ Decrease | Reason | | |
| | | NIL | NIL | NIL | NIL |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 8 | AMIT SHARMA (KMP) (Company Secretary) | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date | Increase/ Decrease | Reason | | |
| | | NIL | NIL | NIL | NIL |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 9 | ASHWANI KUMAR (KMP) (CFO) # | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date | Increase/ Decrease | Reason | | |
| | | NIL | NIL | NIL | NIL |
| | At the end of the year | 0 | 0 | 0 | 0 |
| 10 | NAVRATTAN SHARMA (KMP) (CFO)§ | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date | Increase/ Decrease | Reason | | |
| | | NIL | NIL | NIL | NIL |
| | At the end of the year | 0 | 0 | 0 | 0 |

* Mayank Malhotra's office as director Vacated on 30/05/2016.

Ashwani Kumar (CFO) resigned on 13/05/2016.

§ Mr. Navrattan Sharma (CFO) was appointed on 30/05/2016.

V. INDEBTEDNESS

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

| Indebtedness at the beginning of the financial year | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|--------------------|----------|---------------------|
| i) Principal Amount | 69167000.00 | 55000000.00 | | 124167000.00 |
| ii) Interest due but not paid | 754751.00 | | | 754751.00 |
| iii) Interest accrued but not due | | | | |
| Total(i+ii+iii) | 69921751.00 | 55000000.00 | | 124921751.00 |
| Change in indebtedness during the financial year | | | | |
| *Addition | | | | |
| *Reduction | 9163000.00 | | | 9163000.00 |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 60004000.00 | 55000000.00 | | 115004000.00 |
| ii) Interest due but not paid | 659077.00 | | | 659077.00 |
| iii) Interest accrued but not due | | | | |
| Total(i+ii+iii) | 60663077.00 | 55000000.00 | | 115663077.00 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| S.No. | Particulars of Remuneration | Name of MD/WTD Manager | | Total Amount |
|-----------|--|------------------------|--------------------------|------------------|
| | | MD | WTD | |
| | | AKHIL MALHOTRA | GIAN CHAND THAKUR | |
| 1. | Gross salary | 0.00 | 720000.00 | 720000.00 |
| | (a) Salary as per provisions contained in section-17 (1) of the income-tax Act, 1961 | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | |
| | (c) Profit in lieu of salary under section 17(3) Income -tax Act, 1961 | | 40068.00 | 40068.00 |
| 2 | Stock Option | | | |
| | Sweat Equity | | | |
| | | | | |

| S.No. | Particulars of Remuneration | Name of MD/WTD Manager | | Total Amount |
|-------|---|------------------------|------------------|------------------|
| 4 | Commission As % of Profit Others, specify | | | |
| 5 | Others, please specify | | | |
| | Total (A) | 0.00 | 760068.00 | 760068.00 |
| | Ceiling as per the act | | | |

B. Remuneration to other directors:

| S.No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-----------|--|---------------------|-----------------|-----------------|----------------|-----------------|
| | | SUSHIL KUMAR SINGLA | RAJAN DHAWAN | MALKEET KAUR | MANOJ KUMAR | |
| 1. | Independent Directors | | | | | |
| | Fee for attending board & committee meetings | 10000.00 | 10000.00 | 10000.00 | | 30000.00 |
| | Commission | | | | | |
| | other, please specify | | | | | |
| | Total (1) | | | | | |
| 2. | Other Non-Executive directors | | | | 6000.00 | 6000.00 |
| | Fee for attending board & committee meetings | | | | | |
| | Commission | | | | | |
| | Others, please specify | | | | | |
| | Total (2) | | | | | |
| | Total (B)=(1+2) | | | | | |
| | Total Managerial remuneration (A)+(B) | 10000.00 | 10000.00 | 10000.00 | 6000.00 | 36000.00 |
| | Overall Ceiling as per the Act | | | | | |

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

| S.No. | Particulars of Remuneration | Key Managerial Personnel | | | | Total |
|-----------|--|--------------------------|---------------------|---------------------------|------------------------|-------------------|
| | | CEO | CS (AMIT SHARMA) | CFO (NAVRATTAN SHARMA) | CFO (ASHWANI KUMAR) | |
| 1. | Gross salary | | 336000.00 | 568650.00 | 106450 | 1011100.00 |
| | (a) Salary as per provisions contained in section-17 (1) of the income-tax Act, 1961 | | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | | | |
| | (c) Profit in lieu of salary under section 17(3) Income -tax Act, 1961 | | 20335.00 | 29186.00 | 0.00 | 49521.00 |
| 2 | Stock Option | | | | | |
| 3 | Sweat Equity | | | | | |

| S.No. | Particulars of Remuneration | | | | | Total Amount |
|-------|---|--|------------------|------------------|------------------|-------------------|
| 4 | Commission As % of Profit Others, specify | | | | | |
| 5 | Others, please specify | | | | | |
| | Total | | 356335.00 | 597836.00 | 106450.00 | 1060621.00 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

| TYPE | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees Imposed | Authority (RD/NCLT/COURT) | Appeal Made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|---------------------------------------|
| A. COMPANY | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. DIRECTORS | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

**Annexure- 3
FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

There were no contracts or arrangements or transactions entered into during the year ended on 31st March, 2017, which were not at Arm's Length basis.

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

| | Name(s) of the related party and nature of relationship | Duration of the contracts/ arrangement/ transactions | Salient terms of the contracts or arrangements or transaction | Date(s) of approval by the Board, if any: | Amount paid, as advances, if any: | Amount (in Rs. Lacs) |
|--------------------------|---|--|---|---|-----------------------------------|----------------------|
| PURCHASE OF GOODS | | | | | | |
| (a) | SHIVA TEXTFABS LIMITED | 2016-17 | N.A. | 30/05/2016 | - | 1973.18 |
| (b) | SHIVA SPECIALITY YARNS LIMITED | 2016-17 | N.A. | 30/05/2016 | - | 1.07 |
| (c) | SHIVA SPIN N KNIT LTD. | 2016-17 | N.A. | 30/05/2016 | - | 4.32 |
| (d) | INDIAN YARN LIMITED | 2016-17 | N.A. | 30/05/2016 | - | 0.42 |
| (e) | YOGINDERA WORSTED LTD. | 2016-17 | N.A. | 30/05/2016 | - | 0.56 |
| SALE OF GOODS | | | | | | |
| (a) | SHIVA TEXTFABS LIMITED | 2016-17 | N.A. | 30/05/2016 | - | 1748.19 |
| (b) | SHIVA SPECIALITY YARNS LIMITED | 2016-17 | N.A. | 30/05/2016 | - | 0.25 |
| (c) | SHIVA SPIN N KNIT LTD. | 2016-17 | N.A. | 30/05/2016 | - | 1202.53 |
| (d) | INDIAN YARN LIMITED | 2016-17 | N.A. | 30/05/2016 | - | 41.02 |
| (e) | YOGINDERA WORSTED LTD. | 2016-17 | N.A. | 30/05/2016 | - | 620.23 |

Annexure- 4

(A) Conservation of Energy

i. The steps taken or impact on conservation of Energy Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and distribution system and through improved operational techniques

ii. The steps taken by the company for utilizing alternate sources of energy : NIL

iii. The capital investment on energy conservation equipments Due to Industry scenario and losses in previous year's company was not able to spend any money on equipments for energy conservation.

(B) Technology absorption

i. The efforts made towards technology absorption;

The Company is continuously endeavoring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies and productivity.

ii. The benefit derived like product improvement, cost reduction, product development or import substitution: NONE

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) :NONE

- a. The details of technology imported;
- b. The year of import;
- c. Whether the technology been fully absorbed;
- d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

iv. The expenditure incurred on Research and Development: No specific expenditure exclusively on R&D has been incurred. The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

| | 2016-17 (12 Months) (Rs./Lacs) | 2015-16 (12 Months) (Rs./Lacs) |
|--------------------------------------|--------------------------------|--------------------------------|
| (a) Earning (Export Sales-FOB Value) | NIL | NIL |
| (b) Outgo : | | |
| i) Imports-Raw Material & Spares | NIL | NIL |
| Capital Goods | NIL | NIL |
| ii) Expenditure | NIL | NIL |
| (c) Net Foreign Exchange Earnings | NIL | NIL |

Annexure - 5

1. INFORMATION REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| | Particulars | Status | |
|-------------|---|--------------------------|-----------------|
| | | NAME | NUMBER OF TIMES |
| i. | The ratio of the remuneration of each Director to median remuneration of the employees of the company for F. Y. 2016-17 | Sh. Gian Chand Thakur | 13.29 |
| | | Sh. Sushil Kumar Singla | 0.17 |
| | | Sh. Rajan Dhawan | 0.17 |
| | | Smt. Malkeet Kaur | 0.17 |
| | | Sh. Manoj Kumar | 0.10 |
| ii. | The percentage increase remuneration of each director, chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | DIRECTOR | |
| | | Sh. Akhil Malhotra | 0% |
| | | Sh. Gian Chand thakur | 0% |
| | | Sh. Sushil Kumar Singla | 0% |
| | | Sh. Rajan Dhawan | 0% |
| | | Smt. Malkeet Kaur | 0% |
| | | Sh. Manoj Kumar | 0% |
| | | CFO | |
| | | Sh. Navrattan Sharma | 0% |
| | | COMPANY SECRETARY | |
| Amit Sharma | 0% | | |

| | | | |
|------|--|--|---------|
| iii. | The percentage increase in the median remuneration of employees in the financial year | | -13.33% |
| iv. | The number of permanent employees on the rolls of company | | 310 |
| v. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Average increase for key Managerial Personnel is 0% and for other employees was about -13.33%. There is no exceptional increase in remuneration of Key Managerial Personnel. | |
| vi. | Affirmation that the remuneration is as per the remuneration policy of the company | It is affirmed that the remuneration is as per the remuneration Policy of the Company. | |

2. There was no employee in receipt of remuneration as mentioned in Rule 5(2)(i), (ii), (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annexure 6

Nomination and Remuneration Policy

APPLICABILITY

The policy is applicable to the Board of Directors, Key Managerial Personnel (KMP), Chief Operating Officer, and Senior Management Personnel (herein after collectively referred as Managerial Personnel) or such other persons of the Company as the committee may deems fit for that purpose.

INTERPRETATION

'Board' shall mean the Board of Directors of the Company, which comprising all executive, non executive, independent director and nominee director.

'Chief Executive Officer' means an officer of a company, who has been designated as such by it;

'Chief Operating Officer' shall mean an employee who has been entrusted responsibility of managing any one or more of Units of the Company.

'Chief Financial Officer' means a person appointed as the Chief Financial Officer of a company 'Compliance Officer' means "Company Secretary" of the Company.

'Key Managerial Personnel' in relation to a company, means

- ❖ Managing Director, or Chief Executive Officer or manager and in their absence, a Whole-Time Director.
- ❖ Company Secretary; and
- ❖ Chief Financial Officer; and

Such other officer as may be prescribed;

'The Company' shall mean Himachal Fibres Limited.

'Executive Director' shall mean and include Company's Managing Director, Functional Directors, and such other Directors are in full time employment of the Company.

'Independent Director' shall same meaning as provide in Companies Act, 2013 read with SEBI (LODR) Regulations, 2015.

'Non-Executive Director' shall mean those members on Board who are not in whole time employment of the Company.

'Senior Management Personnel' shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

ROLE OF THE COMMITTEE

The role of the Nomination and Remuneration Committee are as under:

1. To identify persons who are qualified to become directors, persons who may be appointed in senior management in accordance with the criteria and to recommend to the Board for their appointment and /or removal
2. To carry out evaluation of every director's performance
3. To establish criteria and processes for, and assist the Board and each of its Committees in their performance evaluations
4. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
5. To recommend / review remuneration of the Managing Director(s) and Wholetime Director(s), based on their performance and defined assessment criteria
6. To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including
 - ❖ the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate
 - ❖ the conditions under which option vested in employees may lapse in case of termination of employment for misconduct
 - ❖ the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period
 - ❖ the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee
 - ❖ the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period

- ❖ the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others
 - ❖ the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options
7. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable
8. To perform such other functions as may be necessary or appropriate for the performance of its duties

IMPLEMENTATION OF POLICIES

The Committee will seek to ensure that the remuneration of executive directors (consisting of basic salary, pension benefits and benefits in kind) will be competitive with those in other comparable organizations so as to attract high caliber individuals with relevant experience. The Committee will ensure that part of the remuneration of executive directors will be based on the financial performance of the Group using predetermined targets so as to motivate and reward successful business performance in the interest of shareholders.

AUTHORITY

The Committee is authorised:

- ❖ to seek any information it requires from any employee of any company within the Group in order to perform its duties;
- ❖ to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- ❖ to call any member of staff to be questioned at a meeting of the Committee as and when required.

FREQUENCY OF MEETINGS

The Committee shall meet as per the requirement of Companies Act, 2013 rules made there under read with requirement of SEBI (LODR) Regulations, 2015.

PRESENCE IN ANNUAL GENERAL MEETING

The Chairman of the Committee or, in his absence any other member of the committee as authorized shall attend the Annual General Meeting.

ANNUAL AFFIRMATION

The policy shall be disclosed in the Board Report of the Company.

CRITERIA TO EVALUATE PERFORMANCE

a) Selection Criteria for Directors

The Company shall consider the following aspects while appointing a person as a Director on the Board of the Company:

Skills and Experience: The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

Age Limit: The candidate should have completed the age of twenty-one (21) years and should not have attained the age of eighty (80) years. In case any director has attained age of 80 year he can be appointed as director with the permission of board.

Conflict of Interest: The candidate should not hold Directorship in any competitor company, and should not have any conflict of interest with the Company.

Directorship: The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act or under the SEBI (LODR) Regulations, 2015 requirements.

Independence: The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under the SEBI (LODR) Regulations, 2015 requirements.

b) Selection Criteria for Senior Management

As per Selection Criteria Senior Management shall mean employees hired at the level of Divisional Heads and Corporate Functional Heads or equivalent positions.

The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

c) Remuneration for Directors, KMP and other Employees

The policy provides that the remuneration of Directors, KMP and other employees shall be based on the following key principles:

- **Pay for performance:** Remuneration of Executive Directors, KMP and other employees is a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal. The sitting fee shall be paid to Non-Executive Directors to be decided by the Board from time to time.
- **Balanced rewards to create sustainable value:** The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors and employees of the Company and encourage behavior that is aligned to sustainable value creation.
- **Competitive compensation:** Total target compensation and benefits are comparable to peer companies in the textile industry and commensurate to the qualifications and experience of the concerned individual.
- **Business Ethics:** Strong governance processes and stringent risk management policies are adhered to, in order to safeguard our stakeholders' interest.

d) Performance Evaluation

The process approved by the Nomination and Remuneration Committee requires the Chairman to initiate the performance evaluation process in the month of April every year. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights are as under:

- a) **Board:** Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman of the Company. The Chairman discusses with the entire Board at the Board Meeting.
- b) **Committees:** Each Committee member completes the self-evaluation form and shares feedback with the Chairman of the Committee. The Chairman of the Committee discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.
- c) **Chairman and Executive Directors:** Each Board member completes the peer evaluation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.
- d) **Independent Directors:** Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

AMENDMENT

The member of the Nomination and Remuneration Committee of the Company has the right to amend or modify this policy in whole or in part, at any time without assigning any reason, whatsoever.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. Industry And Economic Scenario & Outlook

The Indian Textiles industry is extremely varied, with the hand-spun and hand-woven Textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralized power looms/ hosiery and knitting sector form the largest component of the Textiles sector. The close linkage of the Textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of Textiles make the Indian Textiles sector unique in comparison to the industries of other countries. The Indian Textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

India's Textiles sector is one of the oldest industries in Indian economy dating back several centuries. It is the third largest producer and exporter in the world after China. Even today, Textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The Textiles industry is also labour intensive and is one of the largest employers.

The future for the Indian Textile industry looks encouraging in the long term, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players. The organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

There is optimism in the revival of the global economic outlook in the coming years though this view is not presently supported by economic fundamentals driven by higher economic growth in the advance economies and constrained by moderate growth in emerging markets.

The volume growth in the industry has been quiet modest over the past few years. Indian yarn production is at 7 million tons per annum and growing at around 3% per annum. Textile industry continues to be the second largest employer after agriculture, providing direct employment to 45-50 million people and indirect employment to another 50-60 million people. Labour forms a significant part of the cost of manufacture and hence the performance of this sector is very much dependent on various labour policies.

2. Opportunities And Threats

Opportunities:

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

Threats:

- a) Unfavourable Labour Laws
- b) High Indirect Taxes, Power and Interest Rates
- c) Unfavourable Government policies
- d) Lower Productivity in various segments_
- e) To balance between Demand and Supply

3. Risk And Concerns

Pursuant to the requirement of erstwhile Clause 49 of Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Company has constituted a Business Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

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

a) Risk related to Personnel

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

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

b) Risk related to Safety

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

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

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

c) Compliance Related Risks

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

4. Internal Control Systems And Their Adequacy

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

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

5. Human Resources/ Human Resource Management.

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

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company believes that sound Corporate Governance is vital for sustained growth and enhancing shareholder value. We continually put thrust on implementing best corporate governance practices and benchmarking the same with highest standards. We consider transparency and accountability as two basic tenets of Corporate Governance which are integral part of our business and endeavor to ensure fairness for every stakeholder our customer, investor, vendors, and the communities wherever we operate. Accordingly, we always seek to ensure that our performance is driven by integrity, values and ethics. Your company is proud to be a responsible corporate citizen in all it's conduct.

Company is in compliance with all mandatory requirements of corporate governance laid down under the new Listing Regulations and has also been complying with some non-mandatory requirements. Company has guiding principles laid out through its Code of Business conduct, duly adopted and adhered to by directors and senior management personnel which has been posted on website of company i.e. www.himachalfibre.com

BOARD COMPOSITION

Size and Composition of Board of Directors

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2017, the Board consists of 6 members, Two of whom are executive or whole-time directors, One is Non Executive non independent and three are independent directors. The Board periodically evaluates the need for change in its composition and size. The composition of the Board is in conformity with erstwhile clause 49 of the listing Agreement as well as regulation 17 of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 requirements.

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

Committees include only Audit committee and Stakeholders Relationship Committee.

| Name of the Director | Category | Attendance Particulars | | No. of Directorship and other committee | | | No. of shares held in the company as on 31.03.2017 |
|-------------------------|------------------------|------------------------|----------|---|-----------|------------------------|--|
| | | Board Meeting | Last AGM | Directorship | Committee | Committee Chairmanship | |
| Sh. Akhil Malhotra | Executive Director | 6 | Yes | 8 | 6 | Nil | 31,00,000 |
| Sh. Mayank malhotra* | Executive Director | 0 | Yes | 7 | Nil | Nil | 20,00,000 |
| Sh. Gian Chand Thakur | Whole Time Director | 6 | Yes | Nil | Nil | Nil | Nil |
| Sh. Sushil Kumar Singla | Independent Director | 5 | Yes | 6 | 6 | 2 | Nil |
| Sh. Rajan Dhawan | Independent Director | 5 | No | 5 | 2 | Nil | Nil |
| Smt. Malkeet Kaur | Independent Director | 5 | Yes | 3 | Nil | Nil | Nil |
| Sh. Manoj Kumar | Non Executive Director | 3 | No | 10 | Nil | Nil | Nil |

* Sh. Mayank Malhotra's office as director vacated on 30/05/2016

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

Six Board Meetings were held during the year on

| | | |
|----------------------|----------------------|----------------------|
| -30th May, 2016 | -12th August, 2016 | -22nd August, 2016 |
| -2nd September, 2016 | -14th November, 2016 | -13th February, 2017 |

There was not a gap of more than 120 days between two consecutive meetings. All the information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board.

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

Change in directors

During the year under review the office of Sh. Mayank Malhotra, Director of the Company was vacated on 30/05/2016 under section 167 of the Companies Act, 2013.

Board would also like to inform that Sh. Ashwani Kumar, resigned from the post of CFO of the company w.e.f. 13/05/2016. Sh. Navrattan Sharma was subsequently appointed on 30/05/2016 as Chief Financial Officer of the Company.

Information to Directors:

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

Apart from the Board members, the Company Secretary and the CFO are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

Post Meeting Action:

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

Support and Role of Company Secretary:

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

Training/Familiarization of Board of Directors

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

Remuneration Paid to Directors

Looking the scenario of the textile Industry and financial position of the company none of the Executive Directors have taken any remuneration except Sh. Gian Chand Thakur (Whole Time Director) to whom a consolidated remuneration of Rs. 60,000/- per month has been paid during the year under review.

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

| Name of Directors | Sitting Fee Paid (in Rs.) |
|-------------------------|---------------------------|
| Sh. Sushil Kumar Singla | 10000 |
| Sh. Rajan Dhawan | 10000 |
| Smt. Malkeet Kaur | 10000 |
| Sh. Manoj Kumar | 6000 |

Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 30 March, 2017 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

Performance Evaluation

The Board has carried out an annual evaluation of its own performance, performance of its Committees and of the directors individually, as per the criteria laid down by the Nomination and Remuneration Committee. The evaluation was carried out based on various parameters such as the participation in the Board & and its Committee meetings, contribution towards accurate financial reporting, strategic guidance, risk mitigation, internal controls, governance, leadership and talent development and managing external stakeholders

During the year under review, Mr. Sushil Kumar Singla, Mr. Rajan Dhawan and Mrs. Malkeet Kaur, met on 30/03/2017, without the presence of non-independent directors and members of the management, to discuss the evaluation of the Board, Committees and the Non-Executive Directors. The discussions covered both strategic and operational aspects of the Board functioning, as well as the quality, content and timeliness of the flow of information between the Management and the Board. The inputs from the meeting were shared with the Nomination and Remuneration Committee (Regulation 25 of the Listing Regulations).

The performance evaluation of the Independent Directors was carried out by the entire Board.

Code of Conduct for Board members and Senior Management

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

BOARD COMMITTEES

AUDIT COMMITTEE

The audit committee was reconstituted in accordance with the provisions of Companies Act, 2013 and erstwhile clause 49 of listing agreement at a board meeting held on 28.05.2014. The committee continues to perform its tasks under the companies Act, 2013 as well as newly introduced SEBI (Listing Obligations and Disclosures) Regulations, 2015. The terms of reference are briefly described below:-

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions;
 - modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;

- valuation of undertakings or assets of the listed entity, wherever it is necessary;
 - evaluation of internal financial controls and risk management systems;
 - reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - discussion with internal auditors of any significant findings and follow up there on;
 - reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post- audit discussion to ascertain any area of concern;
 - to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - to review the functioning of the whistle blower mechanism;
 - approval of appointment of Chief Financial Officer after assessing the qualifications, experience background, etc. of the candidate;
 - Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- In addition to the above, the following items will be reviewed by the Audit Committee:-
- management discussion and analysis of financial condition and results of operations;
 - statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - management letters / letters of internal control weaknesses issued by the statutory auditors;
 - internal audit reports relating to internal control weaknesses; and
 - the appointment, removal and terms of remuneration of the Head - Internal Audit

The Audit Committee is vested with the necessary powers to achieve its objectives. The Committee has discharged such other role/function as envisaged under Regulation 18 (3) read with Part C of Schedule II of the Listing Regulations and the provisions of Section 177 of the Act.

The committee comprises of three Directors, out of which two are Independent Directors. All the members, including Chairman of Audit Committee are financially literate and have the ability to read and understand the financial statement. In the financial year 2016-17, five meetings were held on 30th May, 2016, 12th August, 2016, 2nd September, 2016, 14th November, 2016, 13th February, 2017. Composition of committee as on 31st March, 2017 and member's attendance at the meetings during the year are as under:

| Name | Status | Category | No. of Meetings attended during the year 2016-17 |
|-------------------------|----------|--------------------------------------|--|
| Sh. Sushil Kumar Singla | Chairman | Non Executive & Independent Director | 5 |
| Sh. Rajan Dhawan | Member | Non Executive & Independent Director | 5 |
| Sh. Akhil Malhotra | Member | Managing Director | 5 |

The company secretary acts as the secretary to the committee. Chief Financial Officer attends all the meetings and statutory auditors and internal auditors are also invited for the meeting.

Sh. Sushil Kumar Singla, the Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2016.

NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted the Nomination and Remuneration Committee in line with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations. The broad terms of reference are as follows:-

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Formulating criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. Assessing whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

Composition of committee as on date of this report and member's attendance at the meetings during the year under review, are as under:

Date of meetings- 30.05.2016, 12.08.2016.

| Name | Status | Category | No. of Meetings attended during the year 2016-17 | |
|-------------------------|----------|--------------------------------------|--|----------|
| | | | Held | Attended |
| Sh. Sushil Kumar Singla | Chairman | Non Executive & Independent Director | 2 | 2 |
| Sh. Rajan Dhawan | Member | Non Executive & Independent Director | 2 | 2 |
| Smt. Malkeet Kaur | Member | Non Executive & Independent Director | 2 | 2 |

STAKEHOLDERS RELATIONSHIP COMMITTEE

Committee performs various functions conferred under the Listing Regulations and Section 178 of the Act, which mainly covers ensuring resolution of grievances of security holders of the company.

The Stakeholders Relationship Committee comprises of three members, viz., Sh. Sushil Kumar Singla, Sh. Akhil Malhotra and Sh. Rajan Dhawan. Sh. Sushil Kumar Singla is the Chairperson of this Committee. The Stakeholders Relationship Committee met twice during the year 2016-17 on 2nd September, 2016, 13th February, 2017

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

| Name | Status | Category | No. of Meetings attended during the year 2016-17 | |
|-------------------------|----------|--------------------------------------|--|----------|
| | | | Held | Attended |
| Sh. Sushil Kumar Singla | Chairman | Non Executive & Independent Director | 2 | 2 |
| Sh. Akhil Malhotra | Member | Managing Director | 2 | 2 |
| Sh. Rajan Dhawan | Member | Non Executive & Independent Director | 2 | 2 |

The company received five complaints during the year and all of them were resolved to the satisfaction of the stakeholders and no investor complaint was pending with the Company as well as Registrar and Share Transfer Agent of the Company as on 31 March 2017. Sh. Amit Sharma, the Company Secretary is the Compliance Officer of the Company and be contacted at Ph: 0161-4684000 and Fax: 0161-4684010 and Email:

hfl.corporate@gmail.com.

| Investor Complaints | Number |
|--|--------|
| Number of shareholder's complaints received during 2016-17 | 5 |
| Number solved to the satisfaction of shareholders | 5 |
| Number of pending complaints as on March 31, 2017 | 0 |

Other Committee Details:

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

| COMMITTEE NAME | MEMBERS | NO. OF MEETINGS |
|-------------------------------|--|-----------------|
| SECURITIES TRANSFER COMMITTEE | Sh. Akhil Malhotra (Chairman) Sh. Manoj Kumar Sh. Ashwani Kumar Sh. Amit Sharma | 5 |
| BANKING AND FINANCE COMMITTEE | Sh. Akhil Malhotra (Chairman) Sh. Manoj Kumar Sh. Sushil Kumar Singla Sh. Ashwani Kumar | 1 |

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has set up vigil mechanism viz. Whistle Blower Policy to enable the employees and directors to report genuine concerns, unethical behavior and irregularities, if any, in the company noticed by them which could adversely affect company's operations. The same is reviewed by the Audit Committee from time to time. No concerns or irregularities have been reported till date. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company at www.himachalfibre.com.

ENTERPRISE RISK MANAGEMENT

The Company's Enterprise Risk Management Processes ensures that the management controls risks through means of a properly defined framework. The risks are reviewed periodically by the Managing Director and the Chief Financial Officer through an established Enterprise Risk Management Framework and also annually by the Board of Directors.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Company is not exposed to any of these risks.

OUTSTANDING GDRS/ADRS WARRANTS OF ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

As on date, the Company has not issued GDRs, ADRs or any other Convertible Instruments and as such, there is no impact on the equity share capital of the Company.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties, as defined under the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year, were in the ordinary course of business and were on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were few materially significant transactions with related parties during the financial year for which shareholders approval was sought during the year by way of Resolution passed at Extra Ordinary General Meeting Held on 28/06/2016 (Results declared on 30/06/2016). Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website www.himachalfiber.com.

WHISTLE BLOWER POLICY

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Further in accordance with requirement of Para C 10 (c) schedule V of SEBI (Listing Obligations and Disclosures) Regulations, 2015 affirmation is also given that no personnel has been denied access to audit committee.

POLICY FOR PRESERVATION OF DOCUMENTS

In accordance with regulation 9 of SEBI (Listing Obligations and Disclosures) Regulations, 2015 the board has during the year adopted a policy for preservation of documents which has been uploaded on the website of the company.

POLICY FOR DETERMINATION OF MATERIALITY OF THE DISCLOSURE OF EVENTS & INFORMATION

In accordance with regulation 30 (4) of SEBI (Listing Obligations and Disclosures) Regulations, 2015 a policy has been adopted regarding disclosures of any events or information which, in the opinion of the board of directors is material and the same is also available on the website of the company.

ARCHIVAL POLICY

In accordance with regulation 30 (8) of SEBI (Listing Obligations and Disclosures) Regulations, 2015 an archival policy has been adopted during the year by the year which has also been uploaded on the website of the company.

RECONCILIATION OF SHARE CAPITAL AUDIT:

A qualified Company Secretary in practise carried out a share capital audit to reconcile the total admitted equity share capital with the national securities depository limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. This Reconciliation is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board. The Audit Report, inter alia, confirms that the total listed and paid-up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

DISCLOSURES

The company has always ensured fair code of conduct and maintained transparency. There were no instances of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The company has ensured compliance with requirements specified in regulation 17 and 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosures) Regulations, 2015.

Compliances , rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as in spirit.

The Board has obtained certificates/disclosures from key management personnel confirming they do not have any material financial and commercial interest in transactions with the company at large.

COMPLIANCE WITH ACCOUNTING STANDARDS

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

HIMACHAL FIBRES LIMITED



GENERAL BODY MEETING

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

| Financial Year | Location of Meeting | Date | Time | No. of Special Resolution passed |
|----------------|---------------------------------|------------|------------|----------------------------------|
| 2013-2014 | Registered office at Barotiwala | 30.09.2014 | 3.00 p.m. | 2 |
| 2014-2015 | Registered office at Barotiwala | 28.09.2015 | 12.00 p.m. | 0 |
| 2015-2016 | Registered office at Barotiwala | 28.09.2016 | 11.00 a.m. | 1 |

RESOLUTION PASSED THROUGH POSTAL BALLOT

No resolution was passed Through Postal Ballot in the year under review.

MEANS OF COMMUNICATION

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

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

SHAREHOLDER INFORMATION

Registered Office : Plot No: 43-44, Industrial Area, Barotiwala, Himachal Pradesh- 174103
Telephone No. 0161-4684000, Fax No. 0161-4684010 Email: hfl.corporate@gmail.com

PARTICULARS OF DIRECTORS REAPPOINTED

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

REGISTRAR AND TRANSFER AGENT

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

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

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

PLANT LOCATION : Plot No. 43-44, Industrial Area, Barotiwala, Himachal Pradesh - 174103

Compliances

Mandatory Requirements

The Company has fully complied with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Adoption of non-mandatory requirements under Listing Agreement

The Board :

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

Shareholders Rights :

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

Reporting of Internal Auditor:

The internal auditor reports to audit committee.

General Shareholders Information

Annual General Meeting

| | | | |
|---------------|----------------------------------|----------------|---|
| Date : | 28 th September, 2017 | Day : | Thursday |
| Time : | 11.00 A.M. | Venue : | Plot No: 43-44, Industrial Area, Barotiwala, Himachal Pradesh 174103 |

HIMACHAL FIBRES LIMITED



FINANCIAL CALENDAR

Financial Year : 1st April to 31st March
 Financial results were announced on:
August 2016 : First Quarter **November 2016** : Second Quarter
February 2017 : Third Quarter **May 2017** : Audited Results
Book Closure

The dates of book closure are from 22th September, 2017 to 28th September, 2017 (inclusive of both days).

Demat ISIN Number for NSDL and CDSL : INE723D01021

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

| Stock Exchanges | Stock Code |
|---|-----------------------------|
| Bombay Stock Exchange Ltd. 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 | Demat Segment-514010 |

SHARE TRANSFER SYSTEM

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

Stock Market Data (Market Price Data as compared to closing Sensex during 2016-2017):

| Month | High Price | Low Price | Close Price | No. of Shares | No. of Trades | Sensex Closing |
|-----------------|------------|-----------|-------------|---------------|---------------|----------------|
| April, 2016 | 45.00 | 35.95 | 35.95 | 157255 | 966 | 25606.62 |
| May, 2016 | 35.25 | 28.8 | 28.8 | 244492 | 306 | 26667.96 |
| June, 2016 | 28.25 | 27.4 | 27.4 | 2720 | 44 | 26999.72 |
| July, 2016 | 27.00 | 21.95 | 21.95 | 37045 | 104 | 28051.86 |
| August, 2016 | 26.15 | 15.9 | 22.45 | 418953 | 816 | 48452.17 |
| September, 2016 | 22.2 | 15.75 | 15.75 | 280652 | 664 | 27865.96 |
| October, 2016 | 20.00 | 14.25 | 17.15 | 369171 | 903 | 27930.21 |
| November, 2016 | 19.35 | 13.05 | 14.1 | 228053 | 709 | 26652.81 |
| December, 2016 | 15.29 | 10.95 | 12.16 | 103809 | 369 | 26626.46 |
| January, 2017 | 13.00 | 9.79 | 10.24 | 221113 | 748 | 27655.96 |
| February, 2017 | 11.7 | 9.5 | 10 | 229808 | 635 | 28743.32 |
| March, 2017 | 11.9 | 8.8 | 11.68 | 961146 | 6278 | 29620.50 |

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2017

| Shareholding | Holders | Percentage % | No. of Shares | Percentage % |
|------------------|---------|--------------|---------------|--------------|
| UP TO 5000 | 2399 | 93.82 | 1899665 | 2.20 |
| 5001 TO 10000 | 58 | 2.27 | 439600 | 0.51 |
| 10001 TO 20000 | 35 | 1.37 | 531929 | 0.62 |
| 20001 TO 30000 | 14 | 0.55 | 346688 | 0.40 |
| 30001 TO 40000 | 7 | 0.27 | 240306 | 0.28 |
| 40001 TO 50000 | 11 | 0.43 | 487430 | 0.57 |
| 50001 TO 100000 | 10 | 0.39 | 695471 | 0.81 |
| 100001 AND ABOVE | 23 | 0.90 | 81608911 | 94.62 |

DEMATERIALISATION OF SHARES:

As on 31st March, 2017, 96.19% of the capital comprising 8,29,60,000 shares, out of total of 8,62,50,000 shares were dematerialised.

ADDRESS OF CORRESPONDENCE : Shareholders may contact:

Sh. Amit Sharma (Company Secretary)

at **Registered Office & Works:**

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

Corporate Office

: 8-L, Model Town, Ludhiana - 141002
Telephone No. 0161-4684000
Fax No. 0161-4684010
Email: hfl.corporate@gmail.com

CEO/CFO CERTIFICATION

To,
The Board of Directors
Himachal Fibres Limited
Subject: Compliance Certificate as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year 2016-17 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Ludhiana
Dated: 31st August, 2017

-sd-
(Akhil Malhotra)
Managing Director
DIN: 00126240

-sd-
(Navrattan Sharma)
Chief Financial Officer

Declaration by the Managing Director under the Listing Regulations regarding compliance with Code of Conduct

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that all Board Members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2017.

Place: Ludhiana
Date: 31st August, 2017

-sd/-
Akhil Malhotra
Managing Director
(DIN : 00126240)

Certificate regarding compliance of conditions of Corporate Governance

The Members,
Himachal Fibres Limited,
Plot No. 43-44, Industrial Area,
Barotiwala. (Himachal Pradesh)

We have examined the compliance of the conditions of Corporate Governance by Himachal Fibres Ltd., for the year ended March 31st, 2017 as stipulated in regulations 17,18, 19,20,21,22,23,24,25,26,27 and clauses (b) to (i) of sub-regulations(2) of regulation 46 & para C, D & E of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015")

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

In our opinion and to the best of our information and according to the explanations given to us:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the "SEBI Listing Regulations, 2015"

We further stat that this certificate is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company .

Date: 31.08.2017
Place : Ludhiana

For Rajeev Bhambri & Associates
-sd/-
(Rajeev Bhambri)
Proprietor
Company Secetary in whole time practice
FCS 4327

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HIMACHAL FIBRES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HIMACHAL FIBRES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Profit/Loss and its Cash Flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) 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 financial statements – Refer Note XXIV-3 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The company has provided requisite disclosures in its financial statements regarding dealing in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note XXIV-2.17 to financial statements

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

DATED: 30.05.2017
PLACE: LUDHIANA

SUMAT GUPTA
PARTNER
(M.NO.086000)

“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 Himachal Fibres Limited** (“the Company”) for the year ended March 31, 2017:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets 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 immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) 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.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or not.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has not been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable except following:-

| S. No. | Statute | Nature | Amount |
|--------|---|------------------------------------|--------------|
| 1 | Income Tax Act, 1961 | Income Tax (FY12-13) | Rs.3135565/- |
| 2 | Himachal Pradesh Sales tax Act | Works Contract Tax Payable | Rs.136008/- |
| 3 | Income Tax Act, 1961 | Fringe Benefit Tax | Rs.103040/- |
| 4 | The Employee's Provident Fund & Miscellaneous Act, 1952 | E.P.F. Payable for (F.Y. 2015-16) | Rs.932919/- |
| | | E.P.F. Payable for (F.Y. 2016-17) | Rs.1410094/- |
| 5 | Employee's State Insurance Act, 1948 | E.S.I. Payable for (F.Y. 2016-17) | Rs.312313/- |

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks/Financial Institutions detailed as below:-

| S. No. | Financial Institution and Banks | Particulars | Amount | Period of Default Since |
|--------|---------------------------------|-------------|-----------|-------------------------|
| 1. | State Bank of India | Interest | 659077.00 | March 2017 |
| | | Installment | 833000.00 | |

- (9) 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 and term loans during the year under review. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (10) 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 by its officers or employees has been noticed or reported during the year.

- (11) According to the information and explanations given to us and based on examination of records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act during the year under review.
- (12) Since the Company is not a Nidhi Company, therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (15) 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. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

DATED: 30.05.2017
PLACE: LUDHIANA

SUMAT GUPTA
PARTNER
(M.NO.086000)

“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of M/s 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 M/s Himachal Fibres Limited (“the Company”) as of March 31, 2017 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 unauthorised 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, 2016, 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 SUMAT GUPTA & CO. (CHARTERED ACCOUNTANTS)
FIRM REG. NO. 010288N

DATED: 30.05.2017
PLACE: LUDHIANA

SUMAT GUPTA
PARTNER
(M.NO.086000)

BALANCE SHEET AS AT 31ST MARCH 2017

| PARTICULARS | NOTE NO | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
|---|---------|---|--|
| EQUITY AND LIABILITIES | | | |
| (1) SHAREHOLDER'S FUNDS | | | |
| (A) SHARE CAPITAL | I | 221,250,000.00 | 221,250,000.00 |
| (B) RESERVES AND SURPLUS | II | 97,905,629.51 | 108,282,794.88 |
| TOTAL OF SHARE HOLDER'S FUND (A) | | 319,155,629.51 | 329,532,794.88 |
| (2) NON-CURRENT LIABILITIES | | | |
| (A) LONG-TERM BORROWINGS | III | 106,064,595.00 | 114,925,751.00 |
| (B) DEFERRED TAX LIABILITY | | 0.00 | 520,537.00 |
| (C) OTHER LONG TERM PROVISIONS | IV | 1,371,278.00 | 1,332,572.00 |
| TOTAL OF NON CURRENT LIABILITIES (B) | | 107,435,873.00 | 116,778,860.00 |
| (3) CURRENT LIABILITIES | | | |
| (A) SHORT-TERM BORROWINGS | V | 154,970,342.24 | 153,580,590.92 |
| (B) TRADE PAYABLES | VI | 81,628,982.09 | 76,300,597.80 |
| (C) OTHER CURRENT LIABILITIES | VII | 42,632,756.85 | 30,431,416.00 |
| (D) SHORT-TERM PROVISIONS | VIII | 3,238,605.00 | 3,568,205.00 |
| TOTAL OF CURRENT LIABILITIES (C) | | 282,470,686.18 | 263,880,809.72 |
| GRAND TOTAL (A + B + C) | | 709,062,188.69 | 710,192,464.60 |
| ASSETS | | | |
| (1) NON-CURRENT ASSETS | | | |
| FIXED ASSETS | | | |
| (A) TANGIBLE ASSETS | IX | 235,690,246.66 | 252,544,100.15 |
| CAPITAL WORK-IN-PROGRESS | | | |
| (B) DEFERRED TAX ASSETS (NET) | | 4,495,114.00 | 0.00 |
| (B) LONG TERM LOANS AND ADVANCES | X | 1,195,181.16 | 1,243,918.00 |
| (C) OTHER NON-CURRENT ASSETS | XI | 2,165,000.00 | 2,165,000.00 |
| TOTAL OF NON CURRENT ASSETS (A) | | 243,545,541.82 | 255,953,018.15 |
| (2) CURRENT ASSETS | | | |
| (A) INVENTORIES | XII | 176,835,403.43 | 321,042,563.00 |
| (B) TRADE RECEIVABLES | XIII | 225,895,388.11 | 76,234,060.00 |
| (C) CASH AND CASH EQUIVALENTS | XIV | 9,528,252.88 | 12,011,767.55 |
| (D) SHORT-TERM LOANS AND ADVANCES | XV | 51,248,812.45 | 40,128,503.90 |
| (E) OTHER CURRENT ASSETS | XVI | 2,008,790.00 | 4,822,552.00 |
| TOTAL OF CURRENT ASSETS (B) | | 465,516,646.87 | 454,239,446.45 |
| GRAND TOTAL (A + B) | | 709,062,188.69 | 710,192,464.60 |

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

XXIV

ON OR BEHALF OF THE BOARD

AKHIL MALHOTRA
MANAGING DIRECTOR
DIN: 00126240

GIAN CHAND THAKUR
DIRECTOR
DIN:07006447

SUMAT GUPTA
PARTNER
M.NO.086000

AMIT SHARMA
COMPANY SECRETARY

NAVRATTAN SHARMA
CFO

LUDHIANA
May 30, 2017



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

| PARTICULARS | NOTE NO | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
|---|---------|---|--|
| REVENUES: | | | |
| REVENUE FROM OPERATIONS | XVII | 558,627,005.94 | 475,472,571.00 |
| OTHER INCOME | XVIII | 1,075,493.00 | 986,969.00 |
| TOTAL REVENUE | | 559,702,498.94 | 476,459,540.00 |
| EXPENSES: | | | |
| COST OF MATERIALS CONSUMED | XIX | 292,848,568.64 | 251,796,451.81 |
| PURCHASE OF STOCK-IN-TRADE | | 6,952,545.11 | 12,492,207.00 |
| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | XX | 119,811,188.00 | 56,036,001.00 |
| EMPLOYEE BENEFIT EXPENSE | XXI | 47,497,995.99 | 45,898,830.00 |
| FINANCIAL COSTS | XXII | 31,460,622.04 | 30,135,980.55 |
| DEPRECIATION | | 22,213,275.49 | 22,021,463.86 |
| OTHER EXPENSES | XXIII | 54,243,018.04 | 55,991,456.05 |
| TOTAL EXPENSES | | 575,027,213.31 | 474,372,390.27 |
| PROFIT BEFORE TAX | | (15,324,714.37) | 2,087,149.73 |
| TAX EXPENSE: | | | |
| (1) CURRENT TAX | | 0.00 | 329,600.00 |
| (2) DEFERRED TAX | | (5,015,651.00) | 61,362.00 |
| PROFIT AFTER TAX | | (10,309,063.37) | 1,696,187.73 |
| EARNING PER EQUITY SHARE: | | | |
| BASIC | | -ve | 0.02 |
| DILUTED | | -ve | 0.02 |

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

XXIV

ON OR BEHALF OF THE BOARD

AKHIL MALHOTRA
MANAGING DIRECTOR
DIN: 00126240

GIAN CHAND THAKUR
DIRECTOR
DIN:07006447

SUMAT GUPTA
PARTNER
M.NO.086000

AMIT SHARMA
COMPANY SECRETARY

NAVRATTAN SHARMA
CFO

LUDHIANA
May 30, 2017

CASH FLOW STATEMENT FOR THE YEAR 31st MARCH, 2017

| PARTICULARS | | AMOUNT IN (Rs.) | |
|-------------|--|---|--|
| | | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| A. | CASH FLOW FROM/ USED IN OPERATING ACTIVITIES | | |
| | NET PROFIT BEFORE TAX | (15324714.37) | 2087149.73 |
| | ADJUSTMENTS FOR : | | |
| | DEPRECIATION | 22213275.49 | 22021463.86 |
| | INTEREST EXPENSES | 31460622.04 | 30135980.55 |
| | INTEREST INCOME | (862497.00) | (986969.00) |
| | LOSS ON SALE OF ASSETS | 0.00 | 1541803.00 |
| | OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 37486686.16 | 54799428.14 |
| | ADJUSTMENT FOR : | | |
| | (INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES | (157919137.20) | (33791982.00) |
| | (INCREASE)/DCREASE IN INVENTORIES | 144207159.57 | 17463487.00 |
| | (INCREASE)/DCREASE IN TRADE PAYABLES & OTHER LIABILITIES | 17238831.14 | 11578824.37 |
| | CASH GENERATED FROM OPERATIONS | 410113539.46 | 50049757.51 |
| | INCOME TAX PAID | 68102.00 | 333382.00 |
| | NET CASH FROM/USED IN OPERATING ACTIVITIES | 40945437.46 | 49716375.51 |
| B. | CASH FLOW FROM/USED IN INVESTING ACTIVITIES | | |
| | PURCHASE OF FIXED ASSETS | (5359422.00) | (8766955.00) |
| | SALE OF FIXED ASSETS | 0.00 | 4564223.00 |
| | INTEREST RECEIVED | 862497.00 | 986969.00 |
| | NET CASH FROM/USED IN INVESTING ACTIVITIES | (4496925.00) | (3215763.00) |
| C. | CASH FLOW FROM/USED IN FINANCING ACTIVITIES | | |
| | REPAYMENT OF LONG TERM BORROWINGS | (8861156.00) | (6741249.00) |
| | CHANGES IN WORKING CAPITAL LOANS/SHORT TERMS BORROWINGS | 1389751.32 | (3226059.09) |
| | INTEREST PAID | (31460622.04) | (30135980.55) |
| | NET CASH FROM/USED IN FINANCING ACTIVITIES | (38932027.34) | (40103289.26) |
| | NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLANTS | (2483514.88) | 6397323.25 |
| | OPENING CASH & CASH EQUIVLANTS | 12011767.55 | 5614444.30 |
| | CLOSING CASH AND CASH EQUIVLANTS | 9528252.67 | 12011767.55 |

Accounting Policies and Notes
To Accounts
As Per Report of Event Date Attached
For Sumat Gupta & Co.
Chartered Accountants
Firm Reg. No. 010288N

XXIV

On or Behalf of the Board

AKHIL MALHOTRA
MANAGING DIRECTOR
DIN: 00126240

GIAN CHAND THAKUR
DIRECTOR
DIN: 07006447

SUMAT GUPTA
PARTNER
M.NO. 086000

AMIT SHARMA
COMPANY SECRETARY

NAVRATTAN SHARMA
CFO

Ludhiana
May 30, 2017

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

| PARTICULARS | Note - I | |
|--|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| SHARE CAPITAL | | |
| AUTHORISED SHARE CAPITAL | | |
| 17,50,00,000 (PY 17,50,00,000) EQUITY SHARES OF RS. 1/- EACH | 175,000,000.00 | 175,000,000.00 |
| 1,65,000 16.5% CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH | 16,500,000.00 | 16,500,000.00 |
| 14,35,000 4% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH | 143,500,000.00 | 143,500,000.00 |
| TOTAL | 335,000,000.00 | 335,000,000.00 |
| ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL | | |
| 8,62,50,000 (PY 8,62,50,000) EQUITY SHARES OF RS.1/-EACH FULLY PAID UP | 86,250,000.00 | 86,250,000.00 |
| 1,50,000 (PY 1,50,000) 16.5% CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH | 15,000,000.00 | 15,000,000.00 |
| 12,00,000 (PY 12,00,000) 4% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARE OF RS. 100/- EACH | 120,000,000.00 | 120,000,000.00 |
| TOTAL | 221,250,000.00 | 221,250,000.00 |

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

| | % | NO. OF SHARES | % | NO. OF SHARES |
|----------------------------------|---------------|----------------------|---------------|----------------------|
| BALMUKHI TEXTILE P LTD | 15.28% | 13,180,500.00 | 15.28% | 13,180,500.00 |
| BRIJESHWARI TEXTILES P LTD | 15.28% | 13,180,500.00 | 15.28% | 13,180,500.00 |
| SHIVA SPINFAB P LTD | 15.86% | 13,680,500.00 | 15.86% | 13,680,500.00 |
| HIMACHAL YARNS LIMITED | 11.46% | 9,880,050.00 | 11.77% | 10,151,750.00 |
| SHIV NARAYAN INVESTMENTS P. LTD. | 10.43% | 8,999,750.00 | 10.43% | 8,999,750.00 |
| ROMESH K AGGARWAL | 6.97% | 6,010,000.00 | 6.97% | 6,010,000.00 |
| GARG FINCAP LTD. | 7.79% | 6,715,000.00 | 7.79% | 6,715,000.00 |
| TOTAL | 83.07% | 71,646,300.00 | 83.38% | 71,918,000.00 |

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

| | % | NO. OF SHARES | % | NO. OF SHARES |
|---------------------------------|----------------|-------------------|----------------|-------------------|
| SHIVA TEXFABS LTD | 66.67% | 100,000.00 | 66.67% | 100,000.00 |
| GENERAL INSURANCE CORP OF INDIA | 10.00% | 15,000.00 | 10.00% | 15,000.00 |
| ORINETAL INSURANCE CO LTD | 13.33% | 20,000.00 | 13.33% | 20,000.00 |
| UNITED INDIA INSURANCE CO LTD | 10.00% | 15,000.00 | 10.00% | 15,000.00 |
| TOTAL | 100.00% | 150,000.00 | 100.00% | 150,000.00 |

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

| | % | NO. OF SHARES | % | NO. OF SHARES |
|-------------------|----------------|---------------------|----------------|---------------------|
| SHIVA TEXFABS LTD | 100.00% | 1,200,000.00 | 100.00% | 1,200,000.00 |
| TOTAL | 100.00% | 1,200,000.00 | 100.00% | 1,200,000.00 |

(B) RECONCILIATION OF NO. OF SHARES OUTSTANDING IS SET AS BELOW :

(i) EQUITY SHARE CAPITAL (EACH OF FACE VALUE RS.1/-)

| | | | |
|--|------------|------------|------------|
| EQUITY SHARES AT THE BEGINNING OF THE YEAR | 86,250,000 | 86,250,000 | |
| ADD : SUB DIVISION OF SHARES DURING THE YEAR | 0 | 0 | |
| ADD : EQUITY SHARES ISSUED DURING THE YEAR | 0 | 0 | |
| EQUITY SHARES AT THE END OF THE YEAR | | 86,250,000 | 86,250,000 |

(ii) 16.5% CUMULATIVE REDEEMABLE PREFERENCE SHARE CAPITAL (EACH OF FACE VALUE RS.100/-)

| | | | |
|--|---------|---------|---------|
| PREFERENCE SHARES AT THE BEGINNING OF THE YEAR | 150,000 | 150,000 | |
| ADD : SHARES ISSUED DURING THE YEAR | 0 | 0 | |
| | 150,000 | 150,000 | |
| LESS: SHARES REDEEMED DURING THE YEAR | 0 | 0 | |
| PREFERENCE SHARES AT THE END OF THE YEAR | | 150,000 | 150,000 |

(iii) 4% NON - CUMULATIVE REDEEMABLE PREFERENCE SHARE CAPITAL (EACH OF FACE VALUE RS.100/-)

| | | | |
|--|-----------|-----------|-----------|
| PREFERENCE SHARES AT THE BEGINNING OF THE YEAR | 1,200,000 | 1,200,000 | |
| ADD : SHARES ISSUED DURING THE YEAR | 0 | 0 | |
| PREFERENCE SHARES AT THE END OF THE YEAR | | 1,200,000 | 1,200,000 |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

| PARTICULARS | Note - II | | | |
|---|-----------------|---|-----------------|--|
| | | Figures at the end of Current Reporting Period 31.03.2017 | | Figures at the end of Previous Reporting Period 31.03.2016 |
| RESERVE & SURPLUS | | | | |
| CAPITAL REDEMPTION RESERVE | | 16,489,070.00 | | 16,489,070.00 |
| CAPITAL RESERVE | | | | |
| OPENING BALANCE | 177,793,476.00 | | 177,793,476.00 | |
| ADD: ADDITIONS DURING THE YEAR | 0.00 | 177,793,476.00 | 0.00 | 177,793,476.00 |
| PROFIT & LOSS ACCOUNT | | | | |
| OPENING BALANCE (PROFIT / (LOSS)) | -137,999,751.12 | | -139,692,156.85 | |
| ADD: PROFIT / (LOSS) DURING THE YEAR | -10,309,063.37 | | 1,696,187.73 | |
| | -148,308,814.49 | | -137,995,969.12 | |
| ADD: ADJUSTMENT RELATING TO FIXED ASSETS* | 0.00 | | -0.00 | |
| LESS : INCOME TAX FOR EARLIER YEARS | 68,102.00 | | 3,782.00 | |
| CLOSING BALANCE (PROFIT / (LOSS)) | | -148,376,916.49 | | -137,999,751.12 |
| SHARE PREMIUM ACCOUNT | | | | |
| OPENING BALANCE | 52,000,000.00 | | 52,000,000.00 | |
| ADD: ADDITIONS DURING THE YEAR | 0.00 | | 0.00 | |
| CLOSING BALANCE | | 52,000,000.00 | | 52,000,000.00 |
| TOTAL | | 97,905,629.51 | | 108,282,794.88 |

* Refer Note No.XXIV(14) below.

| Note - III | | | | |
|---|----------------------|-----------------------|----------------------|-----------------------|
| LONG TERM BORROWING | | | | |
| SECURED LOANS | | | | |
| TERM LOANS (FROM BANKS) (SEE NOTE BELOW) | | | | |
| STATE BANK OF INDIA (TERM LOAN -WCTL) | 59,171,000.00 | | 69,921,751.00 | |
| CAR LOANS | | | | |
| ICICI BANK CAR LOANS | 1,515,147.00 | | 0.00 | |
| TOYOTA FINANCIAL SERVICES (I) LTD. | 1,762,728.00 | | 0.00 | |
| TOTAL | 62,448,875.00 | | 69,921,751.00 | |
| LESS: INSTALLMENTS DUE WITHIN 12 MONTHS | 11,384,280.00 | | 9,996,000.00 | |
| | | 51,064,595.00 | | 59,925,751.00 |
| UNSECURED LOANS | | | | |
| METRO SYNTHETICS | 2,500,000.00 | | 2,500,000.00 | |
| BALMUKHI TEXTILE P LTD | 25,000,000.00 | | 25,000,000.00 | |
| BRIJESHWARI TEXTILES PVT LTD | 27,500,000.00 | 55,000,000.00 | 27,500,000.00 | 55,000,000.00 |
| TOTAL | | 106,064,595.00 | | 114,925,751.00 |

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

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

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

(D) CAR LOANS ARE FROM TOYOTA FINANCIAL SERVICES (I) LTD. (RS. 23.80 LACS) & ICICI BANK LTD. (RS.18.90 LACS), EXCLUSIVELY FOR PURCHASE OF TWO NEW CARS. THE RESPECTIVE VEHICLES ARE HYPOTHICATED AGAINST LOANS. THE LOANS ARE PAYABLE IN 36 EQUAL MONTHLY INSTALLMENTS (INCLUDING INTEREST) OF RS.0.61 LACS & RS. 0.76 LACS.

| Note - IV | | | | |
|--|--|-----------------------|--|-----------------------|
| OTHER LONG TERM PROVISIONS | | | | |
| PROVISION FOR GRATUITY | | 1,371,278.00 | | 1,332,572.00 |
| TOTAL | | 1,371,278.00 | | 1,332,572.00 |
| Note - V | | | | |
| SHORT TERM BORROWINGS | | | | |
| STATE BANK OF INDIA (WORKING CAPITAL LIMITS) | | 154,970,342.24 | | 153,580,590.92 |
| TOTAL | | 154,970,342.24 | | 153,580,590.92 |

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

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

| Note - VI | | | | |
|-----------------------|--|----------------------|--|----------------------|
| TRADE PAYABLES | | | | |
| ILC PAYABLE | | 24,512,585.43 | | 24,920,000.00 |
| SUNDRY CREDITORS | | 57,116,396.66 | | 51,380,597.80 |
| TOTAL | | 81,628,982.09 | | 76,300,597.80 |

| Note - VII | | | | |
|--|--|----------------------|--|----------------------|
| OTHER CURRENT LIABILITIES | | | | |
| ADVANCE FROM CUSTOMERS | | 8,886,241.01 | | 5,040,502.00 |
| OTHER LIABILITIES | | 22,362,235.84 | | 15,394,914.00 |
| TERM LOANS INSTALLMENTS (REPAYABLE WITHIN 12 MONTHS) | | 11,384,280.00 | | 9,996,000.00 |
| TOTAL | | 42,632,756.85 | | 30,431,416.00 |

| Note - VIII | | | | |
|--|--|---------------------|--|---------------------|
| SHORT TERM PROVISIONS | | | | |
| PROVISION FOR INCOME TAX(FY 2012-2013) | | 3,135,565.00 | | 3,135,565.00 |
| PROVISION FOR INCOME TAX (FY 2015-16) | | 0.00 | | 329,600.00 |
| PROVISION FOR FBT | | 103,040.00 | | 103,040.00 |
| TOTAL | | 3,238,605.00 | | 3,568,205.00 |



DEPRECIATION CHART FOR THE PERIOD 01/04/2016 TO 31/03/2017

NOTE-IX

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | NET BLOCK | | |
|-------------------------|------------------|------------|-------------|------------------------|------------------|-------------|----------------------------|------------------------|-------------------------|-------------------------|
| | AS AT 01/04/2016 | ADDITION | SALE / TFD. | TOTAL AS ON 31/03/2017 | AS AT 01/04/2016 | SALE / ADJ. | PROVIDED DURING THE PERIOD | TOTAL AS ON 31/03/2017 | W.D.V. AS ON 31/03/2017 | W.D.V. AS ON 31/03/2016 |
| <u>AT WORKS</u> | | | | | | | | | | |
| FREE HOLD LAND | 82239.00 | 0.00 | 0.00 | 82239.00 | 0.00 | 0.00 | 0.00 | 0.00 | 82239.00 | 82239.00 |
| LEASEHOLD LAND | 1294222.00 | 0.00 | 0.00 | 1294222.00 | 235659.00 | 0.00 | 0.00 | 235659.00 | 1058563.00 | 1058563.00 |
| BUILDING | 130474683.21 | 0.00 | 0.00 | 130474683.21 | 50070305.17 | 0.00 | 407864.149 | 54148946.65 | 76325736.56 | 80404378.04 |
| PLANT & MACHINERY | 413626505.10 | 153000.00 | 0.00 | 413779505.10 | 245537255.45 | 0.00 | 17019334.00 | 262556589.45 | 151222915.65 | 168089249.65 |
| FURNITURE & FIXTURE | 1811293.75 | 0.00 | 0.00 | 1811293.75 | 1313506.00 | 0.00 | 112806.00 | 1426312.00 | 384981.75 | 497787.75 |
| OFFICE EQUIPMENTS | | | | | | | | | | |
| --AT WORKS | 629322.00 | 0.00 | 0.00 | 629322.00 | 597855.00 | 0.00 | 0.00 | 597855.00 | 31467.00 | 31467.00 |
| --COMPUTERS | 860131.00 | 9000.00 | 0.00 | 869131.00 | 817123.00 | 0.00 | 31.00 | 817154.00 | 51977.00 | 43008.00 |
| --MOBILE PHONES | 34718.00 | 0.00 | 0.00 | 34718.00 | 32982.00 | 0.00 | 0.00 | 32982.00 | 1736.00 | 1736.00 |
| ELECTRIC FITTING | 581453.00 | 0.00 | 0.00 | 581453.00 | 394587.29 | 0.00 | 27685.00 | 422272.30 | 159180.70 | 186865.71 |
| VEHICLE | 4536229.00 | 5197422.00 | 0.00 | 9733651.00 | 2602945.00 | 0.00 | 947596.00 | 3550541.00 | 6183110.00 | 1933284.00 |
| WEIGHING MACHINE | 85428.00 | 0.00 | 0.00 | 85428.00 | 13906.00 | 0.00 | 5556.00 | 19462.00 | 65966.00 | 71522.00 |
| TUBE WELL | 324815.00 | 0.00 | 0.00 | 324815.00 | 275648.00 | 0.00 | 6402.00 | 282050.00 | 42765.00 | 49167.00 |
| AT LUDHIANA OFFICE | | | | | | | | | | |
| COMPUTER | 580394.00 | 0.00 | 0.00 | 580394.00 | 490023.00 | 0.00 | 15224.00 | 505247.00 | 75147.00 | 90371.00 |
| MOBILE PHONES | 46699.00 | 0.00 | 0.00 | 46699.00 | 44363.00 | 0.00 | 0.00 | 44363.00 | 2336.00 | 2336.00 |
| OFFICE EQUIPMENT AT LDH | 42526.00 | 0.00 | 0.00 | 42526.00 | 40400.00 | 0.00 | 0.00 | 40400.00 | 2126.00 | 2126.00 |
| TOTAL | 555010658.06 | 5359422.00 | 0.00 | 560370080.06 | 302466557.91 | 0.00 | 22213275.49 | 324679833.39 | 235690246.66 | 252544100.15 |
| PREVIOUS PERIOD | 552609597.06 | 8766955.00 | 6365894.00 | 555010658.06 | 280704962.04 | 259868.00 | 22021463.86 | 302466557.91 | 252544100.15 | 271904634.40 |

HIMACHAL FIBRES LIMITED



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

| PARTICULARS | Note - X | |
|---------------------------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| LONG TERM LOANS & ADVANCES | | |
| ADVANCE TO SUPPLIERS -CAPITAL GOODS | 1,195,181.16 | 1,243,918.00 |
| TOTAL | 1,195,181.16 | 1,243,918.00 |

| OTHER NON CURRENT ASSETS | Note - XI | |
|--------------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| SECURITIES | 2,165,000.00 | 2,165,000.00 |
| TOTAL | 2,165,000.00 | 2,165,000.00 |

| INVENTORY | Note - XII | |
|------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| RAW MATERIAL | 29,324,110.00 | 59,626,430.00 |
| WORK IN PROGRESS | 3,637,740.00 | 4,394,988.00 |
| STOCK IN TRADE | 24,230,942.00 | 22,627,189.00 |
| FINISHED GOODS | 94,626,725.00 | 215,284,418.00 |
| STORES & SPARES | 25,015,886.43 | 19,109,538.00 |
| TOTAL | 176,835,403.43 | 321,042,563.00 |

| TRADE RECEIVABLES (UNSECURED AND CONSIDERED GOOD UNLESS OTHERWISE STATED) | Note - XIII | |
|--|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| OUTSTANDING MORE THAN SIX MONTHS | 87,527,871.10 | 40,605,706.00 |
| OTHERS | 138,367,517.01 | 35,628,354.00 |
| TOTAL | 225,895,388.11 | 76,234,060.00 |

| CASH AND BANK BALANCES | Note - XIV | |
|---------------------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| A) CASH IN HAND | 400,494.28 | 6,747,654.30 |
| B) BALANCES WITH NOTED BANKS IN | | |
| --CURRENT ACCOUNTS | 35,677.60 | 3,452.25 |
| -- FIXED DEPOSIT WITH BANKS | 9,092,081.00 | 5,260,661.00 |
| TOTAL | 9,528,252.88 | 12,011,767.55 |

| SHORT TERM LOAN & ADVANCES | Note - XV | |
|--|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| ADVANCE RECOVERABLE IN CASH OR IN KIND | 14,735,523.00 | 6,776,558.00 |
| ADVANCES TO SUPPLIERS | 36,513,289.45 | 33,351,945.90 |
| TOTAL | 51,248,812.45 | 40,128,503.90 |

| OTHER CURRENT ASSETS | Note - XVI | |
|---------------------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| FIXED DEPOSITS (BANK GUARANTEE) | 2,008,790.00 | 4,822,552.00 |
| TOTAL | 2,008,790.00 | 4,822,552.00 |

| REVENUES FROM OPERATION | Note - XVII | |
|-------------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| SALES | 558,627,005.94 | 475,472,571.00 |
| TOTAL | 558,627,005.94 | 475,472,571.00 |

| OTHER INCOME | Note - XVIII | |
|-------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| INTEREST RECEIVED | 862,497.00 | 986,969.00 |
| MISC INCOME | 212,996.00 | 0.00 |
| TOTAL | 1,075,493.00 | 986,969.00 |

| COST OF RAW MATERIAL CONSUMED | Note - XIX | |
|-------------------------------|---|--|
| | Figures at the end of Current Reporting Period 31.03.2017 | Figures at the end of Previous Reporting Period 31.03.2016 |
| OPENING STOCK | 59,626,430.00 | 29,871,395.00 |
| ADD: PURCHASES | 262,546,248.64 | 281,551,486.81 |
| TOTAL | 322,172,678.64 | 311,422,881.81 |
| CLOSING STOCK | 29,324,110.00 | 59,626,430.00 |
| RAW MATERIAL CONSUMED | 292,848,568.64 | 251,796,451.81 |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

| PARTICULARS | Figures at the end of Current Reporting Period 31.03.2017 | | Note - XX | |
|--|---|-------------------------|--|------------------------|
| | | | Figures at the end of Previous Reporting Period 31.03.2016 | |
| INCREASE/ (DECREASE IN STOCKS) | | | | |
| CLOSING STOCK | | | | |
| FINISHED GOODS | | 94,472,536.00 | | 214,646,578.00 |
| STOCK IN TRADE | | 24,230,942.00 | | 22,627,189.00 |
| WORK IN PROCESS | | 3,637,740.00 | | 4,394,988.00 |
| WASTE | | 154,189.00 | | 637,840.00 |
| TOTAL (A) | | 122,495,407.00 | | 242,306,595.00 |
| OPENING STOCK | | | | |
| FINISHED GOODS | | 214,646,578.00 | | 282,497,698.00 |
| STOCK IN TRADE | | 22,627,189.00 | | 10,134,982.00 |
| WORK IN PROCESS | | 4,394,988.00 | | 2,954,024.00 |
| WASTE | | 637,840.00 | | 2,755,892.00 |
| TOTAL (B) | | 242,306,595.00 | | 298,342,596.00 |
| INCREASE/ (DECREASE IN STOCK) (A-B) | | (119,811,188.00) | | (56,036,001.00) |
| Note - XXI | | | | |
| EMPLOYEE BENEFIT EXPENSES | | | | |
| WAGE/STIPEND/SALARIES AND ALLOWANCES | | 39,906,803.00 | | 39,360,415.00 |
| STAFF WELFARE | | 1,130,923.99 | | 1,121,698.00 |
| BONUS | | 1,762,811.00 | | 917,340.00 |
| CONTRIBUTION TO EPF & FPF | | 1,899,664.00 | | 1,802,428.00 |
| CONTRIBUTION TO ESI | | 1,389,771.00 | | 1,290,249.00 |
| LEAVE WITH WAGES | | 876,275.00 | | 964,674.00 |
| GRATUITY | | 531,748.00 | | 387,001.00 |
| RECRUITMENT EXPENSES | | 0.00 | | 55,025.00 |
| TOTAL | | 47,497,995.99 | | 45,898,830.00 |
| Note - XXII | | | | |
| FINANCIAL EXPENSES | | | | |
| BANK INTEREST | | 27,944,511.00 | | 25,649,256.00 |
| OTHER INTEREST | | 2,595,937.13 | | 2,455,282.08 |
| BANK CHARGES | | 920,173.91 | | 2,031,442.47 |
| TOTAL | | 31,460,622.04 | | 30,135,980.55 |
| Note - XXIII | | | | |
| OTHER EXPENSES | | | | |
| (A) MANUFACTURING EXPENSES | | | | |
| POWER & ELECTRICITY | | 36,850,667.00 | | 37,622,616.25 |
| FUEL CONSUMED | | 706,020.08 | | 1,267,249.00 |
| OIL & LUBRICANT | | 388,941.46 | | 911,647.00 |
| STORE & SPARES CONSUMED | | 2,626,210.73 | | 2,501,478.08 |
| FREIGHT & CARTAGE INWARD | | 132,284.00 | | 134,849.00 |
| TOTAL | | 40,704,123.27 | | 42,437,839.33 |
| (B) ADMINISTRATIVE EXPENSES | | | | |
| REMUNERATION OF AUDITORS | | 230,000.00 | | 229,000.00 |
| BOARD MEETING EXP | | 79,660.00 | | 110,595.00 |
| CST PAID | | 0.00 | | 2,515.00 |
| COMPUTER EXPENSES | | 24,501.60 | | 14,752.00 |
| DIRECTOR REMUNERATION | | 720,000.00 | | 720,000.00 |
| FEES, SUBSCRIPTION AND TAXES | | 169,694.00 | | 106,629.00 |
| FESTIVAL/WORSHIP EXPENSES | | 45,150.00 | | 165,431.00 |
| FINE & PENALTY | | 52,487.00 | | 0.00 |
| GENERAL EXPENSES | | 2,607.00 | | 6,417.00 |
| INSURANCE CHARGES | | 616,059.00 | | 602,160.00 |
| LEGAL & PROFESSIONAL CHARGES | | 916,620.14 | | 1,058,992.00 |
| LOSS ON SALE OF FIXED ASSETS | | 0.00 | | 1,541,803.00 |
| PRINTING & STATIONARY | | 66,112.63 | | 107,961.00 |
| RENT | | 185,960.00 | | 126,000.00 |
| REPAIR AND MAINTENANCE | | 925,048.01 | | 440,269.00 |
| SERVICE TAX | | 108,187.56 | | 118,765.00 |
| TELEPHONE, TELEX AND POSTAGE | | 224,654.01 | | 241,729.66 |
| TRAVELLING EXPENSES | | 156,864.01 | | 151,704.00 |
| VEHICLE RUNNING & MAINTENANCE | | 817,328.94 | | 821,222.00 |
| TOTAL | | 5,340,933.90 | | 6,565,944.66 |
| (C) SELLING EXPENSES | | | | |
| ADDITIONAL GOODS TAX PAID | | 855,497.00 | | 830,653.00 |
| ENTRY TAX (H.P 1/3) | | 3,067,775.00 | | 791,340.00 |
| ADVERTISEMNT EXP. | | 38,807.24 | | 118,117.00 |
| COMMISSION | | 0.00 | | 37,061.00 |
| FREIGHT & CARTAGE OUTWARD | | 2,023,983.60 | | 1,845,966.00 |
| PACKING & HANDLING EXPENSES | | 1,496,129.77 | | 1,407,798.00 |
| REBATE & DISCOUNT A/C | | 715,768.26 | | 1,956,737.06 |
| TOTAL | | 8,197,960.87 | | 6,987,672.06 |
| GRAND TOTAL (A + B + C) | | 54,243,018.04 | | 55,991,456.05 |

NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31ST MARCH 2017

1. Company Information

M/s Himachal Fibres Limited ("the Company"), is a Public Limited Company incorporated under the provisions of the Companies Act, 1956.

2.1. Significant accounting policies

2.1.1 Basis of preparation of financial statements

- a) The financial statement has been prepared under the historical cost convention, in accordance with the generally accepted accounting principles in India. The Accounting Standards notified under the Companies Accounting Standard Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncement of ICAI provisions of the Companies Act.
- b) 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 Schedule III to the Companies Act, 2013.
- c) The company follows the mercantile system of accounting and recognizes items of Profit and Loss/Income and Expenditure on an accrual basis except stated otherwise.

2.1.2 Use of Estimates

The preparation of financial statements required the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements classification of assets & liabilities between current & non-current and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, the useful lives of depreciable fixed assets, etc.

2.2 Revenue Recognition

- a) Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- b) Export sales are accounted based on the dates of bill of lading.
- c) Exports incentive and assistance are recognized in the year of exports.
- d) All the other incomes have been accounted for on accrual basis except for those entailing accounting on realization basis under AS-9 on ground of uncertainty factor.
- e) All expenses are provided on accrual basis unless stated otherwise.

2.3 Fixed Assets and Depreciation /Amortization:

- a) Fixed assets are stated at cost less accumulated depreciation.
- b) Cost includes freight, duties, taxes and other expenses incidental to acquisition and installation (except for excise duty for which CENVAT claim is available).
- c) In the case sale of fixed assets, the cost and related depreciation are adjusted from books of accounts and resultant profit/loss (including capital profit/loss) if any is reflected in Profit & Loss account during the year.
- d) Depreciation on Fixed Assets has been provided on Straight line method in terms of life span of assets specified in Schedule II of the Companies Act, 2013.

2.4 Intangible assets and amortisation

Intangible assets are stated at cost of acquisition or construction less accumulated amortisation and impairment losses if any. Intangible assets are amortised over their estimated useful economic life. Computer Software cost is amortised over a period of six years using straight-line method. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the Statement of Profit and Loss when the assets is derecognised.

2.5 Impairment of assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there was no impairment. During the year, Management perceives no impairment of assets.

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of an asset which takes a substantial period of time to get ready for its intended use are capitalised as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing costs are recognised in the Statement of Profit & Loss in the period they occur. Borrowing Costs consist of interest and other costs incurred in connection with borrowing of funds.

2.7 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the

Date on which such investments are made, are classified as current investments. All other Investments are classified as long-term investments. However, that part of long term investments which are expected to be realized within twelve months from the Balance sheet date is also presented under "Current Investments" under "Current portion of long term investments" in accordance with the current / non-current classification of Schedule III of the Companies Act, 2013.

Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Current investments are carried at the lower of cost and fair value determined on an individual basis. On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognized in the statement of Profit & Loss.

2.8 Leases

Leases where the lessor effectively retains substantially all the risks and a benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

2.9 Foreign currency Transaction

- a) Foreign currency transactions are initially recorded at the rates of exchange prevailing on the date of transactions. Foreign currency monetary items are subsequently reported using the closing rate. Nonmonetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- b) Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

2.10 Inventories

- a) **Raw Material, Packing Material, Stores & Spares & Consumables** : at cost.
- b) **Stock in Process**: Cost is valued at cost plus absorption of overheads incurred.
- c) **Finished Goods** are valued at cost plus absorption of overheads. The incidence of excise duty has been recognized on such valuation in compliance to provisions under Income Tax Act.
- d) **Scrap** is valued at net realizable value including the incidence of Excise Duty thereon. The incidence of excise duty has been recognized on such valuation in compliance to provisions under Income Tax Act.
- e) Goods/material in transit are valued at realizable value to date.

2.11 Retirement and other Employee Benefits

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

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

2.12 Accounting for Taxes on Income

Tax expense comprises of current and deferred tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off therecognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonable certain that sufficient future taxable income will be available.

2.13 Provisions and Contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not possible that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.14 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year 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, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.15 Segment Reporting

Identification of Segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Inter Segment transfers

Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is based on current market prices.

Unallocated items

Revenue, expenses, assets and liabilities which relate to the Company as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.16. Cash Flow Statement:

Cash Flow statement are reported separately as specified in the accounting Standard 3 (AS-3) Cash Flow Statement.

2.17 Disclosure on Specified Bank Notes:

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follow:

| Particulars | SBNs* | Other Denomination Notes | Total |
|--|----------|--------------------------|----------|
| Closing Csh in hand as on November 8, 2016 | 34086500 | 8494 | 34094994 |
| Add: Permitted Receipts | | 887591 | 887591 |
| Less : Permitted Payments | 500000 | 291504 | 791504 |
| Less : Amount Deposited in Banks | 33586500 | 600000 | 34186500 |
| Closing Cash in hand as on Dec.30, 2016 | | 4581 | 4581 |

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016

2. Contingent liability not provided for

| Particulars | As at 31.3.2017 | As at 31.3.2016 |
|---|-----------------|-----------------|
| Contingent liability not provided for | | |
| -Entry Tax with H.P. Excise and Taxation Deptt. | 70.80 | 46.42 |
| -Processing Fees of Dy. Director of Industries, Solan | 149.77 | 149.77 |
| -Damages under ESI | 59.40 | 59.40 |
| -Debtors under Protest | 59.33 | 62.70 |
| -PF Liability | -- | 3.50 |
| -Right to Recompense with State Bank of India | 591.00 | 591.00 |
| Total | 930.30 | 912.79 |

3. 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 (Rs. in Lacs) | |
|----------------------------|---------------------|----------------------------|-----------|
| | | 2016-2017 | 2015-2016 |
| Sh. Gian Chand Thakur | Whole Time Director | 7.60 | 7.49 |

4. The Company has no information about the parties who has registered themselves under Micro, Small and Medium Enterprises Development Act, 2006.

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

| Particulars | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| Profit/(Loss) attributable to equity shareholders (Rs. in Lacs) (A) | -103.09 | 16.96 |
| Less : Preference Dividend for the Year* | -- | -- |
| Earnings Attributables to Equity shareholders | -103.09 | 16.96 |
| Weighted average number of equity shares (Nos.) (B) | 86250000 | 86250000 |
| Earning per shares (Rs. per share) (face Value of Rs.1 each (A)/(B) | -ve | 0.02 |
| diluted earnings per share | -ve | 0.02 |

*As per the rehabilitation scheme sanctioned by the Hon'ble BIFR, the company have to redeem 1,50,000 16.5% Redeemable Preference Shares of Rs.100 each at 20% of its face value and without payment of dividend. Therefore No Dividend has been assumed on said redeemable preference shares while calculating EPS.

6. Deferred Taxation

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

Net Deferred Tax Liability as on 31st March, 2017 has been recognized by applying the tax rate applicable for the current financial year as under:-

| Sr. No. | Particulars | Deferred Tax (Rs.) | |
|---------|--|--------------------|----------|
| | | Debit | Credit |
| 1. | Deferred Tax Liability as on 01.04.2016 | --- | 520537/- |
| | Deferred Tax Asset recognized during the year due to timing difference between depreciation as per Income Tax Act, 1961 & as per books of account for the year 2016-17 | 5015651/- | --- |
| | Net Deferred Tax Liability/(Assets) as on 31.03.2017 | 4495114/- | --- |

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

I. Enterprises under the common control as the company

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

II. Key Management Personnel

- Sh. Akhil Malhotra
- Sh. Mayank Malhotra
- Sh. Gian Chand Thakur
- Sh. Navrattan Sharma (CFO)
- Sh. Amit Sharma (Company Secretary)

a) Disclosure of transactions between the company and related parties during the year and outstanding balances as on March 31, 2017.

| Particulars | Enterprises that are under common control as the company | | Key Management Personnel | |
|-----------------------------------|--|------------------|--------------------------|------------------|
| | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2017 | As at 31.03.2016 |
| Purchases | 1979.55 | 2038.84 | -- | -- |
| Sales (Including Job Work Income) | 3612.29 | 1911.29 | -- | -- |
| Director Sitting Fees | -- | -- | 0.36 | 0.36 |
| Rent Paid | 1.86 | 1.26 | -- | -- |
| Remuneration | -- | -- | 7.60 | 19.39 |
| Trade Receivables | 1736.58 | 391.49 | Nil | Nil |
| Advances Against Supplies | 346.55 | 309.78 | Nil | Nil |
| Trade Payable | 466.83 | 419.39 | Nil | Nil |

8. 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.

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

10. Payment to Auditors:-

(Rs. in Lacs)

| Particulars | As at 31.03.2017 | As at 31.03.2016 |
|----------------|------------------|------------------|
| Audit Fees | 1.15 | 1.15 |
| Tax Audit Fees | 1.15 | 1.14 |
| Total | 2.30 | 2.29 |

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

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

13. The lease rentals charged during the period and the obligations on long term, non-cancellable operating leases payable as per the rentals stated in the respective arrangements are as follows:-

(Rs. in Lacs)

| (i) Particulars | 2016-17 | 2015-16 |
|--|---------|---------|
| Within One Year | 1.41 | 1.39 |
| Later than one year & not later than five year | 2.67 | 4.08 |
| Later than five years | -- | -- |

(ii) The company has taken six circular knitting machines from M/s Shiva Spin N Knit Ltd vide lease agreement dt. 04.03.2017 for a monthly rent of Rs.50000/-.

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

a. Gratuity

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

i) Economic Assumptions

| Particulars | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| i) Discounting Rate | 7.35 | 8.00 |
| ii) Future Salary Increase | 5.00 | 5.00 |
| iii) Expected Rate of return on plan assets | 0.00 | 0.00 |

ii) Demographic Assumption

| | | |
|---------------------------|---------------------|------|
| i) Retirement Age (Years) | 58 | 58 |
| ii) Mortality Table | IALM (2006-08) | |
| iii) Ages | 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

| | | 31/03/2017 | 31/03/2016 |
|---|---|-------------|-------------|
| A | Present Value of obligation | 19,03,026 | 13,71,278 |
| B | Fair Value of plans assets | --- | --- |
| C | Net Assets/(Liability) recognized in balance sheet as provision | (19,03,026) | (13,71,278) |

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

| | | 31/03/2017 | 31/03/2016 |
|----|--|------------------|------------------|
| a) | Current liability (Amount due within one year) | 39,769 | 38,706 |
| b) | Non-current liability (Amount due over one year) | 18,63,257 | 13,32,572 |
| c) | Total PBO at the end of year | 19,03,026 | 13,71,278 |

b. Provident Fund

During the year the company has recognized an expense of Rs. 18,99,664/- (Previous Year Rs.18,02,428/-) towards provident fund scheme.

c. Leave Encashment

During the year the company has recognized an expense of Rs. 8,76,275/- (Previous Year Rs. 9,64,674/-)

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

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

SUMAT GUPTA
PARTNER
(M.NO.086000)

May 30, 2017
LUDHIANA

AKHIL MALHOTRA
(MANAGING DIRECTOR)
DIN: 00126240

AMIT SHARMA
(COMPANY SECRETARY)

ON BEHALF OF THE BOARD

GIAN CHAND THAKUR
(DIRECTOR)
DIN:07006447

NAVRATTAN SHARMA
(CFO)

HIMACHAL FIBRES LIMITED



HIMACHAL FIBRES LIMITED

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

ATTENDANCE SLIP

| | |
|------------|--|
| DP ID* | |
| CLIENT ID* | |

| | |
|---------------|--|
| FOLIO NO. | |
| NO. OF SHARES | |

NAME & ADDRESS OF THE SHAREHOLDER

I being the registered Shareholder/ proxy for the registered Shareholder of the Company hereby record my presence at 36TH ANNUAL GENERAL MEETING of the Company held on Thursday, September 28, 2017 at 11:00 A.M. at Plot No.43 -44, Industrial Area, Brotiwala, Distt. Solan -174103 and at any adjournment(s) thereof.

* APPLICABLE FOR INVESTORS HOLDING SHARES IN ELECTRONIC FORM.

SIGNATURE OF SHAREHOLDER/PROXY

HIMACHAL FIBRES LIMITED

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

PROXY FORM

Form MGT - 11

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

| | |
|---------------------|--|
| CIN | L17119HP1980PLC031020 |
| Name of the Company | Himachal Fibres Limited |
| Regd. Office | Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103 |
| Name of the Member | |
| Regd. Address | |
| E-mail | |
| Folio No. | |

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

1) Name : _____ Address : _____

Email: _____ Signature _____ or failing him

2) Name : _____ Address : _____

Email: _____ Signature _____ or failing him

3) Name : _____ Address : _____

Email: _____ Signature _____ or failing him

below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th ANNUAL GENERAL MEETING of the Company held on Thursday, September 28, 2017 at 11:00 A.M. at Plot No.43 -44, Industrial Area, Brotiwala, Distt. Solan-174103 and at any adjournment(s) thereof, in respect of such resolutions as are indicated below:

| |
|--|
| Ordinary Business : |
| 1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017 Statement of Profit & Loss & Cash flow for the year ended on that date, together with the report of auditors and Directors thereon. |
| 2. To appoint a Director in place of Mr. Manoj Kumar (DIN-06872575) who retires by rotation at this meeting and being eligible, offers himself for reappointment. |
| 3. To Appointment of Statuary Auditors of the Company. |
| Special Business: |
| 4. To ratify the remuneration of the Cost Auditor for the financial year ending 31st March, 2018 |

Signed this _____ day of _____ 2017

Signature of the Member: _____

Signature of the Proxy holder(s): _____

Affix
revenue
stamp of
Rs.1

Notes: (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

BOOK POST



If undelivered please return to:

HIMACHAL FIBRES LIMITED

Corp. Office : 8-L, Backside Hotel Chevron,
Model Town, Ludhiana - 141 002 (INDIA)

E-mail: hfl.corporate@gmail.com

Phone : 0161-4684000 Fax : +91-161-4684010