

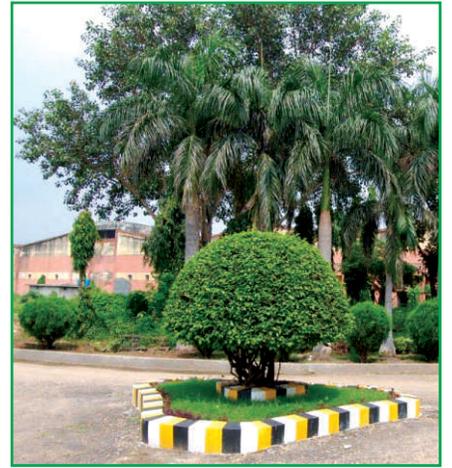


Annual Report 2010-2011



Himachal Fibres Limited

www.himachalfibre.com





HIMACHAL FIBRES LIMITED

BOARD OF DIRECTORS:

Shri Sushil Singla	Chairman
Shri Rajinder Kumar	Whole Time Director
Shri Akhil Malhotra	Director
Shri Rajan Dhawan	Director
Shri Raj Mittal	Director
Shri Daljeet Singh Rana	Director

KEY EXECUTIVE OFFICERS

Accounts/Finance/Taxation

Shri Ashwani Kumar
G.M (Finance & Accounts)

Secretarial/Corporate/compliances

Shri Mukesh Singh Verma
Company Secretary

AUDITORS:

Statutory Auditors

Sumat Gupta & Co.
Chartered Accountants,
G. T. Road, Miller Ganj,
Ludhiana – 141 003

Cost Auditors

J.Verma & Associates
Cost Accountants
2nd Floor, Bajaj Building
Bazaar Panj Peer
Jalandhar City-144001

BANKERS:

State Bank of India,
SCB, Miller Ganj,
Ludhiana- 141003

REGISTRAR & SHARE TRANSFER AGENT

Beetal Financial & Computer Services (P) Limited
“Beetal House”, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre,
New Delhi – 110 062

REGISTERED OFFICE/ WORKS:

Plot No. 43-44, Industrial Area,
Barotiwala- 174103
Distt. Solan (H.P.)

CORPORATE OFFICE:

SCO 1, Ground Floor, City Tower
Model Town, Ludhiana – 141 002

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HIMACHAL FIBRES LIMITED

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the members of **HIMACHAL FIBRES LIMITED** will be held at the Registered Office of the company at Plot No. 43-44, Industrial Area, Barotiwala, Distt. Solan (H.P.) 174103, on Friday, the 30th September, 2011 at 01.00 P.M. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Accounts of the Company for the year ended on 31st March, 2011 and the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Akhil Malhotra, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint a Director in place of Shri Daljeet Singh Rana, who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Sumat Gupta & Co, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

5. **TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and / or sanction of the appropriate authorities (hereinafter collectively referred to as “the appropriate authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as “the requisite approvals”), and which may be agreed to by the Board of Directors of the Company (hereinafter called ‘the Board’ which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorized to create, offer, issue and allot in one or more tranches, up to 40,00,000 Equity Shares, of face value of Rs. 10/- each, on Preferential Basis to Promoters/ Promoter Group as detailed in the explanatory statement hereto at a price of Rs.16.00 per equity share(including a premium of Rs.6/- per Share) being the price determined in accordance with the Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 viz., a price not less than higher of the following:

The average of the weekly high and low of the closing price of the equity shares quoted on the Bombay Stock Exchange during the twenty six weeks preceding the relevant date or

The average of the weekly high and low of the closing price of the equity shares quoted on the Bombay Stock Exchange during the two weeks preceding the relevant date and on such other terms and conditions as may be agreed to by the Board at the time of issue or allotment and further that such issue of Equity Shares may be offered to the existing members for subscription.”

“RESOLVED FURTHER THAT ‘relevant date’ in relation to the issue of Equity Shares in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be 31st August, 2011, being the date 30 days prior to the date of passing of this Resolution at the Annual General Meeting to be held on 30th September 2011.”

“FURTHER RESOLVED THAT the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue of Equity Shares without being required to seek further consent or approval of the Company in General Meeting.”

“RESOLVED FURTHER THAT the said Equity Shares proposed to be issued and allotted as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company”



“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the power(s) herein conferred to any Committee of Directors or the Managing Director or any Whole time Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution.”

6 TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and any other rules/ regulations/ guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India, the Reserve Bank of India, the Securities and Exchange Board of India (“SEBI”) and/or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company’s shares are listed, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be necessary or required and subject to such conditions as may be imposed or prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized to create, issue, offer and allot–

(a) Up to 85,00,000 Warrants with a right exercisable by the warrant holders to subscribe at Rs. 10/- each per warrant at any time within a period of 18 months from the date of issue of the warrants;

(all of which are hereinafter collectively referred to as ‘Securities’) to Promoters & other specified persons as detailed in the explanatory statement for cash on a preferential allotment basis, with each warrant convertible into one equity share of the company of nominal value of Rs 10/- each at a price of Rs 16/- which includes a premium of Rs 6/- per share which price is not less than the price calculated in accordance with the conditions specified in the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, for preferential allotment of equity shares/warrants and on such other terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and conditions relating to payment of dividend, price of equity shares to be allotted (including those arising out of exercise of option attached to the warrants) variation of the price or period of exercise of option by warrant holder or issue of equity shares during the period of the Securities”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon exercise of option by Warrant holder or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu inter-se with the then existing equity shares of the Company in all respects”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the relevant date, for determination of price for the equity shares issued and allotted upon exercise of right attached to the warrants referred to above, shall be 31st August 2011”

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorised to



do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to effect the offer, issue, allotment and listing of aforesaid equity shares and to issue any Offer Document / Letter, sign all deeds, documents and writings entering into arrangements for appointment of agencies for managing, listing, trading of securities issued, such as Depository and to pay any fees, remuneration, expenses relating thereto, and with power to settle all questions, difficulties or doubts that may arise in regard to such issue(s), allotment(s) and listing as it may, in its absolute discretion, deem fit”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company.”

7. TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION, WITH OR WITHOUT MODIFICATION, AS ORDINARY RESOLUTION.

“RESOLVED THAT pursuant to the provisions of section 16 and all other applicable provisions ,if any, of the companies act,1956, the memorandum of Association of the Company be altered by substituting the following as clause V in place of the existing Clause V thereof:

V. The Authorized Share Capital of the Company is Rs. 33,50,00,000/- (Rupees Thirty Three Crores Fifty Lacs only) divided into 1,75,00,000 (One Crore Seventy Five Lacs only) equity shares of Rs. 10/- each and 165000 (One Lac sixty five thousands only) 16.5% cumulative preference shares of Rs. 100/- (Rupees one hundred only) each and 1435000 (Fourteen Lacs Thirty five Thousand only) 4% Non-cumulative redeemable preference Shares of Rs.100/- (Rupees one hundred only) each. The Company has power from time to time to increase or reduce or reclassify its capital and divide the shares into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions and to purchase/ buy back any of its own fully/ partly paid shares for cancellation or otherwise in such manner as may be permitted by the Companies Act, 1956, or provided by the regulations of the company for the time being in force.”

8. TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION, WITH OR WITHOUT MODIFICATION, AS SPECIAL RESOLUTION.

“RESOLVED THAT pursuant to the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by substituting the following as new Article-3 in place of the existing Article 3 thereof:

The authorized share Capital of the Company is Rs. 33,50,00,000/- (Rupees Thirty Three Crores Fifty Lacs only) divided into 1,75,00,000 (One Crore Seventy Five Lacs only) equity shares of Rs. 10/- each and 1,65,000 (One Lac sixty five thousands only) 16.5% cumulative preference shares of Rs. 100/- (Rupees one hundred only) each and 14,35,000 (Fourteen Lacs Thirty five Thousand only) 4% Non-cumulative redeemable preference Shares of Rs.100/- (Rupees one hundred only) each. The Company has power from time to time to increase or reduce or reclassify its capital and divide the shares into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions and to purchase/ buy back any of its own fully/ partly paid shares for cancellation or otherwise in such manner as may be permitted by the Companies Act, 1956, or provided by the regulations of the company for the time being in force”

9. TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION(S) WITH OR WITHOUT MODIFICATION, AS SPECIAL RESOLUTION:

“RESOLVED that in suppression of all other resolutions passed earlier by the Board in this behalf, It is hereby provided pursuant to the provisions of Section 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof, for the time being in force), the consent and approval of the members be and is hereby accorded for the appointment of Shri Akhil Malhotra, Director as a Managing Director for a period of 5 years from 13.08.2011 to 12.08.2016 at a consolidated remuneration of Rs.2,50,000 per month.

“RESOLVED FURTHER that the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment at any time during the tenure so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may here-in-after be made thereto by the



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Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board of Directors and Shri Akhil Malhotra, Managing Director."

"RESOLVED FURTHER that any Director and /or Company Secretary of the Company is authorised to to take such steps as may be necessary to give effect to this resolution.

For HIMACHAL FIBRES LIMITED

Sd/-

Place: Ludhiana

Rajinder Kumar

Dated: 13th August, 2011

Whole Time Director

NOTES:-

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items of Special Business is annexed hereto and forms part of this notice.
3. The Members are requested to notify the changes, if any, in their registered addresses, at the earliest and may also intimate their E-mail address (es), if any, to the Company.
4. Please send your queries, if any, regarding annual accounts at least 10 days in advance prior to the date of Annual General Meeting so that information can be made available at the meeting.
5. The copies of the 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.
6. The members are requested to bring their copy of attendance slip with them to the Annual General Meeting.
7. Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the Meeting.
8. The Register of Members and the Share Transfer Books will remain closed from 26th September, 2011 to 30th September, 2011 (both days inclusive).

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS:

ITEM NO-5

The Company aims to actively pursue growth opportunities in the fast growing Textile sector. The Company, in order to meet the long term capital expenditure and working capital requirements for modernization and expansion and strengthen its financial position and network, plans to augment long term and working capital resources by way of allotment of Equity shares to Promoters/ Promoter Group in accordance with provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. For this purpose, and for general corporate purposes, as may be decided by the Board in the best interests of the Company, it is proposed to issue equity shares at a price of Rs. 16.00 calculated as per the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (any price fixed over and above the face value of Rs. 10/- being premium) The proposed issue of securities will strengthen the capital base, and will also lead to substantial increase in net worth and corresponding financial ability of the Company.



HIMACHAL FIBRES LIMITED

INFORMATION PROVIDED PURSUANT TO REGULATION 73(1) OF CHAPTER VII OF SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATION, 2009 AS AMENDED FROM TIME TO TIME:

- (i) **SECURITIES TO BE ISSUED:** The Company proposes to offer issue and allot 40,00,000 equity shares of Rs. 10/- each to the persons on the terms and conditions as determined by the Board.
- (ii) **RELEVANT DATE & PRICE:** As per Chapter VII of the SEBI ICDR Regulations, issue of equity shares on a preferential basis to an investor, shall be made at a price not less than higher of the following:

The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the twenty six weeks preceding the relevant date or The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "Relevant Date" for determining the issue price of the preferential issue of equity shares shall be 31st August 2011 being the date which is 30 days prior to the date on which the Annual General Meeting is to be held to consider the proposed issue under Section 81(1A) of the Companies Act, 1956. As the date of Annual General Meeting of shareholders is on 30th September 2011, the "relevant date" is 31st August 2011.

The Stock Exchange means Bombay Stock Exchange in respect of the shares of the Company during the preceding six months prior to the Relevant Date.

The price at which the preferential issue is being made is Rs.16/- per Equity Share computed on the basis of the above SEBI pricing.

- (iii) **TERMS OF EQUITY SHARES:** The Board may allot Equity Shares of the face value of Rs. 10/- each at a price of Rs. 16.00 calculated as per the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (any price fixed over and above the face value of Rs. 10/- being premium). The equity shares issued as above shall rank pari passu in all respects with the then existing equity shares of the Company.
- (iv) **LOCK IN:** The securities issued under the above Preferential Issue to the "Promoters/ Promoter Group" shall be locked-in for a period of three years from the date of allotment. Also the entire pre Preferential Issue shareholding of the proposed allottees shall be under lock-in from the Relevant date upto a period of six months from the date of the Preferential Allotment.
- (v) **THE OBJECT/S OF THE ISSUE THROUGH THE PREFERENTIAL OFFER:**

The Company aims to actively pursue growth opportunities in the fast growing Textile sector. The Company, in order to meet the long term capital expenditure and working capital requirements for modernization, expansion and to strengthen its financial position and network, plans to augment long term by way of allotment of Equity shares to Promoters/ Promoter Group in accordance with provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. For this purpose, and for general corporate purposes, as may be decided by the Board in the best interests of the Company, it is proposed to issue equity shares / other securities convertible into / exchangeable with the equity shares of the Company, of the face value of Rs. 10/- each at a price of Rs. 16.00 calculated as per the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (any price fixed over and above the face value of Rs. 10/- being premium). The proposed issue of securities will strengthen the capital base, and will also lead to substantial increase in net worth and corresponding financial ability of the Company.

Details of all monies utilized out of this issue shall be disclosed to the Stock Exchanges and will also appear along with the unutilized monies under the appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilized.

- (VI) **INTENTION OF PROMOTERS/ DIRECTORS/ KEY MANAGEMENT PERSONS/ TO SUBSCRIBE TO THE OFFER:**

The Promoter(s), Director(s), their relatives, key management persons and the companies, firms promoted by



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the promoters/ directors/ their relatives or associates hereinafter referred to as the "PROMOTER GROUP" who intend to subscribe upto 40,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 16.00 calculated as per the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (any price fixed over and above the face value of Rs. 10/- being premium), out of the proposed preferential offer as proposed under the said Special Resolution.

(VII) SHARE HOLDING PATTERN BEFORE AND AFTER THE OFFER:

Shareholding Pattern: The Shareholding pattern giving present position as also considering full allotment of equity shares arising out of the Securities issued as above is given below:

Sl. No.	CATEGORY OF SHARE HOLDERS	PRE ISSUE HOLDING OF SHARES	% OF TOTAL HOLDING	POST- ISSUE HOLDING OF SHARES	% OF TOTAL HOLDING
A	Promoters holding				
1	Individuals	515550	11.15	515550	5.97
	Bodies Corporate	601000	12.99	601000	6.97
2	Persons Acting in Concert	-	-	-	
a	Promoters to be inducted as proposed Allottees	N.A	N.A		
	Individual(s)			2,00,000	
	Body Corporate(s)-			38,00,000	
	Total Equity			40,00,000	46.38%
	Sub-Total (A)	1116550	24.14	5116550	59.32
B	Public Shareholding				
1	Institutional investors				
	Banks/Financial Institutions	14100	0.30	14100	0.16
	Sub-Total (B)(1)	14100	0.30	14100	0.16
2	Non Institutions				
	Bodies Corporate	2465550	53.31	2465550	28.59
	Individuals (Holding upto Rs.1Laks)	261700	5.66	261700	3.03
	Individuals (Holding excess of Rs.1Laks)	766450	16.57	766450	8.89
	Others (Trusts/Clearing Members/HUF)	650	0.02	650	0.00
	Sub-Total (B)(2)	3494350	75.55	3494350	40.51
	Sub-Total (B)= (B)(1)+(B)(2)	3508450	75.86	3508450	40.68
	Grand Total (A+B)	4625000	100	8625000	100

(VIII) PROPOSED TIME WITHIN WHICH THE ALLOTMENT SHALL BE COMPLETED:

The Company will complete the allotment of Equity Shares arising out of the issue of Shares on Preferential Basis covered under provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, within 15 days from the date of passing the resolution by the shareholders, or the date, on or before the 15th day from the date of receipt of any approval by any regulatory authority or the Central Government, whichever is later, as per the Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. If allotment of instruments and dispatch of certificates will not be completed within fifteen days from the date of such resolution, a fresh consent of the shareholders will be obtained and the relevant date referred to in Sub-Regulation (a) in Regulation 71 of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 above will relate to the new resolution.

**(IX) THE IDENTITY OF THE PROPOSED ALLOTTEE AND THE PERCENTAGE OF POST- PREFERENTIAL ISSUE CAPITAL THAT MAY BE HELD BY THEM:**

The proposed allottee for 40,00,000 Equity Shares as a result of the proposed issue pursuant to special resolution under this head of item and the percentage of expanded capital to be held by it after the proposed allotment of the said equity shares to it as per the said resolution is as under:

SR. No.	Name of the Proposed Allottees	Before proposed Preferential Issue		After Proposed Preferential Issue of 40,00,000 Equity Shares	
A	PROMOTER GROUP-Existing Promoters to be inducted as proposed Allottees	1116550	24.14%	11,16,550	
	(a) Shri Mayank Malhotra	-	-	2,00,000	
	(b) Balmukhi Textiles (P) Limited	-	-	12,50,000	
	(c) Brijeshwari Textiles (P) Limited	-	-	12,50,000	
	(d) Shiva Spinfab (P) Limited	-	-	13,00,000	
	Total Equity	-	-	51,16,550	59.32 %

The proposed allotment of the equity shares to the said entities shall be subject to such lock in period as may be prescribed by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, relating to Preferential Issues.

A copy of the Certificate from M/s Sumat Gupta & Co., Chartered Accountants, Ludhiana, the Statutory Auditors of the Company, certifying that the issue of the shares is being made in accordance with the requirements of SEBI Guidelines for Preferential Issue as contained in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, shall be placed before the Shareholders at the Annual General Meeting.

The proposed allottee as aforesaid is belongs to Promoter Group. Section 81(1A) of the Companies Act 1956 provides inter alia that when it is proposed to increase the subscribed capital of a company by allotment of further shares etc., such further shares shall be first offered to the existing share holders of the company as per provisions and in the manner contained in the section 81, 81(1A) unless the shareholders in general meeting decide otherwise by passing a special resolution. Hence consent of the share holders by way of a special resolution is being sought pursuant the provision of section 81, 81(1A) in terms of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Listing Agreement executed by the Company with the stock exchange where the company's shares are listed. The Board of directors is of the opinion that the proposed issue of equity shares on preferential basis as detailed above, would be in the best interest of the company.

None of the Directors except Shri Akhil Malhotra, being the proposed allottee is concerned or interested in the Resolution. Your Directors recommend the resolution for your approval.

ITEM NO-6

- i) In order to meet the long term capital expenditure and working capital requirements for modernization and expansion your company needs to strengthen its financial position and net worth by augmenting long term resources. These expansion programmes will necessitate external infusion of funds at different points of time in the future. To this end and for general corporate purposes including repayment of debt, as may be decided by the Board from time to time, it is proposed to issue equity shares and warrants on a Preferential Allotment basis in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). This would be the most cost – effective source of raising equity funds as it would be at market related prices and enable the Company to meet a part of its fund requirements.



- ii) The equity shares allotted pursuant to the above Resolution and on exercise of option by warrant holder shall rank in all respects pari passu with the existing equity shares of the Company.
- iii) Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all Securities for subscription pro rata to the shareholders, unless the shareholders in a general meeting decide otherwise.
- iv) The proposed preferential allotment of Warrants to promoters and other specified persons as detailed in the explanatory statement would be strictly in accordance with Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations 2009") and the following parameters would be subject to such changes as may be required to conform to the SEBI ICDR Regulations 2009. The proposed preferential issue would comprise of up to 85,00,000 warrants of face value of Rs.10/- each with a right exercisable by the warrant holder during the due course of time.
- v) The Company had sought indication from Promoters & other specified persons whether they would be desirous to subscribe to the above securities/warrants. They in turn have confirmed and conveyed their intent to subscribe to these securities/warrants.
- vi) The pricing of the Warrants to be allotted on preferential basis has been determined in accordance with the SEBI ICDR Regulations 2009. Currently SEBI ICDR Regulations 2009 provide that the issue of warrants on preferential basis can be made at a price not less than higher of the following:
 - The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the relevant date; Or
 - The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the equity shares arising out of exercise of warrants shall be 31 August 2011, being the date which is 30 days prior to the date of the Annual General Meeting is to be held to consider the proposed resolution in accordance with Section 81 (1A) of the Companies Act, 1956.

"Stock Exchange" for this purpose shall mean Bombay Stock exchange where the shares of the company are Listed and where highest trading volume in respect of the shares of the company has been recorded during the preceding six months prior to the Relevant Date.

- (vii) An amount equivalent to at least 25% of the consideration payable on the warrants shall be paid at the time of allotment of the warrants and the remainder 75% shall be paid upon allotment of equity shares upon exercise of the Warrants. If the option to acquire shares is not exercised within 18 months the amount paid by warrant holder shall be forfeited.
- (viii) The equity shares (including those arising out of exercise of right attached to the warrants) to be allotted to Promoters & other specified person of public shall be locked in for a period of 3 years & 1 year respectively from the date of allotment, The entire pre preferential shareholding of the proposed allottees shall be locked in for a period of 6 months from the date of preferential Allotment.

B. Disclosures prescribed under the SEBI ICDR Regulations 2009

- (i) The object(s) of the preferential issue: To meet the long term capital expenditure and working capital requirements for modernization and expansion and strengthen its financial position and network, plans to augment long term and working capital resources by way of allotment of equity shares to other specified persons of the public in accordance with provisions of chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.



HIMACHAL FIBRES LIMITED

- (ii) The Proposal of the promoters & other specified Persons as stated in the table below has conveyed their intention to subscribe upto 85,00,000 warrants.

Shareholding Pattern before and after preferential issue

SI.	CATEGORY OF	Shareholding Before SHARE HOLDERS		Shareholding after Allotment allotment of equity shares shares on exercise of warrants (Assuming full exercise of warrants)	
		NO. OF SHARES	%OF HOLDING	NO. OF SHARES	%OF HOLDING
A	Promoters holding				
1	Individuals	515550	11.15	2640550 (515550+21,25,000)	20.12
	Bodies Corporate	601000	12.99	601000	4.58
2	Persons Acting in Concert	-	-	-	
	Sub-Total (A)	11,16,550	24.14	3241550	24.70
B	Public Shareholding				
1	Institutional investors				
	Banks/Financial Institutions	14100	0.30	14100	0.11
	Sub-Total (B)(1)	14100	0.30	14100	0.11
2	Non Institutions				
	Bodies Corporate-Existing	2465550	53.31	2465550	18.78
	Individuals (Holding upto Rs.1Laks)	261700	5.66	261700	3.38
	Individuals (Holding excess of Rs.1Laks)	766450	16.57	766450	1.99
	Other Specified Persons	-	-	6375000	48.57
	Others (Trusts/Clearing Members/HUF)	650	0.02	650	0.00
	Sub-Total (B)(2)	3494350	75.55	9869350	75.19
	Sub-Total (B)= (B)(1)+(B)(2)	3508450	75.86	9883450	75.30
	Total (A+B)	4625000	100	1,31,25,000	100

- (iv) The time within which the preferential issue of warrants shall be completed: The allotment of warrants pursuant to this resolution will be completed within 15 days from the date of passing this Resolution. Provided that if the approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of 15 days shall be counted from the date of such approval or permission, as the case may be. The allotment of equity shares pursuant to the exercise of option by warrant holder will be made within a reasonable time after exercise of such option.

- (v) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them and change in control, if any, of the issuer consequent to the preferential allotment of convertible warrants:



HIMACHAL FIBRES LIMITED

Name of Proposed Allottees	% of holding before allotment of convertible Warrants	Allotment of Equity after exercising of convertible Warrants	% of holding after allotment of equity shares on exercise of Warrants (Assuming full exercise of Warrants)
Promoters Group/Promoter	1116550 24.14%	2125000	3241550 24.69
M/s Himachal Steel Udyog Limited	680000 14.70 %	1275000	1955000 14.89
M/s Garg Fincap Limited	671500 14.52%	1275000	1946500 14.83
M/s Shiv Narain Investments (P) Limited	670000 14.49 %	1275000	1945000 14.82
M/s Jaivrath Steels (P) Limited	-	1275000	1275000 9.71
M/s Adhiraj Textiles (P) Limited	-	1275000	1275000 9.71

There will be no change in control in the Board of Directors of the Company pursuant to the preferential allotment of convertible warrants. The existing promoters of the company will continue to be in control of the company.

(vi) The Company hereby undertakes that -

- It would recompute the price of the Securities specified above in terms of the provisions of the SEBI ICDR Regulations 2009 where it is required to do so.
- if the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

(vii) M/s Sumat Gupta & Co, Chartered Accountants ,Statutory Auditors of the company have certified that the preferential issue is being made in accordance with the requirements contained in SEBI ICDR regulations for preferential issues. A copy of the certificate is being placed before the shareholders.

None of the Directors is concerned or interested in the Resolution.

The Board recommends the above Special Resolution for approval.

ITEM NO- 7 & 8

The Company's proposal to issue shares on preferential basis to the existing promoter(s) and the persons other than promoters would necessitate an increase in the authorized share Capital of the Company in order to accommodate the increase in the issued, subscribed and paid-up Capital. The proposal for increase in the authorized Share capital and consequential amendment to the memorandum & Articles of the Company calls for the approval of the members by means of special Resolution. The Resolutions are, therefore, recommended for approval of the Shareholders.

None of the Directors are interested save and except as shareholders of the Company.

ITEM NO- 9

Members are informed that the Complexity of the Business & Dynamic market situation warrants the Management to appoint a Managing Director in the Board to look after the Operations of the Company including others on day to day basis. Therefore, the Board of Directors in its meeting held on 13.08.2011 had appointed Shri Akhil Malhotra as Managing Director of the Company w.e.f 13.08.2011 for a period of five years on a consolidated salary of Rs.2,50,000 Per Month. The said terms of five years shall expire on 12.08.2016. His appointment is subject to the approval of the members. Accordingly, your approval is solicited by Special resolution to effect the said appointment.

For HIMACHAL FIBRES LIMITED

Sd/-
Rajinder Kumar
Whole Time Director



DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 30th Annual Report of your company together with the Audited Account for the period ended 31st March, 2011 comprising of period from 01.04.20010 to 31.03.2011.

1. MANAGEMENT DISCUSSION AND ANALYSIS

To avoid duplication and overlap between Directors Report and a separate Management Discussion and Analysis, this Report includes the Management Discussion and Analysis as appropriate.

1.1 FINANCIAL AND OPERATIONAL PERFORMANCE

(Rs. in Lacs)

	2010-11 (12 Months)	2009-10 (6 months)
Sales	10017.31	4446.32
Other Income	45.98	15.08
Total Receipts	10063.29	4461.40
Profit for the year	739.02	408.71
-Less : Interest & Finance Charges	499.00	196.17
Profit before tax	240.02	212.54
Income Tax	47.80	-
Deferred Tax	15.01	-
Profit after tax	177.21	212.54

During the period under review, the company has achieved a turnover of Rs. 10017.31 Lacs and Net Profit of Rs. 177.21 Lacs for the year ended on 31st March, 2011.

1.2 INDUSTRY STRUCTURE AND DEVELOPMENTS

The company is into Spinning and Dyeing of cotton and blended yarn. The Indian Textile Industry has an overwhelming presence in the economic life of the country. India is Second largest producer of cotton in the world and Textile Industry is second largest employer in India (after agriculture) - Direct Employment to 35 million People. Currently it contributes 2% to GDP, 11.50% to industrial production and constitutes 13% of India's exports.

Yarn is used by various textile mills/ knitting & weaving industry in the country. The domestic yarn markets would continue to be functioning normally as large weaving capacities have come up in the country.

1.3 STRENGTH & OPPORTUNITIES-ANALYSIS

A systematic analysis of the textile and apparel industry in India indicates the following:-

STRENGTH

Raw material base -India has high self sufficiency for raw material particularly natural fibers. India's cotton crop is the third largest in the world. Indian textile Industry produces and handles all types of fibres.

Labour-Cheap labour and strong entrepreneurial skills have always been the backbone of the Indian Apparel and textile Industry.

Flexibility-The small size of manufacturing which is predominant in the apparel industry allows for greater flexibility to service smaller and specialized orders.

Rich Heritage-The cultural diversity and rich heritage of the country offers good inspiration base for designers.

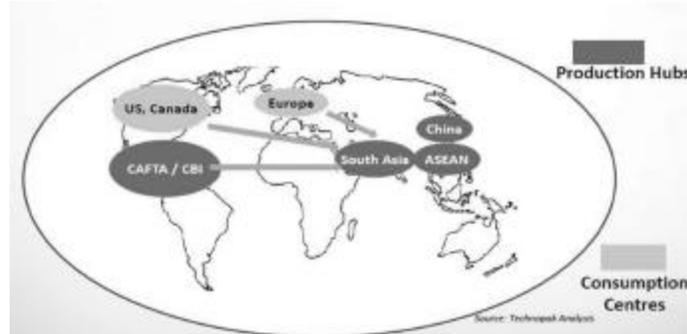


OPPORTUNITIES

Indian Textiles-Vision 2020- The current domestic Textile and apparel market of US\$ 47 bn is expected to grow @ 11% annually to reach US\$ 140 bn by 2020. The main drivers of domestic growth are increasing population, increasing income levels, rapid urbanization, improving demographics, increased organized players and increasing penetration of retailers into smaller cities.

Export potential- India has the potential to increase its export share in world trade from the current 4.5% to 8.00% by 2020. The high growth for Indian exports is possible due to increased sourcing shift from developed countries to Asia and India's strengths as a suitable alternative to China for global buyers.

Shifting of production base- Over the years, production has converged towards Asia from western countries



1.4 SEGMENT-WISE PERFORMANCE

The company operates only in one segment "Cotton & Blended Yarn" and hence segment-wise reporting is not required.

1.5 FUTURE OUTLOOK

The global textile and apparel industry is reviving after the recent global recession with increasing consumer demand. With the positive outlook the global textile and apparel trade has the potential to grow up to USD 800 bn. by 2015 from about USD 510 bn. in 2009.

The Indian textile industry is expected to grow to USD 134 bn. by 2015 from present size of USD70 bn.

In the last 5 years, the total market size of the Indian textile industry has grown by about 10% annually. The industry is expected to grow further at a much higher pace primarily driven by strong domestic consumption which has remained robust despite the recent global economic down turn

Therefore, with the growing demand both in the domestic market and international market for the Indian products the company looks forward to expand its activities in near future.

1.6 RISKS AND CONCERNS

Prices of Raw cotton and Polyester Fibre may affect the performance of the industry. Being a seasonal crop, any natural calamities such as drought/flood etc. shall affect the prices of cotton which in turn may affect the financial performance of the industry. However, by following good policies for procurement, the company has always been able to procure good quality raw material at right prices.

1.7 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a system of internal controls in place to ensure that all the transactions are properly recorded and authorised.

1.8 HUMAN RESOURCES

The company is of firm belief that the Human Resources are the driving force that propels a company towards the progress and success. The Industrial relations continued to remain cordial during the year under review.



2. DIVIDEND

Your directors regret their inability to propose payment of dividend for the period under review to conserve resources for the proposed modernisation and expansion plans.

3. PROSPECTS

Hon'ble Board for Industrial & Financial Reconstruction (BIFR) has vide their order dated 13.10.2010, has discharge the Company from the purview of BIFR as the net worth of the Company turned positive. Further, Hon'ble BIFR in its order dated 31.01.2011 has issued following standard direction i.e.- The un-implemented provisions of SS-09, as may be there, would be implemented by the concerned agencies and their implementation would be monitored by the Board of the Company.

4. DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual account the applicable accounting standards have been followed and there are no material departures from the same.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv) The Directors have prepared the annual account on a 'going concern' basis.

5. DIRECTORS

Shri Akhil Malhotra & Shri Daljeet Singh Rana Directors of the company retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

None of the Directors of your company is disqualified under section 274(1) (g) of the Companies Act, 1956.

6. AUDIT COMMITTEE

Pursuant to Section 292A(1) of the Companies Act, 1956 and provisions of the Listing Agreement of the Stock Exchange, the company has already constituted Audit Committee consisting of Shri Sushil Singla, Director as Chairman, Shri Raj Mittal & Shri Akhil Malhotra, Directors as members. The committee met Four times during the period under review.

7. REMUNERATION COMMITTEE

The remuneration committee comprises of three Directors viz. Shri Sushil Singla as Chairman, Shri Raj Mittal and Shri Rajan Dhawan as members. All are Independent non-executive Directors. Broad terms of reference of the Remuneration Committee include recommendation to the Board on salary/perquisites, commission and retirement benefits and finalization of the perquisite package payable to the company's Managing Director/ Whole-time/ Executive Directors.

8. MANAGEMENT COMMITTEE

Discontinued after the Hon'ble BIFR order dated 13.10.2010.

9. CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code as stipulated under the Listing Agreement with the Stock Exchange(s) during the year under review. A separate section on Corporate Governance alongwith certificate from the Auditors confirming the compliance is annexed and forms part of the Annual Report.



10. REQUIREMENT U/S 217 OF THE COMPANIES ACT, 1956

Additional information regarding the Conservation of energy, Technology absorption and Foreign Exchange earnings and outgo as required U/S 217 (1) (e) of the Companies Act, 1956 is annexed and forms a part of this report.

There were no employees within the meaning of section 217(2A) of the Companies Act, 1956.

11. AUDITORS & AUDITOR'S REPORT

The retiring auditors M/S Sumat Gupta & Co., Chartered Accountants are eligible for re-appointment for the year 2011-12. They have furnished a certificate in terms of section 224(1B) of the Companies Act, 1956 certifying their eligibility to continue as auditors, if re-appointed.

The observations made in the Auditor's Report are self explanatory, however a qualification under section 297 has been made, for which the Board has given following explanations/ informations as per section 217(3) of the Companies Act, 1956:

The Hon'ble Board for Industrial & Financial Reconstruction (BIFR) has vide their order dated 21.07.2009 sanctioned the Rehabilitation Scheme for the revival of the company. Therefore the major Suppliers/ Creditors are unwilling to deal with the Sick Company or they are dealing cautiously with the Company. Therefore to smoothen the functioning and operations of the Company, It was constrained to have related party transactions i.e. sale, purchase or supply of any goods, material or services etc with the Group Companies/ companies under the common control. However the transactions taken place are reasonable having regard to prevailing market prices at the relevant time.

Now the Hon'ble BIFR has in its order dated 13.10.2010 has release the company from the ambit of SICA. However, the un-implemented provisions of SS-09, as may be there, would be implemented by the concerned agencies and their implementation would be monitored by the Board of the Company.

12. COST AUDITORS:

M/s J.Verma & Associates, Cost Accountants has been appointed to conduct Cost Audit of the Company for the F.Y.-2011-12. Due date of filing for the Financial year 2010-2011 will be 27.09.2011 & the Cost Audit Report for the financial year 2009-10 in Form-I was filed on 27.09.2010 vide its MCA Challan No- A94832151 due date of which was 27.09.2010.

13. ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the support and co-operation extended by Central and State Governments, Financial Institutions and Banks, Customers and business associates of the Company, and confidence reposed by the Shareholders.

By order of the Board
For **HIMACHAL FIBRES LIMITED**

Place: Ludhiana
Dated: 13.08.2011

Sd/-
AKHIL MALHOTRA
Director

Sd/-
RAJINDER KUMAR
Whole Time Director



ANNEXURE TO THE DIRECTOR'S REPORT

Additional information as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Director's Report for the 12 months period ended on 31st March, 2011.

A. STATEMENT RELATING TO CONSERVATION OF ENERGY

	2009-10 (6 Months)	2010-11 (12 Months)
a. POWER AND FUEL CONSUMPTION		
1 Electricity		
(a) Purchased		
Unit (Lacs)	29.81	62.27
Total Amount (Rs/lacs)	117.34	298.18
Rate/unit (Rs.)	3.94	4.79
(b) Own Generation		
Through Diesel Generator		
Unit (Lacs)	0.10	2.60
Unit Per Litre of Diesel Oil	3.30	3.34
Cost/Unit (Rs.)	10.15	11.00
2 Coal		
Quantity (Kgs.)	156450	14263476
Total Cost (Rs.)	803612	11838652
Average Rate (Rs.)	5.14	8.30
3 Furnace Oil	-	NIL
4 Other/ Internal Generation	NIL	NIL
(Rice Husk consumption)		
Qty. (Lacs/kgs)	-	0.00
Total Cost (Rs./Lacs)	-	0.00
Rate/Unit (Rs./Kg.)	-	0.00
b. Consumption per unit of production		
Product		
Cotton & Blended yarn		
Electricity unit/per kg.	2.36	2.18
Furnace Oil	0.00	0.00
Coal	0.00	0.00

B. RESEARCH & DEVELOPMENT

The Research & Development efforts in the company are focused for improvement of in-house expertise, creating work culture and adoption of new technologies, wherever possible, to conserve energy consumption.



HIMACHAL FIBRES LIMITED

C. TECHNOLOGY ABSORPTION

It is proposed to adopt latest technology in the plant to maximize production, yield and better quality along with minimum consumption of energy.

D. FOREIGN EXCHANGE EARNING AND OUTGO

	2009-10 (6 Months) (Rs./Lacs)	2010-11 (12 Months) (Rs./Lacs)
a) Earning	22.20	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

By order of the Board
For **HIMACHAL FIBRES LIMITED**

Place: Ludhiana
Dated: 13.08.2011

Sd/-
AKHIL MALHOTRA
Director

Sd/-
RAJINDER KUMAR
Whole Time Director

**REPORT ON CORPORATE GOVERNANCE**

This Report on Corporate Governance forms part of the Annual report. Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensures that a Company meets its obligations to optimize shareholders value and fulfill its responsibilities to the community, customers, employees, Government and other segment of society. This report on Corporate Governance, besides being in compliance of the mandatory Listing agreement, gives an insight into the functioning of the Company.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

- (a) Faith in Bright future of Textiles and hence continued expansion in areas "Which we know best".
- (b) Total Customer focus in all operational areas.
- (c) Products to be of best available quality through TQM and zero defect implementation.
- (d) World class manufacturing facilities with most modern R & D and process technology.
- (e) Faith in individual potential and respect for human values.
- (f) Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- (g) Accepting change as a way of life.
- (h) Appreciating our role as a responsible corporate citizen.

During the period under review, the company had best corporate practices so as to bring them in line with the revised Clause 49 of the listing agreement.

The company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholder's wealth and at the same time protect the interests of all its shareholders.

2. BOARD OF DIRECTORS**Board meetings:**

During the Financial year i.e. 01.04.2010 to 31.03.2011, The Board met 4 times on the following dates-

28th May 2010

30th July 2010

30th November 2010

31st January 2011

Composition as on March 31st, 2011:

The Board of directors of the company is having an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors

Name of the Director	Category	No. of Board Meetings attended during 01.04.2010- 31.03.2011	Whether attended AGM held on 30.09.2010
Shri Sushil Singla (Appointed on 04/06/2010)	Chairman/ Independent Non Executive	3	Yes
Shri Rajinder Kumar (Appointed on 28/05/2010)	Promoter / Whole Time Director/ Executive	2	No
Shri Akhil Malhotra (Appointed on 28/05/2010)	Promoter/ Non Executive	4	Yes
Shri.Daljeet Singh Rana (Appointed on 15/03/2010)	Non Executive/ professional	3	Not Applicable
Shri Raj Mittal (Appointed on 18/07/2007)	Independent Non Executive	4	Yes
Shri Rajan Dhawan (Appointed on 04/06/2010)	Independent Non Executive	1	Yes



Shri Sita Ram Singla (Resigned on 05/04/2010)	Chairman/ Independent Non Executive	Not Applicable	Not Applicable
Shri Rajesh Gupta (Resigned on 12/11/2010)	Managing Director	2	No
Shri Sanjay Goel (Resigned on 29/10/2010)	Non Executive Non Independent Director	0	No
Shri Suraj Parkash Setia (Resigned on 05/04/2010)	Independent Non Executive	Not Applicable	Not Applicable
Shri Ajai Singh(Discharged by BIFR order dated 31.01.2011)	Non Executive Independent & Special	2 Director-BIFR	Yes
Shri. Rahul Kalia (Resigned on 18/03/2011)	Non Executive/ professional	1	No

3. AUDIT COMMITTEE:

As at 31st March, 2011, the Audit Committee comprised of 3 Directors

1. Shri Sushil Singla, Chairman
2. Shri Raj Mittal, Member
3. Shri Akhil Malhotra, Member

The terms of reference of the Audit Committee are, as contained in section 292A of the Companies Act, 1956 and also contained in Corporate Governance Clause of the Listing Agreement.

The audit Committee met 4 times during the financial year ended on 31.03.2011. In terms of reference of this committee, cover the matters specified under the listing agreement and the Companies Act, 1956.

4. REMUNERATION COMMITTEE

The remuneration committee comprises of three Directors viz. Shri Sushil Singla as Chairman, Shri Raj Mittal and Shri Rajan Dhawan as members. All are non-executive independent Directors. Broad terms of reference of the Remuneration Committee include recommendation to the Board on salary/perquisites, commission and retirement benefits and finalization of the perquisite package payable to the company's Managing Director/ Whole-time/ Executive Directors.

4.1. REMUNERATION TO DIRECTORS

No remuneration has been paid to any Director during the period under review except the sitting fees for the Board and Audit Committee meetings attended by them. The sitting fees has been paid @ Rs. 2000/- per meeting, together with Rs. 500/- towards incidental charges for attending each Board Meeting/ Audit Committee Meeting as follows:

Name of the Director	Sitting Fees for Board Meetings (Rs)	Sitting Fees for Audit Committee Meetings (Rs)
Shri Sushil Singla	7500	7500
Shri Akhil Malhotra	10000	7500
Shri Rajinder Kumar	5000	Not applicable
Shri Daljeet Singh Rana	7500	Not applicable
Shri Raj Mittal	10000	10000
Shri Rajan Dhawan	2500	Not applicable
Shri Rajesh Gupta*	5000	5000
Shri Ajai Singh*	5000	Not applicable
Shri Rahul Kalia*	2500	Not applicable

* Resigned during the year



5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

To specifically look after the share transfer work and to look into the redressal of complaints like transfer of shares, non-receipt of annual report and non-receipt of dividend etc., the company has set up a Shareholders / Investor Grievance Committee. The committee consists of three members viz. Shri Sushil Singla, Director, as the Chairman, Shri Raj Mittal & Shri Akhil Malhotra Directors as the members of the Committee.

The said committee has also been entrusted with the tasks of Share Transfer Committee as required to be formed under the Companies (Issue of Share Certificate) Rules, 1960.

6. COMPLIANCE OFFICER

Shri Mukesh Singh Verma, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with Stock Exchange(s).

7. CEO/CFO CERTIFICATION

In terms of the requirement of the clause 49(V), The CEO i.e. The Managing Director/ whole Time Director/ Manager appointed in terms of Companies Act 1956 and the CFO i.e. the whole time Finance Director or any other person heading the finance function shall certify to the board regarding the authenticity of the financial statement. Therefore Certificate from Shri Rajinder Kumar, Whole Time Director & Shri Ashwani Kumar, G.M (F&A) has obtained and placed before the Board of Directors. The same is attached herewith the Corporate Governance Report.

8. CODE OF CONDUCT

In tune with the corporate philosophy, the Board of Directors of the company has laid down a code of conduct for all Board Members and Senior Management of the company in terms of the requirement placed in the amended clause 49 of the Listing Agreement. The code of conduct is displayed at company's website at www.himachalfibre.com.

All members of the Board and Senior Management personnel affirm compliance with the code of conduct and business ethics and Shri Rajinder Kumar, Whole Time Director has given declaration to this effect as hereunder:

Declaration regarding compliance with the code of conduct and ethics policy of the company by board members and senior management personnel

I hereby confirm that:

The company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the code of conduct and ethics for Directors and senior management personnel for the financial year 2010-11.

Sd/-

Date: 28.05.2011
Place:Ludhiana

Rajinder Kumar
Whole Time Director

9. GENERAL BODY MEETINGS

Details of location of the Annual General Meetings (AGMs) held during the last three years and the details of any special resolutions passed in the previous 3 AGM's

Financial Year	Location of Meeting	Date & Time	Special Resolution passed
2009-10	Registered office at Barotiwala	30.09.2010 01.00 P.M	-Regularization of Directors appointed. -Appointment of Shri Rajinder Kumar as a Whole Time Director
2008-09	Registered Office at Barotiwala	29.12.2009 11.00 A.M	-Appointment of Shri Rajesh Gupta as a Managing Director.
2007-08	Registered Office at New Delhi	29.09.2008 11.00 A.M.	-Appointment of Shri Atam Prakash Nijhawan as Executive Director.-Delisting of Shares from Delhi Stock Exchange



HIMACHAL FIBRES LIMITED

Details of the special resolution passed in the year 2008-09 through postal ballot and details of voting pattern:

S.No.	Details of Resolution passed through postal ballot	Details of voting pattern	Person who conducted the postal ballot exercise
I.	Special Resolution passed by the members of the Company on 14.05.2008 through notice of postal ballot dated 27.03.2008: To shift the Registered Office of the company from the state of NCT of Delhi to the State of Himachal Pradesh pursuant to the provisions of Section 17 read with Section 146(2) and Section 192A of the Companies Act, 1956 and to substitute Clause II of the Memorandum of Association of the Company as follows:	No of votes cast in favour of the resolution (No. of shares) - 5,35,600 No. of votes cast against the resolution (No. of shares) : NIL	Raj Kumar Gupta Partner Raj Gupta & Co. Chartered Accountants FCA No. 017039
II.	The Registered Office of the Company is situated in the State of Himachal Pradesh.		

Details of special resolution which is proposed to be passed through postal ballot - No special resolution is proposed to be passed through postal ballot.

10. GENERAL INFORMATION FOR SHAREHOLDERS

- The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the company. The disclosure relating to transactions with the related parties as per Accounting Standard 18 is appearing in the Para-10(ii) of Notes to accounts in the Balance Sheet of the company for the year ended 31st March, 2011.
- Details of non-compliance by the company, penalties, structures 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. NIL.

11. MEANS OF COMMUNICATION

Newspapers where quarterly results are normally published	Business Standard (English & Hindi)
Any website, where displayed	www.himachalfibre.com www.bseindia.com
Whether it also displays official news releases; and the presentations made to institutional investors or to analysts	Not yet
Whether Management Discussion & Analysis Report is a part of annual report or not	Yes

12. GENERAL SHAREHOLDER INFORMATION

AGM : Date, time and venue	Friday, 30th September, 2011 Time: 01.00 P.M. Venue: Plot No. 43-44, Industrial Area, Barotiwala, Distt. Solan (H.P.) 174103
Financial Year	01st April 2010 to 31st March 2011
Book Closure Date	26th September, 2011 to 30th September, 2011



HIMACHAL FIBRES LIMITED

13. LISTING ON STOCK EXCHANGES

The Company's Securities are listed on the Bombay Stock Exchange Limited, Mumbai.

BSE Scrip Code: 514010

Listing Fees for the Financial Year 2011-12 has been paid to Bombay Stock Exchange Limited.

14. REGISTRAR AND TRANSFER AGENT

(a) ADDRESS:

MS BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.

'Beetal House', 3rd Floor, 99, Madangir,

Behind Local Shopping Centre,

New Delhi - 110 062

Ph. 011-29961281 (6 Lines) Fax. 011-29961284

E-mail. beetal@beetalfinancial.com

Website. www.beetalfinancial.com

(b) SHARE TRANSFER SYSTEM

Share Transfers in physical form can be lodged with the Registrar and Share Transfer Agent at the above mentioned address. The transfers are normally processed within 15-20 days from the day of receipt, if the documents are complete in all respects.

15. MARKET PRICE DATA*

Financial Year 2010-11	Share price of Himachal Fibres Limited			BSE Sensex		
	Highest	Lowest	Closing	Highest	Lowest	Closing
April 2010	53.35	50.00	50.00	18,047.86	17,276.80	17,558.71
May 2010	52.50	50.00	52.50	17,536.86	15,960.15	16,944.63
June 2010	54.00	54.00	54.00	17,919.62	16,318.39	17,700.90
July 2010	58.00	54.00	58.00	18,237.56	17,395.58	17,868.29
August 2010	65.00	60.00	61.80	18,475.27	17,819.99	17,971.12
September 2010	58.75	40.65	40.90	20,267.98	18,027.12	20,069.12
October 2010	40.80	22.60	22.60	20,854.55	19,768.96	20,032.34
November 2010	21.50	15.70	17.15	21,108.64	18,954.82	19,521.25
December 2010	20.75	17.00	18.00	20,552.03	19,074.57	20,509.09
January 2011	20.45	18.00	19.50	20,664.80	18,038.48	18,327.76
February 2011	18.55	12.50	12.50	18,690.97	17,295.62	17,823.40
March 2011	11.90	10.80	10.80	19,575.16	17,792.17	19,445.22

* Source: BSE Website

16. PLANT LOCATION(S) & ADDRESS FOR CORRESPONDENCE

Registered Office & Works : Plot No. 43-44, Industrial Area, Barotiwala, Distt. Solan (H.P.) -174103

Address for Correspondence : Himachal Fibres Limited,

Corporate Office: SCO-1, Ground Floor, City Tower, Model Town,
Ludhiana-141002

Phone: 0161-4675499 Fax: 0161-4684010

E.Mail- investors@himachalfibre.com



CEO and CFO CERTIFICATION [Clause-49(V)]

To,

The Board of Directors

Himachal Fibres Limited

Corporate office

Sco-1, City Tower,

Model town, Ludhiana

We, Rajinder Kumar, Whole Time Director and Ashwani Kumar, G.M (F&A) of Himachal Fibres Limited have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
 - (a) 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.
 - (b) 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, that there is no deficiencies in the design or operation of such internal controls.
 - (c) We have indicated to the auditors and the Audit committee that
 - (i) There were no significant changes in internal control over financial reporting during the year;
 - (ii) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There were no 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.

Sd/-

Rajinder Kumar
Whole Time Director

Sd/-

Ashwani Kumar
G.M (F&A)

Dated-13.08.2011

Place-Ludhiana



HIMACHAL FIBRES LIMITED

COMPLIANCE [Clause-49(VII)-Certificate from the Auditors

To,

The Members,
HIMACHAL FIBRES LIMITED
Corporate office
Sco-1, City Tower,
Model town, Ludhiana

We have examined the compliance of conditions of Corporate Governance by the HIMACHAL FIBRES LIMITED, for the period ended on 31st March, 2011, as stipulated in Clause 49(VII) of the Listing Agreement of the said Company with Stock Exchanges.

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

On the basis of our review and according to the information and explanations given to us, no investors grievance(s) is/ are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee of the Board and the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) haven been complied with in all material respects by the Company.

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

For SUMAT GUPTA & CO.
Chartered Accountants

Sd/-
SUMAT GUPTA
PARTNER
M. No. 86000

PLACE: Ludhiana
DATE: 13.08.2011



HIMACHAL FIBRES LIMITED

AUDITOR'S REPORT

**The Shareholders,
Himachal Fibres Limited,**

We have audited the attached Balance Sheet of **Himachal Fibres Limited as at 31.03.2011** and also Profit & Loss Account for period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph (1) above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion proper Books of Account as required by Law have been kept by the Company so far as appears from our examination of such books.
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - (iv) In our opinion and to the best of our information and according to the explanations give to us, the said account, read together with Significant Accounting Policies and Notes on Account thereon, comply with accounting standards referred to in section 211(3C) of Companies Act, 1956.
 - (v) On the basis of the written representation received from the directors and taken on record by the company, we report that none of the directors is disqualified, as on the balance sheet date, from being appointed as a director in terms of section 274 (I) (g) of the Companies Act, 1956.
 - (vi) We further report that in our opinion and to the best of our information and according to explanations given to us, the said account subject to non compliance of provisions of section 297 in respect of purchases made from contractee parties in excess of the approved limits and read together with notes on account (As per Schedule- XiX) give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting generally accepted in India:-
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) In the case of Profit & Loss Account , of the loss for the year ended on that date and
 - iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

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

**DATED: 28-05-2011
PLACE: LUDHIANA**

**Sd/-
SUMAT GUPTA
PARTNER
(M.NO. 86000)**



ANNEXURE TO AUDITOR'S REPORT (REFER TO PARA ONE OF OUR REPORT OF EVEN DATE)

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) According to the information and explanations give to us, a portion of fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
(c) In our opinion and according to information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
2. (a) According to the information and explanations given to us, the inventories have been physically verified by the management during the year. However, in respect of certain items, the inventories were verified by the management on a visual estimation which has been relied upon by us. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventories, we are of the opinion that the company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories is compared to book records were not material and have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the company has not granted unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Act.
(b) According to the information and explanation provided to us and on basis of examination of the books of the account. We are of the opinion that the company has taken unsecured loans of Rs.150 Lacs during the year under review from two parties (Rs.1150 Lacs Outstanding as on 31.03.2011 from two parties) covered in the register maintained under section 301 of the Act.
(c) According to information and explanation given to us and on the basis of examination of the books of the account, we are of the opinion that the abovesaid unsecured loans are interest free and other terms and conditions of such loans given were not prima facie prejudicial to the interest of the company.
(d) According to information and explanation give to us and on the basis of the examination of the books of account, we are of the opinion that the repayment of principal amount are regular in respect of loans taken by the company as when they fall due.
3. In our opinion and according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and also with regard to sale of goods and services .Further , on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any instances of major weaknesses in the aforesaid internal control systems.
5. (a) According to the information and explanations given to us, particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us , the transactions made in pursuance of contracts on arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rs. Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company had accepted deposits from the public in earlier year and has complied the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptances of Deposit) Rules, 1975 except non filing of fixed deposit return and non maintenance of liquid assets as required by Rule 3A of the aforesaid Rules.
7. In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with its size and the nature of its business.



HIMACHAL FIBRES LIMITED

8. 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 section 209(1) (d) of the Companies Act, 1956 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.
9. (a) According to the information and explanations given to us and records of the company examined by us, the company is not regular in depositing the undisputed statutory dues, including, provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, and other material statutory dues applicable to it. On the basis of examination of books, there are following undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable:-

S.No.	Statute	Nature	Amount
1.	Himachal Pradesh Sales Tax Act	Works Contract Tax Payable	136008/-
2.	Income Tax Act, 1961	Fringe Benefit Tax	103040/-

- (b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty and cess matters.
10. The company has been registered for a period more than five years, it has accumulated losses of Rs. 1792.34 Lacs at the end of the year which are more than fifty percent of its net worth. However it has not incurred any cash losses during the current and immediately preceding financial year.
11. According to the information and explanation given to us and as per the books and records examined by us, the company has not defaulted in repayment of dues to financial institutions and banks.
12. According to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company does not fall within the category of Chit fund/Nidhi/Mutual Benefit fund/Society, therefore clauses (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the year under audit.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments, therefore clauses (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the year under audit.
15. On the basis of our examination of records and as per the explanations given to us, we are of the opinion that the company has not given any guarantee for loan taken by others from bank or financial institution.
16. On the basis of our examination of records and as per the explanations given to us, we are of the opinion that the term loans taken during the period under review were applied for the purpose for which these were obtained.
17. According to information and explanations given to us and as per the records examined by us, as on the date of balance sheet, the funds raised by the Company on short term basis have not been applied for long term investments.
18. As to information and explanations given to us and as per the records examined by us, the company has not made any allotment of shares during the period under review.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

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

**Sd/-
SUMAT GUPTA
PARTNER
(M.NO. 86000)**

**DATED: 28-05-2011
PLACE: LUDHIANA**



HIMACHAL FIBRES LIMITED

BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
SHARE CAPITAL	I	171550000.00	166550000.00
RESERVE & SURPLUS	II	192782546.00	192782546.00
TOTAL SHARE HOLDER'S FUND		<u>364332546.00</u>	<u>359332546.00</u>
LOAN FUNDS			
SECURED LOANS	III	267392994.00	304390343.61
UNSECURED LOANS	IV	115000000.00	100851538.94
TOTAL LOAN FUNDS		<u>382392994.00</u>	<u>405241882.55</u>
TOTAL		<u>746725540.00</u>	<u>764574428.55</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	V	518946783.51	496221845.51
LESS DEPRECIATION		253954478.00	243012179.00
NET BLOCK		<u>264992305.51</u>	<u>253209666.51</u>
CURRENT ASSETS, LOAN AND ADVANCES			
INVENTORY	VI	253640536.69	256211449.17
SUNDRY DEBTORS	VII	87461880.60	65765499.60
CASH & BANK BALANCES	VIII	8880671.08	5807369.76
LOAN & ADVANCES	IX	26992045.00	26245146.47
TOTAL CURRENT ASSETS		<u>376975133.37</u>	<u>354029465.00</u>
LESS CURRENT LIABILITIES AND PROVISIONS	X	98976356.57	66134984.75
NET CURRENT ASSETS		<u>277998776.80</u>	<u>287894480.25</u>
DEFERRED TAX ASSETS		24505109.00	0.00
PROFIT AND LOSS ACCOUNT		179229348.69	223470281.79
TOTAL		<u>746725540.00</u>	<u>764574428.55</u>

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS XIX

As per report of even date attached

For **SUMAT GUPTA & CO.**

Chartered Accountants

FIRM REG.NO.010288N

Sd/-

Sumat Gupta

Partner

M.No.86000

Place: Ludhiana

Dated: 28-05-2011

Sd/-

RAJINDER KUMAR
Whole Time Director

Sd/-

MUKESH VERMA
Company Secretary

Sd/-

AKHIL MALHOTRA
Director

Sd/-

ASHWANI KUMAR
GM-F&A



HIMACHAL FIBRES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010
INCOME			
SALES WITHIN INDIA		1001731496.00	493103685.14
SALES EXPORT		0.00	2219923.00
OTHER INCOME	XI	4598124.15	1508708.34
INCREASE/(DECREASE) IN STOCKS	XII	27062797.43	(50692447.00)
TOTAL		1033392417.58	446139869.48
EXPENDITURE			
RAW MATERIAL CONSUMED	XIII	790737827.38	373908313.93
MANUFACTURING EXPENSES	XIV	70575518.00	10515105.49
PERSONNEL EXPENSES	XV	54774550.99	3118906.00
ADMINISTRATIVE EXPENSES	XVI	6374563.22	2438759.34
FINANCIAL EXPENSES	XVII	49899641.00	19617850.68
SELLING EXPENSES	XVIII	13783511.89	5145338.88
DEPRECIATION		23244799.00	10141211.00
TOTAL		1009390411.48	424885485.32
PROFIT DURING THE YEAR		24002006.10	21254384.16
LESS: PROVISION FOR TAXATION			
--CURRENT TAX		4780000.00	0.00
--DEFERRED TAX		1501495.00	0.00
--FRINGE BENEFIT TAX		0.00	0.00
--INCOME TAX EARLIER YEARS		0.00	0.00
PROFIT AFTER TAX		17720511.10	21254384.16
ADD: BALANCES WRITTEN BACK		513818.00	0.00
ADD: DEFERRED TAX ASSETS OF TRANSITIONAL PERIOD			26006604.00
0.00			
ADD BALANCE BROUGHT FORWARD		(223470281.79)	(244724665.95)
BALANCE AVAILABLE FOR APPROPRIATION		(179229348.69)	(223470281.79)
APPROPRIATIONS			
PROPOSED DIVIDEND			
--ON PREFERENCE SHARES		0.00	0.00
--ON EQUITY SHARES		0.00	0.00
TRANSFER TO CAPITAL REDEMPTION RESERVE		0.00	0.00
BALANCE SURPLUS CARRIED TO BALANCE SHEET		(179229348.69)	(223470281.79)

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS XIX

As per report of even date attached

For **SUMAT GUPTA & CO.**

Chartered Accountants

FIRM REG.NO.010288N

Sd/-

Sumat Gupta

Partner

M.No.86000

Sd/-

RAJINDER KUMAR
Whole Time Director

Sd/-

AKHIL MALHOTRA
Director

Sd/-

MUKESH VERMA
Company Secretary

Sd/-

ASHWANI KUMAR
GM-F&A

Place: Ludhiana

Dated: 28-05-2011



HIMACHAL FIBRES LIMITED

SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE - I			
SHARE CAPITAL			
AUTHORISED SHARE CAPITAL			
60,00,000 EQUITY SHARES OF RS. 10/- EACH		60000000.00	60000000.00
1,65,000 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH		16500000.00	16500000.00
14,35,000 4% NON-CUMULATIVE REDEEAMBLE PREFERENCE SHARES OF RS.100/- EACH		143500000.00	143500000.00
TOTAL		<u>220000000.00</u>	<u>220000000.00</u>
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL			
35,05,000 EQUITY SHARES OF RS. 10/- EACH (PY 30,05,000 EQUITY SHARES OF RS. 10/- EACH)		35050000.00	30050000.00
1,65,000 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARES OF RS.100/- EACH		16500000.00	16500000.00
12,00,000 4% NON-CUMULATIVE REDEEAMBLE PREFERENCE SHARES OF RS.100/- EACH		120000000.00	120000000.00
TOTAL		<u>171550000.00</u>	<u>166550000.00</u>
SCHEDULE - II			
RESERVE & SURPLUS			
CAPITAL REDEMPTION RESERVE		16489070.00	16489070.00
CAPITAL RESERVE		176293476.00	176293476.00
TOTAL		<u>192782546.00</u>	<u>192782546.00</u>
SCHEDULE - III			
SECURED LOANS			
(A) TERM LOANS			
FROM STATE BANK OF INDIA			
TERM LOAN-I		18971049.00	26634893.00
TERM LOAN-II		51397533.00	53574006.00
SUB TOTAL (A)		<u>70368582.00</u>	<u>80208899.00</u>
(B) WORKING CAPITAL FACILITIES			
FROM STATE BANK INDIA			
RUPEE LOAN		197024412.00	224181444.61
SUB TOTAL (B)		<u>197024412.00</u>	<u>224181444.61</u>
TOTAL (A+B)		<u>267392994.00</u>	<u>304390343.61</u>
SCHEDULE - IV			
UNSECURED LOANS			
DEFERRED PAYMENT LIABILITY FOR LAND		0.00	13318.00
LOAN AGAINST VEHICLES		0.00	337720.94
FROM OTHERS		115000000.00	100500500.00
TOTAL		<u>115000000.00</u>	<u>100851538.94</u>



**DEPRECIATION CHART FOR THE PERIOD 01/04/2010 TO 31/03/2011
SCHEDULE--V**

PARTICULARS	RATE OF DEP. (%)	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS AT 01/04/2010	ADDITION	SALE / TFD.	TOTAL AS ON 31/03/2011	AS AT 01/04/2010	ADJUSTMENT	PROVIDED DURING THE PERIOD	TOTAL AS ON 31/03/2011	W.D.V. AS ON 31/03/2011	W.D.V. AS ON 31/03/2010
AT WORKS											
FREE HOLD LAND	0.00	82239.00	0.00	0.00	82239.00	0.00	0.00	0.00	82239.00	82239.00	
LEASEHOLD LAND	0.00	1294222.00	0.00	0.00	1294222.00	235659.00	0.00	0.00	1058563.00	1058563.00	
BUILDING	3.30	126074703.82	0.00	0.00	126074703.82	22822254.00	0.00	4160465.00	26982719.00	99091984.82	103252449.82
PLANT & MACHINERY	5.28	362360869.44	34554245.00	12950000.00	383965114.44	215892773.00	12302500.00	18483884.00	222074157.00	161890957.44	146468096.44
FURNITURE & FIXTURE	6.33	1034983.25	705452.00	0.00	1740435.25	1012249.00	0.00	86349.00	1098598.00	641837.25	22734.25
OFFICE EQUIPMENTS											
-- AT WORKS	4.75	503365.00	103941.00	0.00	607306.00	280965.00	0.00	27997.00	308962.00	298344.00	222400.00
-- COMPUTERS	16.21	420562.00	211553.00	0.00	632115.00	190303.00	0.00	83620.00	273923.00	358192.00	230259.00
--MOBILE PHONES	4.75	12429.00	20189.00	0.00	32618.00	995.00	0.00	3275.00	4270.00	28348.00	11434.00
ELECTRIC FITTINGS	4.75	355549.00	22609.00	0.00	378158.00	355481.00	0.00	16910.00	372391.00	5767.00	68.00
VEHICLE	25.89	3244912.00	2450.00	0.00	3247362.00	1994849.00	0.00	296515.00	2291364.00	955998.00	1250063.00
WEIGHING MACHINE	4.75	0.00	14885.00	0.00	14885.00	0.00	0.00	290.00	290.00	14595.00	0.00
TUBE WELL	2.00	324815.00	0.00	0.00	324815.00	81729.00	0.00	6496.00	88225.00	236590.00	243086.00
AT LUDHIANA OFFICE											
COMPUTER	16.21	463585.00	0.00	0.00	463585.00	141961.00	0.00	75147.00	217108.00	246477.00	321624.00
MOBILE PHONES	4.75	39100.00	0.00	0.00	39100.00	2125.00	0.00	1857.00	3982.00	35118.00	36975.00
OFFICE EQUIPMENT AT LDH	4.75	2912.00	39614.00	0.00	42526.00	111.00	0.00	1633.00	1744.00	40782.00	2801.00
AT DELHI OFFICE											
MOBILE PHONE	4.75	7599.00	0.00	0.00	7599.00	725.00	0.00	361.00	1086.00	6513.00	6874.00
TOTAL		496221845.51	35674938.00	12950000.00	518946783.51	243012179.00	12302500.00	23244799.00	253954478.00	264992305.51	253209666.51
PREVIOUS PERIOD		395236092.57	100985752.94	0.00	496221845.51	232870968.00	0.00	10141211.00	243012179.00	253209666.51	162365124.57



HIMACHAL FIBRES LIMITED

SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE - VI			
INVENTORY			
RAW MATERIAL		114037853.26	148103911.00
WORK IN PROGRESS		30639118.00	44001183.00
FINISHED GOODS		92625595.43	52200733.00
STORE & SPARES		16337970.00	11905622.17
TOTAL		<u>253640536.69</u>	<u>256211449.17</u>
SCHEDULE - VII			
SUNDRY DEBTORS			
(UNSECURED AND CONSIDERED GOOD UNLESS OTHERWISE STATED)			
OUTSTANDING MORE THAN SIX MONTHS		9267930.60	7050701.19
OTHERS		78193950.00	58714798.41
TOTAL		<u>87461880.60</u>	<u>65765499.60</u>
SCHEDULE - VIII			
CASH AND BANK BALANCES			
A) CASH IN HAND		5670997.08	5367440.36
B) BALANCES WITH SCHEDULED BANKS IN			
-CURRENT ACCOUNTS		3209674.00	89929.40
-DEPOSIT ACCOUNTS		0.00	350000.00
TOTAL		<u>8880671.08</u>	<u>5807369.76</u>
SCHEDULE - IX			
LOAN & ADVANCES			
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED			
ASSETS AGAINST LEASE		1685168.00	1471167.14
ADVANCES TO SUPPLIERS		1999543.00	2999313.00
ADVANCE AGAINST CAPITAL GOODS		1310346.00	1157010.92
		19831988.00	18461655.41
SECURITIES			
ELECTRICITY SECURITY		2050000.00	2050000.00
SECURITY WITH OTHERS		115000.00	106000.00
TOTAL		<u>26992045.00</u>	<u>26245146.47</u>



HIMACHAL FIBRES LIMITED

SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE - X			
CURRENT LIABILITIES & PROVISIONS			
(A) CURRENT LIABILITIES			
SUNDRY CREDITORS		34077529.57	34194829.22
ADVANCE FROM CUSTOMERS		370366.00	34830.00
SHARE APPLICATION MONEY		23300000.00	18300000.00
OTHER LIABILITIES		11384792.00	13502285.53
BILLS PAYABLE(SBI)		24960629.00	0.00
(B) PROVISIONS			
PROVISION FOR INCOME TAX		4780000.00	0.00
PROVISION FOR FBT		103040.00	103040.00
TOTAL		<u>98976356.57</u>	<u>66134984.75</u>
SCHEDULE - XI			
OTHER INCOME			
INTEREST RECEIVED		184466.00	23121.00
PROFIT ON SALE OF MACHINERY		2764500.00	0.00
MISCELLANEOUS RECEIPTS		0.00	43054.00
INSURANCE CLAIM RECEIVED		889000.00	984500.00
EXPORT INCENTIVES RECEIVED		268610.00	0.00
REBATE & DISCOUNT		491548.15	0.00
BALANCE W/OFF		0.00	458033.34
TOTAL		<u>4598124.15</u>	<u>1508708.34</u>
SCHEDULE - XII			
INCREASE/ (DECREASE) IN STOCKS			
CLOSING STOCK			
FINISHED GOODS		91654423.43	51530314.00
WORK IN PROGRESS		30639118.00	44001183.00
WASTE		971172.00	670419.00
TOTAL (A)		<u>123264713.43</u>	<u>96201916.00</u>
OPENING STOCK			
FINISHED GOODS		51530314.00	129913589.00
WORK IN PROGRESS		44001183.00	16319680.00
WASTE		670419.00	661094.00
TOTAL (B)		<u>96201916.00</u>	<u>146894363.00</u>
INCREASE/ (DECREASE IN STOCK) (A-B)		<u>27062797.43</u>	<u>(50692447.00)</u>



HIMACHAL FIBRES LIMITED

SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE - XIII			
RAW MATERIAL CONSUMED			
RAW MATERIAL CONSUMED		790737827.38	373908313.93
RAW MATERIAL CONSUMED		<u>790737827.38</u>	<u>373908313.93</u>
SCHEDULE - XIV			
MANUFACTURING EXPENSES			
POWER AND ELECTRICITY		29817918.00	6677904.00
FUEL CONSUMED		11838652.00	902457.00
DYES & CHEMICAL		19131950.00	1409023.54
OIL & LUBRICANTS		3723998.13	239193.37
STORE AND SPARES CONSUMED		3133149.87	418495.78
FREIGHT & CARIAGE INWARD		1865538.00	229099.00
LEASE RENT MACHINERY		999770.00	499885.00
MACHINERY REPAIR		64542.00	139047.80
TOTAL		<u>70575518.00</u>	<u>10515105.49</u>
SCHEDULE - XV			
PERSONNEL EXPENSES			
WAGES/STIPEND/SALARIES AND ALLOWANCES		42727869.99	2030197.00
STAFF WELFARE		692804.00	238002.00
BONUS		728609.00	155855.00
ADDITONAL PROVIDENT FUND		8227421.00	0.00
CONTRIBUTION TO EPF & FPF		942969.00	316300.00
CONTRIBUTION TO ESI		579948.00	138387.00
LEAVE WITH WAGES		453816.00	127972.00
MEDICAL ALLOWANCE		18000.00	24261.00
RECRUITMENT EXPENSES		403114.00	87932.00
TOTAL		<u>54774550.99</u>	<u>3118906.00</u>



HIMACHAL FIBRES LIMITED

SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE - XVI			
ADMINISTRATIVE EXPENSES			
REMUNERATION OF AUDITORS		220600.00	115450.00
BOARD MEETING FEES & EXP		182316.00	27500.00
COMPUTER EXPENSES		85080.00	30019.00
CONVEYANCE EXPENSES		105564.00	9526.00
CHARITY & DONATION		18200.00	0.00
FEES, SUBSCRIPTION AND TAXES		226158.00	302323.00
FESTIVAL /WORSHIP EXPENSES		249941.00	63715.00
FINE & PENALTY		0.00	601.00
GENERAL EXPENSES		56173.00	93105.00
INSURANCE CHARGES		717753.00	452326.00
LEGAL AND PROFESSIONAL CHARGES		1049559.00	559434.00
PRINTING AND STATIONERY		317773.22	71217.00
RENT		271574.00	173200.00
REPAIR & MAINTENANCE		613654.00	22730.00
TELEPHONE,TELEX AND POSTAGE		523441.00	267368.34
TRAVELLING EXPENSES		1186630.00	118476.00
VEHICLE RUNNING & MAINTENANCE		517534.00	131769.00
OFFICE ELECTRICITY & WATER		32613.00	0.00
		6374563.22	2438759.34
SCHEDULE - XVII			
FINANCIAL EXPENSES			
BANK INTEREST		39521691.00	18398662.30
OTHER INTEREST		6369632.00	0.00
BANK CHARGES		3964674.00	1188320.60
HIRE CHARGES		43644.00	30867.78
		49899641.00	19617850.68
SCHEDULE - XVIII			
SELLING EXPENSES			
ADDITIONAL GOODS TAX PAID		701445.00	383457.00
ADVERTISEMENT EXP.		184149.00	97274.00
CASH DISCOUNT		0.00	14054.00
COMMISSION		4500.00	1553.00
EXPORT EXPENSES		0.00	17500.00
FREIGHT AND CARTAGE OUTWARD		7863877.11	2833114.00
PACKING AND HANDLING EXPENSES		5029540.78	1225666.00
REBATE & DISCOUNT		0.00	572720.88
		13783511.89	5145338.88

**SCHEDULE-XIX****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****11. Significant Accounting Policies****a) Accounting Convention**

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

b) Revenue Recognition

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

c) Borrowing Costs

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

d) Accounting for Taxes on Income

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

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

e) Retirement Benefits

-Gratuity

No employee is eligible for gratuity.

-Provident Fund

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

f) Fixed Assets

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

g) Depreciation

Depreciation on fixed assets is provided on straight line method in accordance with Schedule XIV to the Companies Act, 1956 except vehicles on which depreciation has been provided on written down value method. Depreciation has been calculated on prorata basis on all the assets purchased/sold during the year and also considering Company's plant as a continuous process plant.

h) Inventories

i) Inventories of Raw Material, Stores & Spares, Loose Tools and Finished Goods are valued at lower of cost



HIMACHAL FIBRES LIMITED

or net realizable value. Work in Process is valued at estimated cost and waste at net realizable value.

ii) The inventories are taken as certified and valued by the management.

i) Impairment of Assets.

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

j) Accounting for Lease Transactions

In respect of assets taken on lease upto 31.03.2001, the aggregate of the following is charged to Profit & Loss Account.

i) Interest element of the lease rent paid/payable for the relevant period, and

ii) Periodic lease charge spread over the life of the asset determined on the basis of depreciation rates specified in Schedule XIV of the Companies Act, 1956, the excess of the lease rent paid/payable over the aggregate amount charged as aforesaid is treated as prepaid lease and vice versa.

2. Contingent liability not provided for

(Rs. in Lacs)

Particulars	As At 31.03.2011	As At 31.03.2010
Claims* (excluding claims by employees where amount are not ascertainable) not acknowledged as debt:		
-Estimated amount of contracts remaining to be executed on capital account (Net of advances)	Nil	250.00

- There are no disputed dues of custom duty, wealth tax, Sales Tax, Service Tax, Central Excise and cess matters which have not been deposited by the Company.
- No employee was in receipt of remuneration aggregating to Rs.2400000/- per annum through out the year or Rs.200000/- per month for a part of the year.
- The company has drawn accounts for the current year for a period of 12 months period ended on 31.03.2011 as against 6 months for the immediately preceding year. Therefore the previous year figures are not comparable.
- The Company has no information about the parties who has registered themselves under Micro, Small and Medium Enterprises Development Act, 2006.
- The earnings per share (EPS) disclosed in the profit and loss account have been calculated as under:-

Particulars	As At 31.03.2011	As At 31.03.2010
Profit/(Loss) attributable to equity shareholders (Rs. In Lacs) (A)	177.20	212.54
Less: Preference Dividend for the year	75.23	37.61
Earnings Attributable to Equity shareholders	101.97	174.93
Weighted average number of equity shares (Nos) (B)	3421667	3005000
Earning per shares (Rs per shars) (face value of Rs.10 each (A/(B)	5.18	5.82
Diluted earning per share	5.18	5.82

- Borrowing cost capitalized (including capital work in progress) during the period amounts to Nil (Previous Year Rs.29.64 Lacs).

**9. 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, 2011 has been recognized by applying the tax rate applicable for the current financial year as under:-

Sr. No.	Particulars	Deferred Tax (Rs.)	
		Debit	Credit
1.	Deferred Tax Assets for the transitional period as on 01.04.2010*	26006604/-	--
2.	Deferred Tax Liability recognized during the year due to timing difference between depreciation as per Income Tax Act, 1961 & as per books of account for the year 2010-11	--	1501495/-
3.	Net Deferred Tax assets as on 31.03.2011	24505109/-	--

*Since the company has come out of the perview of BIFR, therefore Deferred Tax Assets of the transitional period has been determined and adjusted to the brought forward balance of profit and loss of the company.

10. (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 Pvt Ltd
- M/s K.K.Fibred Pvt Ltd.
- M/s Balmukhi Textiles Pvt Ltd.
- M/s Brijeshwari Textiles Pvt Ltd
- M/s Metro Synethics
- M/s Roland Exports

II. Key Management Persons

- Sh. Akhil Malhotra
- Sh. Rajinder Kumar
- Sh. Raj Mittal
- Sh. Rajan Dhawan
- Sh. Sushil Kumar Singla
- Sh. Daljeet Singh Rana
- Sh. Rajesh Gupta*
- Sh. Rahul Kalia*
- Sh. Ajay Singh*
- Sh. Sita Ram Singla*
- Sh. Suraj Parkash Setia*

*Resigned during the year.



HIMACHAL FIBRES LIMITED

- (ii) Disclosure of transactions between the company and related parties during the year and outstanding balances as on March 31, 2011.

(Rs. in Lacs)

Particulars	Enterprises that are under common control as the company		Key management personnel	
	As At 31.03.2011	As At 31.03.2010	As At 31.03.2011	As At 31.03.2010
Commission on Consignment Sale	Nil	Nil	Nil	Nil
Purchases	6011.58	1800.90	Nil	Nil
Sales	2803.26	1895.58	Nil	Nil
Unsecured Loans Taken/(repaid)	150.00	(400.00)	Nil	Nil
Director Sitting fees	Nil	Nil	0.85	0.27
Rent Paid	Nil	Nil	1.00	0.00

11. 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.
12. No remuneration has been paid to any managerial personnel during the year under review.
13. Balance of Sundry Debtors, Sundry Creditors and Loans and Advances are subject to confirmation and reconciliation.

14. Payment to Auditors:-

(Rs. in Lacs)

Particulars	As At 31.03.2011	As At 31.03.2010
Audit Fees	1.10	0.55
Tax Audit Fees	1.10	0.60
Total	2.20	1.15

15. Cash Credit and Term Loan Facilities raised from State Bank of India, SCB, Miller Ganj, Ludhiana are secured primarily by way of 1st charge on all the current and fixed assets of the company including equitable mortgage of leasehold rights of factory land and building. Both the facilities are further secured by the personal guarantee of the two directors.
16. 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. However, the respective preference shareholders have not approached for redemption of the said shares.
17. 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.



HIMACHAL FIBRES LIMITED

18. Additional Information

a) Licensed and installed capacity : Annual capacity

Particulars	Unit	Licensed capacity		Installed capacity	
		As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Cotton and Blended Yarn	Spindles	100000	100000	20344	20344
Rotors		NA	NA	504	504

b) Actual production

Particulars	Unit	As At 31.03.2011	As At 31.03.2010
Cotton and Blended Yarns	MT	3129.056	1900.892
Waste	MT	180.82	189.711
Total		3309.876	2090.603

c) Closing stock of finished goods and goods traded

(Rs. in Lacs)

Particulars	Unit	As At 31.03.2011		As At 31.03.2010	
		Qty.	Value	Qty.	Value
Cotton and Blended Yarns	MT/Rs.	737.206	1895.36	507.609	1924.44
Waste	MT/Rs.	55.733		44.695	
Knitted Cloth	MT/Rs.	228.695		382.941	

d) Turnover

(Rs. in Lacs)

Particulars	Unit	As At 31.03.2011		As At 31.03.2010	
		Qty.	Value	Qty.	Value
Cotton and Blended Yarns	MT/Rs.	2856.431	4132.64	1339.079	1172.62
Waste	MT/Rs.	161.736	12.15	170.535	22.16
Acrylic Fibre	MT/Rs.	324.181	554.50	0.000	0.00
Polyester Fibre	MT/Rs.	39.549	23.80	3479.192	2657.89
Knitted Cloth	MT/Rs.	1135.304	3647.32	388.067	1084.74
Ready Made goods	MT/Rs.	1124.989	1630.71	388.067	1084.74
Other	--/Rs.	--	16.19	--	15.83

e) CIF value of imports : NIL

f) Expenditure in Foreign Currency: NIL



HIMACHAL FIBRES LIMITED

g) Value of raw materials stores and spares consumed

(Rs. in Lacs)

Particulars	As At 31.03.2011		As At 31.03.2010	
	Import	Indigenous	Import	Indigenous
Raw materials	--	7907.38	--	3739.08
Percentage	--	100%	--	100%
Components, store and spares	--	310.19	--	32.92
Percentage	--	100%	--	100%

h) Earning in foreign exchange

(Rs. in Lacs)

Particulars	As At 31.03.2011	As At 31.03.2010
Export goods calculated on FOB value	--	22.20

19. The figures of the previous year have been rearranged/ regrouped, wherever necessary to facilitate comparison.
20. Schedules I to XIX form an integral part of the accounts.



HIMACHAL FIBRES LIMITED

21. Balance Sheet Abstract and Company's General Business Profile as per Part IV to Schedule VI to the Companies Act, 1956:-

(Rs. in Thousands)

I. REGISTRATION DETAILS	REGISTRATION NO.	L17119DL1980PLC010217
BALANCE SHEET DATE		31.03.2011
II. CAPITAL RAISED DURING THE YEAR (RUPEES IN THOUSANDS)	PUBLIC ISSUE	NIL
	RIGHTS ISSUE	NIL
	BONUS ISSUE	NIL
	PRIVATE PLACEMENT	5000
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES IN THOUSANDS)	TOTAL LIABILITIES	641967
SOURCES OF FUNDS	TOTAL ASSETS	641967
	PAID-UP CAPITAL	171550
	RESERVES AND SURPLUSES	192783
	SECURED LOANS	267393
	UNSECURED LOANS	115000
APPLICATION OF FUNDS	NET FIXED ASSETS	264992
	INVESTMENTS	0
	NET CURRENT ASSETS	277999
	DEFERRED TAX ASSETS	24505
	PROFIT & LOSS ACCOUNT	179229
IV. PERFORMANCE OF COMPANY (RUPEES IN THOUSANDS)	TURNOVER(INCLUDING OTHER INCOME)	1006330
	TOTAL EXPENDITURE	982328
	PROFIT/(LOSS) BEFORE TAX	24002
	PROFIT/(LOSS) AFTER TAX	17721
	EARNING PER SHARE IN RUPEES	5.18
	DIVIDEND RATE	NIL
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPNAY (AS PER MONETARY TERMS)	PRODUCT DESCRIPTION	ITEM CODE NO. (ITC CODE)
	MANUFACTURING OF YARNS AND TRADING	N.A.

As per report of even date attached

For **SUMAT GUPTA & CO.**

Chartered Accountants

FIRM REG.NO.010288N

Sd/-

Sumat Gupta

Partner

M.No.86000

Place: Ludhiana

Dated: 28-05-2011

Sd/-

RAJINDER KUMAR
Whole Time Director

Sd/-

MUKESH VERMA
Company Secretary

Sd/-

AKHIL MALHOTRA
Director

Sd/-

ASHWANI KUMAR
GM-F&A



HIMACHAL FIBRES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

	AMOUNT (Rs.) AS AT 31.03.2011	AMOUNT (Rs.) AS AT 31.03.2010
A. CASH FLOW FROM/USED IN OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	24002006.10	21254384.16
ADJUSTMENTS FOR:		
DEPRECIATION	23244799.00	10141211.00
MISCELLANEOUS EXPENSES WRITTEN OFF	0.00	0.00
INTEREST EXPENSES	49899641.00	19617850.68
INTEREST INCOME	(184466.00)	(23121.00)
DOUBTFUL DEBTS	0.00	0.00
LONG TERM (TRADE) INVESTMENTS IN SUBSIDIARY WRITTEN OFF	0.00	0.00
PROVISION FOR DIMINUTION IN VALUE OF NON-TRADE CURRENT INVESTMENTS	0.00	0.00
LIABILITIES NO LONGER REQUIRED WRITTEN BACK	513818.00	0.00
PROFIT ON SALE OF CURRENT INVESTMENTS (NON-TRADE)	0.00	0.00
LOSS ON SALE OF NON-TRADE CURRENT INVESTMENTS	0.00	0.00
DIVIDEND FROM NON-TRADE UNQUOTED CURRENT INVESTMENTS	0.00	0.00
LOSS ON SALE OF FIXED ASSETS	0.00	0.00
PROFIT ON SALE OF FIXED ASSETS	(2764500.00)	0.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	94711298.10	50990324.84
ADJUSTMENTS FOR:		
(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	(22443279.53)	23920328.05
(INCREASE)/DECREASE IN INVENTORIES	2570912.48	(13574750.17)
INCREASE/(DECREASE) IN TRADE PAYABLES AND OTHER LIABILITIES	32841371.82	(39847570.84)
CASH GENERATED FROM OPERATIONS	107680302.87	21488331.88
INCOME TAX PAID	4780000.00	0.00
NET CASH FROM/USED IN OPERATING ACTIVITIES	102900302.87	21488331.88
B. CASH FLOW FROM/USED IN INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(35674938.00)	(7969811.94)
SALE OF FIXED ASSETS	3412000.00	0.00
PURCHASE OF INVESTMENTS	0.00	0.00
SALE OF INVESTMENTS	0.00	0.00
INTEREST RECEIVED	184466.00	23121.00
NET CASH FROM/USED IN INVESTING ACTIVITIES	(32078472.00)	(7946690.94)
C. CASH FLOW FROM/USED IN FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF EQUITY WARRANTS	5000000.00	0.00
PROCEEDS FROM ISSUE OF PREF. SHARES WARRANTS	0.00	0.00
PROCEEDS FROM LONG TERM BORROWINGS	0.00	20500500.00
REPAYMENT OF LONG TERM BORROWINGS	4308144.06	(6302239.98)
CHANGES IN WORKING CAPITAL LOANS/SHORT TERM BORROWINGS	(27157032.61)	(5190086.29)
DIVIDEND PAID	0.00	0.00
INTEREST PAID	(49899641.00)	(19617850.68)
NET CASH FROM/USED IN FINANCING ACTIVITIES	(67748529.55)	(10609676.95)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLANTS	3073301.32	2931963.99
OPENING CASH AND CASH EQUIVLANTS	5807369.76	2875405.77
CLOSING CASH AND CASH EQUIVLANTS	8880671.08	5807369.76

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

XIX

As per report of even date attached

For **SUMAT GUPTA & CO.**

Chartered Accountants

FIRM REG.NO.010288N

Sd/-

Sumat Gupta

Partner

M.No.86000

Place: Ludhiana

Dated: 28-05-2011

Sd/-

RAJINDER KUMAR

Whole Time Director

Sd/-

MUKESH VERMA

Company Secretary

Sd/-

AKHIL MALHOTRA

Director

Sd/-

ASHWANI KUMAR

GM-F&A

HIMACHAL FIBRES LIMITED

Regd. Office : Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103

Proxy Form

Regd Folio No.

I / We.....Of.....in the district of
.....being a member / members of the company hereby appoint
.....Of.....in the district of
.....as my / our proxy to vote for me / us on my / our behalf at the
30th Annual General Meeting of the company to be held on Friday 30th September, 2011 at 01.00 p.m. at the Registered
Office of the company situated at Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103 and at any adjournment(s)
thereof.

Signed this.....Day of.....2011.

Affix
Re. 1.00
Revenue
Stamp

This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the
company, not less than 48 hours before the meeting.

.....Please tear hear.....

HIMACHAL FIBRES LIMITED

Regd. Office : Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103

Attendance Slip

30th Annual General Meeting - Friday, 30th September, 2011

Regd Folio No.

No of Shares Held:

I certify that I am a member / proxy for the member of the company.

I hereby record my presence at the 30th Annual General Meeting of the company at the Registered Office of the company
situated at Plot No.43-44, Industrial Area, Brotiwala, Distt. Solan-174103 on Friday, 30th September, 2011 at 01.00 p.m.

.....
Name of the member / proxy

(in BLOCK Letters)

.....
Signature of member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting venue.

BOOK POST



If undelivered, please return to:

Himachal Fibres Limited

SCO 1, Ground Floor, City Tower
Model Town, Ludhiana - 141 002