



# HIMACHAL FIBRES LIMITED

## ANNUAL REPORT 2015-16



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



**HIMACHAL FIBRES LIMITED**

**BOARD OF DIRECTORS**

Shri Sushil Kumar Singla

Shri Akhil Malhotra

Shri Gian Chand Thakur

Shri Manoj Kumar

Shri Rajan Dhawan

Smt. Malkeet Kaur

**DESIGNATION**

Chairman

Managing Director

Whole Time Director

Additional Director

Director

Director

**KEY EXECUTIVE OFFICERS**

Shri Amit Sharma

Shri Navrattan Sharma

Company Secretary

Chief Financial Officer

**STATUTORY AUDITORS**

Sumat Gupta & Co.

Chartered Accountants,

G.T. Road, Miller Ganj,

Ludhiana-141 003.

**BANKERS**

State Bank of India,

SCB, Miller Ganj,

Ludhiana - 141 003.

**SECRETARIAL AUDITORS**

Rajeev Bhambri & Associates

Company Secretary in Practice

SCO 9, 2nd Floor, Jandu Towers, Miller Ganj, Ludhiana.

**REGISTERED OFFICE / WORKS**

Plot No. 43-44, Industrial Area,

Barotiwala 174 103.

Distt. Solan (H.P.)

**REGISTRAR & SHARE TRANSFER AGENT**

Beetal Financial & Computer Services (P) Ltd.,

Beetal House, 3rd Floor, 99, Madangir,

Behind Local Shopping Centre,

New Delhi - 110 062

**CORPORATE OFFICE**

8-L, Model Town, Ludhiana - 141002.

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**NOTICE**

Notice is hereby given that the 35<sup>th</sup> **Annual General Meeting** of the members of the company will be held on Wednesday, the 28<sup>th</sup> day of September, 2016 at 11.00 a.m. at the Registered Office of the Company situated at Plot no. 43-44, Industrial Area , Barotiwala, Distt. Solan (H.P.)-174103 to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2016, Statement of Profit and Loss and Cash Flow for the year ended on that date, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Gian Chand Thakur (DIN - 07006447), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To ratify appointment of Statutory Auditors of the Company.  
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, as amended from time to time, The appointment of M/s Sumat Gupta & Co., Chartered Accountants, who were appointed as statutory auditors in the Annual General Meeting held on 30th September, 2014 be and is hereby ratified and confirmed as auditors of the company till the conclusion of next AGM of the company, at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.”

**SPECIAL BUSINESS:**

4. **To Appoint Mr. Manoj Kumar as Non Executive Director**  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modifications or re- enactment(s) thereof, for the time being in force **Mr. Manoj Kumar (DIN:06872575)**, who was appointed as an Additional Director of the Company and who holds office up to the date of this Annual General Meeting in terms of section 161 of the Companies Act, 2013 and is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

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

5. **To Re-appoint Mr. Akhil Malhotra (DIN: 00126240) as Managing Director of the Company :**  
To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of Central Government, if required, approval of the members be and is hereby accorded to the re-appointment of Sh. Akhil Malhotra (DIN: 00126240) as Managing Director of the Company for a period of three years with effect from 13<sup>th</sup> August, 2016 to 12<sup>th</sup> August, 2019 on the terms, conditions and remuneration, including minimum remuneration as are hereinafter specifically given:

S. NO.	REMUNERATION	DETAILS
I.	Salary	Rs. 2,50,000 per month.
II.	Commission	-----NIL-----
III.	Revision of Remuneration	The Board of Directors is at liberty to alter and vary or may revise the terms & conditions of the appointment of the appointee and the remuneration payable during the Financial Year in such manner as agreed to between the Board of Directors and the appointee, subject to the Condition that remuneration by way of salary, perquisites, commission and other allowances shall not exceed such percentage of net profits of the Company as prescribed under Section 197 and Schedule V of the Companies Act, 2013, as may be amended from time to time.
IV.	Minimum Remuneration	In the event of loss or inadequacy of profits in any year, the Appointee shall be entitled to the aforementioned remuneration and perquisites as minimum remuneration subject to the limits prescribed in Schedule V of the Companies Act, 2013, as may be amended from time to time.
VII	Leave & Other Benefits	i. Earned/ Privileged leave on full pay and allowances as per the rules of the Company. ii. Such other benefits, amenities, facilities as may be provided by the Company to other senior executives from time to time .

**RESOLVED FURTHER THAT** Smt. Malkeet Kaur, Mr. Manoj Kumar, Directors and Mr. Amit Sharma, Company Secretary be and are hereby severally authorized to do all such acts, deeds & things and take all such steps as may be necessary or expedient to give effect to this resolution.”

**BY ORDER OF THE BOARD**

Place : Ludhiana  
Dated : 2<sup>nd</sup> September, 2016

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

**Registered Office:**

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

**NOTES :**

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("Act") with respect to the special business set out in the Notice is annexed hereto. Additional information pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 in respect of Director seeking appointment / reappointment at the meeting is enclosed as Annexure to this Notice.
2. A member entitled to attend and vote at the Annual General Meeting (AGM), is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a Member. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more that 10% of the total share capital of the company.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 22<sup>nd</sup> September, 2016 to 28th September, 2016 (both days inclusive).
4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. Members are requested to bring their attendance Slip along with their copies of the Annual Report to the Meeting.

6. Members desiring any information, as regards Accounts, are requested to write to the Company at its Corporate Office at: 8-L, Model Town, Ludhiana - 141002 at least 7 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
8. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
9. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically.

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

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

10. The Annual Report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their mail addresses, physical copies of the Annual Report 2015-16 are being sent by permitted mode.
11. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

**Steps for remote e-voting**

- (i) **The remote e-voting period begins on 25th September, 2016 at 9.00 a.m. and will end on 27th September, 2016 at 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as **on the cutoff date i.e. 21<sup>st</sup> September, 2016**, may cast their vote electronically. The remote e-voting modules shall be disabled by CDSL for voting thereafter. The members are requested to note that once vote on a resolution is cast electronically, he shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The Shareholders should log on to the remote e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier remote e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in de-mat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the de-mat holders for remote e-voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- (xii) **Click on the Company i.e. Himachal Fibres Limited"/ "Electronic Voting Sequence Number"** of Himachal Fibres Limited.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decide to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If De-mat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non Individual Shareholders and Custodians.
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. **21.09.2016**, may follow the same instructions as mentioned above for remote e- voting. The Voting rights of the members shall be in proportion to their shares in the paid up capital of the company as on the cut off date i.e. **21.09.2016**. A person whose name is recorded in the Register of members or in the Register of Beneficial owners maintained by the Depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting at the said meeting. A person who is not a Member as on the cutoff date should treat this Notice for information purposes only.
- In case of any queries or issues regarding e-voting, members may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to Further Mr. Wenceslaus Furtado Deputy Manager having address i.e. Central Depository Services (India) Limited 16th Floor, P. J. Towers, Dalal Street Fort, Mumbai – 400001, email id: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and contact number 18002005533 is responsible to address the grievances connected with facility for voting by electronic means.
  - The Board of Directors has appointed **Mr. Rajeev Bhambri**, Practicing Company Secretary (Membership No. 4327 and C.P.No. 9491) of Rajeev Bhambri & Associates, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. He has communicated his willingness to be appointed and will be available for same purpose.
  - The Scrutinizer shall, immediately after the conclusion of voting at the meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than forty eight hours of conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
  - The Chairman or the person authorized by him in writing, shall forthwith on receipt of the consolidated Scrutinizer's Report declare the results of voting within 48 hours of the conclusion of this AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.himachalfibre.com](http://www.himachalfibre.com) and on the website of CDSL immediately after the result is declared by the Chairman and shall also be communicated to the BSE Limited (BSE), where the shares of the Company are listed.

Subject to the receipt of requisite number of Votes, the resolutions shall be deemed to be passed on the date of AGM i.e. 28th September, 2016.

Place: Ludhiana

Dated: 2<sup>nd</sup> September, 2016

BY ORDER OF THE BOARD

sd/-

(AMIT SHARMA)

Company Secretary

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

##### Item No. 4

Pursuant to provisions of Section 161 (1) of the Companies Act, 2013 & Articles of Association of the company and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in their meeting held on 22<sup>nd</sup> August, 2016 had appointed Mr. Manoj Kumar as an Additional Director of the Company.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing candidature of Mr. Manoj Kumar for the office of Non Executive, Non independent Director. The appointment of Mr. Manoj Kumar shall be effective upon approval by the members in the meeting. Mr. Manoj Kumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. A brief profile of Mr. Manoj Kumar is provided at the end of this statement.

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

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

##### Item No. 5

in accordance with the provisions of Sections 196, 197, 198 of Companies Act, 2013 and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in their meetings held on 22<sup>nd</sup> August, 2016, had re-appointed Mr. Akhil Malhotra as the Managing Director of the Company for a term of 3 (Three) years w.e.f. 13.08.2016 to 12.08.2019 on the terms and conditions including remuneration as detailed in the aforesaid resolution.

## **HIMACHAL FIBRES LIMITED**



The resolution is being proposed for approval as a special resolution in compliance with the requirements of Schedule V, Part II, Section II of the Companies Act, 2013. A brief profile of Mr. Akhil Malhotra is provided at the end of this statement.

No Director, Key Managerial Personnel or their relatives, except Mr. Akhil Malhotra himself is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

Place: Ludhiana

Dated: 2<sup>nd</sup> September, 2016

BY ORDER OF THE BOARD

Sd/-

(AMIT SHARMA)

Company Secretary

The information required under Section II of Part II of Schedule V of the Companies Act, 2013 is given below.

I. **General Information:**

- 1) Nature of industry:- Manufacturing of Textile yarn.
- 2) Date of Commencement of Business:- 20/02/1980
- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: -Not Applicable
- 4) Financial performance based on given indicators:-

PARTICULARS	2015-16	2014-15	2013-14
Net Sales/Income	4764.60	8471.59	13071.53
Gross profit before interest and depreciation	522.13	671.52	699.33
Finance cost	301.36	458.94	433.52
Profit before depreciation and amortisation- (Cash Profit)	241.09	214.33	276.68
Depreciation and Amortisation	220.21	210.09	270.37
PBT before exceptional items	20.87	4.24	6.30
Exceptional items	0.00	0.00	0.00
Profit before Tax (PBT)	20.87	4.24	6.30
Provision for Tax - Current	3.30	0.81	1.21
Provision for Tax - Deferred	0.61	127.44	17.91
Profit after Tax	16.96	(124.01)	(12.81)

- 1) Foreign investments or collaborations, if any.: - Not Applicable

II. **Information about the appointee:**

- 1) **Background details:-** Mr. Akhil Malhotra, age 50 years, is Graduate. He joined his family business of Shiva Group in 1993. He is an Industrialist, having more than 30 years experience in the Textile Industry. He has appointed & designated as Managing Director of the Company since 28/05/2010. Under his dynamic leadership, the Company has consolidated its strength in textiles and crossed the turnover of 8471.59 Lacs during the financial year 2014-15. He has rich experience in yarn manufacturing and specialized knowledge in the field of procurement of cotton, the main raw material and capital equipments at the corporate level.
- 2) **Past remuneration:-** During his last tenure his remuneration was decide to Rs. 2,50,000 p.m., however looking at the financial position of the company he sacrificed the remuneration during his last tenure.
- 3) **Recognition or awards:-** None
- 4) **Job profile and his suitability:-** Mr. Akhil Malhotra has been re-appointed as the Managing Director of the Company and he will be in charge of overall management subject to the direction, supervision and control of the Board of Directors of the Company. Taking into consideration his qualifications and expertise in the relevant fields, he is suited for the responsibilities assigned to him by the Board of Directors.
- 5) **Remuneration proposed:-** Rs. 2,50,000 p.m.
- 6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:-**



Considering the size of the Company, the profile of Mr. Akhil Malhotra, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the remuneration packages paid to similar appointees in other companies.

- 7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** - Besides the remuneration proposed, Mr. Akhil Malhotra does not have any pecuniary relationship with the Company.

**III. OTHER INFORMATION**

- 1) **Reasons of loss or inadequate profits :**

Current economic recession is a major reason for the low profitability and loss to the Company. Due to the global slowdown, every industry in India has been adversely affected. The financial crisis has swallowed the 55.7% market capitalization in the Textile Industry. Further, significant increase in the rates of interest and fluctuation of US Dollar against Rupee are also some of the factors for the current situation.

- 2) **Steps taken or proposed to be taken for improvement:**

The Company is taking steps towards the reduction of cost, introduction of value added products, better market penetration and improvement in realization.

- 3) **Expected increase in productivity and profits in measurable terms :**

The company has taken various initiatives to increase the productivity of the company. In return the profits will also increase, but are not measurable as the same is influenced by various factors such as market prices of dyed yarn, raw material and cost of various inputs.

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

Name of the Director	Mr. Akhil Malhotra	Mr. Manoj Kumar
DIN	00126240	06872575
Date of Birth	26.03.1965	07.04.1969
Date of Appointment	13.08.2011	22.08.2016
Expertise in specific functional area	Rich experience of more than 30 years in Textiles and Management.	Industrial and Business experience of more than 15 years.
No. of Shares in the company	3100000	NIL
Qualification	Graduate	Undergraduate
Directorships of other Companies as on date of appointment	1. Shiva Textfabs Ltd 2. Shiva Speciality Yarns Limited 3. Indian Yarn Limited 4. Yogindera Worsted Limited 5. Shiva Cottex Private Limited 6. KK Fibers Limited 7. Shiva Spin-N-Knit Limited	1. Shiva Speciality yarns limited 2. Indian Yarn Limited 3. Yogindera Worsted Limited 4. Hitech Dyeing and Finishing Mills Private Limited 5. Shiva Cottex Private Limited 6. Shiva Texchem (Gujarat) Private Limited 7. K K Fibers Limited 8. Shiva Textfabs Limited 9. Shiva Spin-N-Knit Limited
Chairmanship / Membership of Committees of other Listed Companies as on date of appointment	NIL	NIL
Relationship with other Directors	Not related to any director	Not related to any director

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

TO  
THE MEMBERS OF,  
HIMACHAL FIBRES LIMITED.

Your Directors have pleasure in presenting the 35th Annual Report together with the Audited Statement of Accounts of Himachal Fibres Limited (HFL) for the year ended 31st March, 2016.

**1. FINANCIAL HIGHLIGHTS.**

The summary of the financial performance of the Company for the financial year ended March 31, 2016 compared to the previous year ended March 31, 2015 is given below:

Particulars	(in Lacs)	
	Year Ended	Year Ended
	March 31,2016	March 31,2015
<b>Revenue from Operations and Other Income (Total Revenues)</b>	4764.60	8471.59
<b>Gross profit before interest and depreciation</b>	542.45	671.52
<b>Finance cost</b>	301.36	458.94
<b>Profit before depreciation and amortization (Cash Profit)</b>	241.09	214.33
<b>Depreciation and Amortisation</b>	220.21	210.09
<b>PBT before exceptional items</b>	20.87	4.24
<b>Exceptional items</b>	0.00	0.00
<b>Profit before Tax (PBT)</b>	20.87	4.24
<b>Provision for Tax - Current</b>	3.30	0.81
<b>Provision for Tax - Deferred</b>	0.61	127.44
<b>Profit after Tax</b>	16.96	(124.01)
<b>Earning per Share (EPS) (in Rs) (after exceptional item )</b>		
- <b>Basic</b>	0.02	(0.14)
- <b>Diluted</b>	0.02	(0.14)

**2. STATE OF COMPANY'S AFFAIRS :**

Total Revenue from operation for the year is Rs. 4754.73 Lakhs as compared to Rs. 8465.05 Lakhs of previous year. The Net Profit for the year ended 31.03.2016 is Rs. 16.96 Lakhs as compare to Net Loss of Rs. (124.01) Lakhs for the previous year.

**3. DIVIDEND**

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

**4. TRANSFER TO RESERVE**

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

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

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

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

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

**7. CHANGE IN THE NATURE OF BUSINESS**

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

**8. SHARE CAPITAL**

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

**8.1 Buy Back Of Securities**

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

**8.2 Sweat Equity**

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

**8.3 Bonus Shares**

No Bonus Shares were issued during the year under review.

**8.4 Employees Stock Option Plan**

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

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

Cash and Cash equivalent as at 31<sup>st</sup> March, 2016 is Rs. 120.12 lakhs. The Company continues to focus on judicious management of working capital. Working Capital parameters are kept under strict check through continuous monitoring.

**9.2 Deposits/ Fixed Deposits**

During the year, Company has not accepted deposit from the public falling within the ambit of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Further, the Company has not repaid any deposits to the public during the year and no deposits are remained unpaid / unclaimed as on 31<sup>st</sup> March, 2016.

**9.3 Particulars Of Loans, Guarantees Or Investments**

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

**10. HUMAN RESOURCES**

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

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

**11. BOARD**

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

There has been no change in the board of directors as on 31/03/2016. Mr. Gian Chand Thakur retires by rotation at his AGM and being eligible offer himself for reappointment.

**12. BOARD MEETINGS**

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

**13. COMMITTEES OF BOARD**

The details regarding Committees of the Board of Directors of the Company are given in the Report on Corporate Governance,

which forms a part of this Report.

**14. DECLARATION BY INDEPENDENT DIRECTORS**

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

**15. REMUNERATION POLICY AND BOARD EVALUATION**

Company has Nomination and Remuneration policy in place pursuant to Companies Act, 2013 and SEBI (LODR) Regulation, 2015. Independent directors in their meeting held on 30/03/2016, evaluated the performance of the non independent director of the board including Managing Director. The minutes of the meeting were placed before the board and board affirmed the same. The Board has carried out an annual evaluation of its own performance, performance of its Committees as well as the directors individually.

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

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

**16. CODE OF CONDUCT COMPLIANCE:**

The declaration signed by the Managing Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the financial year ended March 31, 2016 is given in Report on Corporate Governance, which forms a part of this Report.

**17. CORPORATE SOCIAL RESPONSIBILITY**

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

**18. TRAINING OF INDEPENDENT DIRECTORS.**

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

**19. DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**20. AUDITORS****20.1 Statutory Auditors**

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

**20.2 Secretarial Auditors**

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

**20.3 Internal Auditors**

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

**20.4 Cost Auditor**

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

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

The Auditors' Report on the Accounts of the Company and Secretarial Auditors' Report on Secretarial Records of the company for the period under review is self – explanatory and contain no qualification/ reservation/ adverse remarks, therefore, requires no comments.

**21. INTERNAL FINANCIAL CONTROLS**

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

**22. LISTING OF SECURITIES**

The Securities of the Company are listed on Bombay Stock Exchange Limited. The Company has paid annual listing fee to exchanges for the year 2016-17.

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

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

**24. EXTRACT OF ANNUAL RETURN**

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

**25. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

**26. RISK MANAGEMENT POLICY**

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic

objectives. The Company's management systems, organisational structures, processes and behaviors together form the Risk Management Policy that governs how the company conducts its business and manages associated risks.

**27. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

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

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

All transactions entered into with Related Parties, as defined under the Companies Act, 2013 and Clause 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year, were in the ordinary course of business and were on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were few materially significant transactions with related parties during the financial year for which shareholders approval was sought during the year by way of Postal Ballot (Results declared on 17/06/2015). Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The report of the Board in respect of the particular of contracts or arrangements with related parties referred to sub section (1) of Section 188 in form AOC-2 is annexed to this report in 'Annexure- 3'.

**29. MANAGEMENT DISCUSSION & ANALYSIS/CORPORATE GOVERNANCE REPORT:**

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

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

The Company has in place a prevention of sexual Harassment policy in line with the requirements of the sexual Harassment of Women at the Workplace (prevention, prohibition and Redressal) Act, 2013. During the year 2015-16, no complaint were received by the Company related to sexual Harassment.

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

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

**32. PARTICULARS OF EMPLOYEES**

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

**33. APPRECIATION AND ACKNOWLEDGEMENTS**

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

**34. CAUTIONARY STATEMENT**

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

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

Place: Ludhiana  
Dated: 2<sup>nd</sup> September, 2016

FOR AND ON BEHALF OF THE BOARD

-sd-

(SUSHIL KUMAR SINGLA)  
CHAIRMAN

DIN: 00126157

**Annexure- 1****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2016  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2016, to the extent applicable and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to, inter alia:

- All labour & industrial laws;
- The Competition Act, 2012;
- All environmental laws;
- Textiles (Consumer Protection) Regulations, 1988;
- Textiles (Development and Regulation) Order, 2001;
- Textiles Committee Act, 1963;
- Additional Duties of Excise (Textiles and Textiles Articles) Act, 1978.
- Indian Boilers Act, 1923

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India to the extent of its applicability.

- (ii) The Listing Agreement entered into by the Company with the BSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**Company is not regular in depositing the statutory payments as required under Income Tax Act, 1961 and Himachal Pradesh Sales Tax Act.**

We further report that

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

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

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

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

**For Rajeev Bhambri & Associates**

-sd-  
**(Rajeev Bhambri)**  
**Proprietor**

Place: Ludhiana

Company Secretary in whole time practice

Dated: 02.09.2016

C.P. No. 9491

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

**ANNEXURE A**

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

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

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

**For Rajeev Bhambri & Associates**

-sd-  
**(Rajeev Bhambri)**  
**Proprietor**

Place: Ludhiana

Company Secretary in whole time practice

Dated: 02.09.2016

C.P. No. 9491



**Annexure- 2**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31<sup>st</sup> March, 2016**

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

i)	<b>CIN:</b>	L17119HP1980PLC031020
	<b>Foreign Company Registration Number/GLN</b>	N.A.
	<b>Registration Date [DDMMYY]</b>	20/02/1980
ii)	<b>Category of the Company</b>	Public Company
iii)	<b>Sub Category of the Company</b>	Limited by shares
iv)	<b>Whether shares listed on recognized Stock Exchange(s)</b>	Yes
	<b>If yes, detail ls of stock exchanges where shares are listed</b>	Bombay Stock Exchange
v)	<b>AGM details-</b>	35 <sup>th</sup> AGM held on 28 <sup>th</sup> September, 2016 at 11:00 A.M. at registered office of the company at Plot No. 43 -44, Industrial Area, Barotiwala, Himachal Pradesh – 174103
	<b>Whether extension of AGM was granted – Yes / No. ( If yes, provide reference number , date of approval letter and the period upto which extension granted)</b>	NO
	<b>If Annual General Meeting was not held, specify the reasons for not holding the same</b>	NA
Vi)	<b>NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:</b>	
	<b>Company Name</b>	HIMACHAL FIBRES LIMITED
	<b>Address</b>	Plot No. 43 -44, Industrial Area, Barotiwala, Himachal Pradesh – 174103
	<b>Town / City</b>	Barotiwala, Distt. Solan
	<b>State</b>	Himachal Pradesh
	<b>Pin Code:</b>	174103
	<b>Country Name :</b>	India
	<b>Country Code</b>	+91
	<b>Telephone (With STD Area Code Number)</b>	0161-4684000
	<b>Fax Number :</b>	0161-4684010
	<b>Email Address</b>	hfl.corporate@gmail.com
	<b>Website</b>	http://www.himachalfibre.com/
	<b>Name of the Police Station having jurisdiction where the registered office is situated</b>	Barotiwala, Tehsil Nalagarh
<b>Address for correspondence, if different from address of registered office:</b>	Plot No. 43 -44, Industrial Area, Barotiwala, Himachal Pradesh – 174103	
Vii)	<b>Name and Address of Registrar &amp; Transfer Agents (RTA):- Full address and contact details to be given.</b>	
	<b>Registrar &amp; Transfer Agents ( RTA ):-</b>	Beetal Financial & Computer Services Pvt. Ltd
	<b>Address</b>	Beetal House, 3rd Floor, 99, Madangir, New Delhi
	<b>Town / City</b>	New Delhi
	<b>State</b>	New Delhi
	<b>Pin Code:</b>	110062
	<b>Telephone (With STD Area Code Number)</b>	011 - 29961281 / 29961282
	<b>Fax Number :</b>	011 – 29961284
	<b>Email Address</b>	beetal@beetalfinancial.com

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

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

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	7000000	0	7000000	8.12	7000000	0	7000000	8.12	0.00
b) Central Govt			0				0		0.00
c) State Govt(s)			0				0		0.00
d) Bodies Corp.	40041500	0	40041500	46.42	40041500	0	40041500	46.42	0.00
e) Banks / FI			0				0		0.00
f) Any other			0				0		0.00
<b>Total shareholding of Promoter (A)</b>	<b>47041500</b>	<b>0</b>	<b>47041500</b>	<b>54.54</b>	<b>47041500</b>	<b>0</b>	<b>47041500</b>	<b>54.54</b>	<b>0.00</b>
<b>B. Public Shareholding</b>			0				0		0.00
<b>1. Institutions</b>			0				0		0.00
a) Mutual Funds	4000	0	4000	0.00	4000	0	4000	0.00	0.00
b) Banks / FI	500	140500	141000	0.16	0	140500	140500	0.16	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00

g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>4500</b>	<b>140500</b>	145000	<b>0.16</b>	<b>4000</b>	<b>140500</b>	144500	<b>0.17</b>	0.01
<b>2. Non-Institutions</b>			0				0		0.00
a) Bodies Corp.	15663302	18397000	34060302	39.49	26865943	1614750	28480693	<b>33.02</b>	-6.47
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	979054	2107250	3086304	3.58	1926950	1777000	3703950	4.29	0.71
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1359195	468250	1827445	2.12	6685101	0	6685101	7.75	5.63
c) Others (specify)			0				0		0.00
Non Resident Indians	5000	0	5000	0.01	102030	0	102030	0.12	0.11
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	39949	0	39949	0.05	38322	0	38322	0.04	-0.01
Trusts	0	0	0	0.00	0	0	0	0.00	0.00
HUF	44500	0	44500	0.05	53904	0	53904	0.06	0.01
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(2):-</b>	<b>18091000</b>	<b>20972500</b>	39063500	<b>45.30</b>	<b>35672250</b>	<b>3391750</b>	39064000	<b>45.29</b>	-0.01
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>18095500</b>	<b>21113000</b>	39208500	<b>45.46</b>	<b>35676250</b>	<b>3532250</b>	39208500	<b>45.46</b>	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	0	<b>0.00</b>	<b>0</b>	<b>0</b>	0	<b>0.00</b>	0.00
<b>Grand Total (A+B+C)</b>	<b>65137000</b>	<b>21113000</b>	86250000	<b>100.00</b>	<b>82717750</b>	<b>3532250</b>	86250000	<b>100.00</b>	0.00

**(ii) Shareholding of Promoters**

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

(iii) *Change in Promoters' Shareholding (please specify, if there is no change)*  
 There is No Change in Promoters' Shareholding during the year 2015-16.

(iv) *Shareholding Pattern of top ten Shareholders as on 31.03.2016 (other than Directors, Promoters and Holders of GDRs and ADRs):*

S. NO.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	HIMACHAL YARNS LIMITED					
	At the beginning of the year		10251750	11.89	10251750	11.89
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
05-Feb-16	Decrease	Transfer	100000		10151750	11.77
	At the end of the year		10151750	11.77	10151750	11.77
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative Shareholding during the Year	
2	SHIV NARAYAN INVESTMENTS PVT LTD		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year		8999750	10.43	8999750	10.43
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
22-Jan-16	Decrease	Transfer	2000000		6999750	8.12
31-Mar-16	Increase	Transfer	2000000		8999750	10.43
	At the end of the year		8999750	10.43	8999750	10.43
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative Shareholding during the Year	
3	GARG FINCAP LIMITED		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year		6715000	7.79	6715000	7.79
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year		6715000	7.79	6715000	7.79
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative Shareholding during the Year	
4	ROMESH KUMAR AGGARWAL		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year		0	0.00	0	0.00
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
19-Jun-15	Increase	Transfer	6010000	6.97	6010000	6.97
	At the end of the year		6010000	6.97	6010000	6.97

S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative Shareholding during the Year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	SALASAR INDUSTRIAL INVESTMENT P.LTD.					
	At the beginning of the year		698000	0.81	698000	0.81
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year		698000	0.81	698000	0.81
S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative Shareholding during the Year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	EDELWEISS BROKING LIMITED					
	At the beginning of the year		300	0.00	300	0.00
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
24-Apr-15	Decrease	Transfer	250		50	0.00
15-May-15	Increase	Transfer	19950		20000	0.02
22-May-15	Decrease	Transfer	7153		12847	0.01
05-Jun-15	Increase	Transfer	200		13047	0.02
12-Jun-15	Decrease	Transfer	200		12847	0.01
26-Jun-15	Increase	Transfer	5000		17847	0.02
24-Jul-15	Increase	Transfer	9982		27829	0.03
31-Jul-15	Increase	Transfer	20425		48254	0.06
21-Aug-15	Increase	Transfer	3000		51254	0.06
04-Sep-15	Decrease	Transfer	307		50947	0.06
11-Sep-15	Increase	Transfer	10190		61137	0.07
18-Sep-15	Decrease	Transfer	50737		10400	0.01
30-Sep-15	Increase	Transfer	10000		20400	0.02
16-Oct-15	Increase	Transfer	10100		30500	0.04
23-Oct-15	Increase	Transfer	75300		105800	0.12
30-Oct-15	Decrease	Transfer	9990		95810	0.11
06-Nov-15	Increase	Transfer	170250		266060	0.31
13-Nov-15	Decrease	Transfer	79520		186540	0.22
20-Nov-15	Increase	Transfer	37620		224160	0.26

27-Nov-15	Increase	Transfer	87385		311545	0.36
04-Dec-15	Increase	Transfer	9875		321420	0.37
11-Dec-15	Increase	Transfer	74320		395740	0.46
18-Dec-15	Increase	Transfer	40231		435971	0.51
25-Dec-15	Increase	Transfer	129212		565183	0.66
31-Dec-15	Increase	Transfer	96599		661782	0.77
08-Jan-16	Increase	Transfer	72189		733971	0.85
15-Jan-16	Increase	Transfer	27505		761476	0.88
22-Jan-16	Increase	Transfer	202730		964206	1.12
29-Jan-16	Increase	Transfer	40250		1004456	1.16
05-Feb-16	Increase	Transfer	884		1005340	1.17
12-Feb-16	Increase	Transfer	17096		1022436	1.19
19-Feb-16	Decrease	Transfer	33600		988836	1.15
26-Feb-16	Decrease	Transfer	47572		941264	1.09
04-Mar-16	Decrease	Transfer	2761		938503	1.09
11-Mar-16	Increase	Transfer	48900		987403	1.14
18-Mar-16	Decrease	Transfer	451957		535446	0.62
25-Mar-16	Decrease	Transfer	4771		530675	0.62
31-Mar-16	Decrease	Transfer	5500		525175	0.61
	At the end of the year		525175	0.61	525175	0.61
<b>S. NO.</b>	<b>For Each of the Top 10 Shareholders</b>		<b>Shareholding during the year</b>		<b>Cumulative Shareholding during the Year</b>	
<b>7</b>	<b>SOLI ARDESHIR KARANJIA</b>		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year		505000	0.59	505000	0.59
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
31-Mar-16	Decrease	Transfer	44899		460101	0.53
	At the end of the year		460101	0.53	505000	0.59

S. NO.	For Each of the Top 10 Shareholders		Shareholding during the year		Cumulative Shareholding during the Year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>8</b>	<b>SKYLAND TRADING CO. LTD.</b>					
	At the beginning of the year		275000	0.32	275000	0.32
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	At the end of the year		275000	0.32	275000	0.32
<b>S. NO.</b>	<b>For Each of the Top 10 Shareholders</b>		<b>Shareholding during the year</b>		<b>Cumulative Shareholding during the Year</b>	
<b>9</b>	<b>JYOTI TRADE &amp; CREDIT P. LTD.</b>		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year		250000	0.29	250000	0.29
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	At the end of the year		250000	0.29	250000	0.29
<b>S. NO.</b>	<b>For Each of the Top 10 Shareholders</b>		<b>Shareholding during the year</b>		<b>Cumulative Shareholding during the Year</b>	
<b>10</b>	<b>C.SAM SAMUEL</b>		<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year		5000	0.01	5000	0.01
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
25-Dec-15	Increase	Transfer	630		5630	0.01
31-Dec-15	Increase	Transfer	22		5652	0.01
08-Jan-16	Increase	Transfer	4572		10224	0.01
22-Jan-16	Decrease	Transfer	2304		7920	0.01
29-Jan-16	Decrease	Transfer	7079		841	0.00
05-Feb-16	Increase	Transfer	1229		2070	0.00
18-Mar-16	Increase	Transfer	212930		215000	0.25
	At the end of the year		215000	0.25	215000	0.25

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

SN	Shareholding of each Directors and each Key Managerial Personnel			Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>AKHIL MALHOTRA ( Managing Director, KMP)</b>						
	At the beginning of the year			3100000	3.59	310000	3.59
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			3100000	3.59	3100000	3.59
<b>2</b>	<b>MAYANK MALHOTRA ( Director)</b>						
	At the beginning of the year			200000	2.32	200000	2.32
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			2000000	2.32	2000000	2.32

<b>3</b>	<b>GIAN CHAND THAKUR (Director)</b>						
	At the beginning of the year			0	0	0	0
	<b>Date</b>			<b>Increase/Decrease</b>	<b>Reason</b>		
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			0	0	0	0
<b>4</b>	<b>SUSHIL KUMAR SINGLA ( Director)</b>						
	At the beginning of the year			0	0	0	0
	<b>Date</b>			<b>Increase/Decrease</b>	<b>Reason</b>		
	NIL			NIL	NIL	NIL	NIL
	At the end of the year			0	0	0	0
<b>5</b>	<b>RAJAN DHAWAN ( Director)</b>						
	At the beginning of the year			0	0	0	0
	<b>Date</b>			<b>Increase/Decrease</b>	<b>Reason</b>		
	NIL			NIL	NIL	NIL	NIL
	At the end of the year			0	0	0	0
<b>6</b>	<b>MALKEET KAUR ( Director)</b>						
	At the beginning of the year			0	0	0	0
	<b>Date</b>			<b>Increase/Decrease</b>	<b>Reason</b>		
	NIL			NIL	NIL	NIL	NIL
	At the end of the year			0	0	0	0
<b>7</b>	<b>AMIT SHARMA (KMP) (Company secretary)</b>						
	At the beginning of the year			0	0	0	0
	<b>Date</b>			<b>Increase/Decrease</b>	<b>Reason</b>		
	NIL			NIL	NIL	NIL	NIL
	At the end of the year			0	0	0	0
<b>8</b>	<b>ASHWANI KUMAR (KMP) (CFO)</b>						
	At the beginning of the year			0	0	0	0
	<b>Date</b>			<b>Increase/Decrease</b>	<b>Reason</b>		
	NIL			NIL	NIL	NIL	NIL

**V. INDEBTEDNESS**

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>i) Principal Amount</b>	70000000.00	52500000.00		122500000.00
<b>ii) Interest due But not paid</b>	65973.00			65973.00
<b>iii) Interest Accrued but not due</b>				
<b>Total(i+ii+iii)</b>	70065973.00	52500000.00		122565973.00
<b>change in indebtedness during the financial year</b>				
<b>*Addition</b>		2500000.00		2500000.00
<b>*Reduction</b>	833000.00			833000.00
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
<b>i) Principal Amount</b>	69167000.00	55000000.00		124167000.00
<b>ii) Interest due But not paid</b>	754751.00			754751.00
<b>iii) Interest Accrued but not due</b>				
<b>Total(i+ii+iii)</b>	69921751.00	55000000.00		124921751.00



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

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		MD	WTD	
		AKHIL MALHOTRA	GIAN CHAND THAKUR	
1	Gross salary		720000.00	720000.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		32910.00	32910.00
2	Stock Option			
3	Sweat Equity			
4	Commission - as % of profit - others, specify...			
5	Others, please specify			
	<b>Total (A)</b>		<b>752910.00</b>	<b>752910.00</b>
	Ceiling as per the Act			

**B. Remuneration to Other Directors:**

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		SUSHIL KUMAR SINGLA	RAJAN DHAWAN	MALKEET KAUR	
1	Independent Directors				
	Fee for attending board & committee meetings	12000	12000	12000	36000
	Commission				
	Others, please specify				
	Total (1)				
2	Other Non-Executive Directors				
	Fee for attending board & committee meetings				
	Commission				
	Others, please specify				
	<b>Total (2)</b>				
	Total (B)=(1+2)				
	<b>Total Managerial Remuneration (A)+(B)</b>	<b>12000</b>	<b>12000</b>	<b>12000</b>	<b>36000</b>
	Overall Ceiling as per the Act				

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		276000.00	900000.00	1176000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		17463.00	3510.00	20973.00
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit others, specify...				
5	Others, please specify				
	<b>Total</b>		<b>293463.00</b>	<b>903510.00</b>	<b>1196973.00</b>

**VII. THERE IS NO PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES LEVIED AGAINST COMPANY, ITS DIRECTORS & OFFICERS IN DEFAULT.**

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended on 31<sup>st</sup> March, 2016, which were not at Arm's Length basis.

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

	Name(s) of the related party and nature of relationship	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Amount ( in Rs. Lacs )
	<b>PURCHASES OF GOODS</b>					
(a)	SHIVA TEXTFABS LIMITED	2015-16	N.A.	14/05/2015	-	1912.41
(b)	SHIVA SPECIALITY YARNS LIMITED	2015-16	N.A.	14/05/2015	-	0.80
(c)	INDIAN YARN LIMITED	2015-16	N.A.	14/05/2015	-	0.72
(d)	K.K FIBERS LTD	2015-16	N.A.	14/05/2015	-	124.92
	<b>SALE OF GOODS</b>					
(a)	SHIVA TEXTFABS LIMITED	2015-16	N.A.	14/05/2015	-	1269.42
(b)	SHIVA SPECIALITY YARNS LIMITED	2015-16	N.A.	14/05/2015	-	1.29
(c)	YOGINDERA WORSTED LIMITED	2015-16	N.A.	14/05/2015	-	439.87
(d)	K.K. FIBRES LIMITED	2015-16	N.A.	14/05/2015	-	0.51
(e)	INDIAN YARN LIMITED	2015-16	N.A.	14/05/2015	-	200.21

**Annexure- 4**

**(A) Conservation of Energy –**

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

**(B) Technology absorption –**

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

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

**C FOREIGN EXCHANGE EARNING AND OUTGO**

	2015-16 (12 Months) (Rs./Lacs)	2014-15 (12 Months) (Rs./Lacs)
a) Earning (Export Sales- FOB Value)	NIL	NIL
b) Outgo:		
i) Imports-Raw Material & Spares	NIL	NIL
Capital Goods	NIL	NIL
ii) Expenditure	NIL	NIL
c) Net Foreign Exchange Earnings	NIL	NIL

**Annexure – 5**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013**

**1. RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

S. NO.	NAME OF DIRECTOR/KMP & DESIGNATION	REMUNERATION PAID FOR THE F.Y. 2015-16 (In Rupees)	RATIO TO MEDIAN REMUNERATION	% INCREASE IN REMUNERATION IN THE F.Y. 2015 -16
1	Mr. Akhil Malhotra (Managing Director)	NIL *	N.A.	N.A.
2	Mr. Mayank Malhotra	NIL **	N.A.	N.A.
3	Mr. Sushil Kumar Singla (Independent Director)	0.12	0.18	-40% \$
4	Mr. Rajan Dhawan (Independent Director)	0.12	0.18	-40%\$
5	Mrs. Malkeet Kaur (Independent Director)	0.12	0.18	N.A. #
6	Mr. Gian Chand Thakur (Whole Time Director)	752910.00	11.41	0
7	Amit Sharma (Company Secretary)	293463.00	4.47	0
8	Ashwani Kumar (CFO)	903510.00	13.69	0

Note: Company only pays sitting fees to Non Executive Directors.

- \* Mr. Akhil Malhotra is entitled to receive 250000 p.m. as remuneration, however looking at the position of the company he has sacrificed his remuneration.
- \*\* Mr. Mayank Malhotra does not take any remuneration from the company.
- # Comparison data no available for last year.
- § Sitting fee difference due to no of meetings held and attended by director.

- b) In the financial year, there was a decrease of 69.59% in the median remuneration of employees.
- c) There were 114 permanent employees on the rolls of Company as on March 31, 2016.
- d) Median remuneration of the employees for the financial year 2015-16 was 0.66 lakhs.
- e) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:-The data for the comparison was not available as the KMP's were not employed during the financial year 2013-2014. During the year under review the KMP's were employed for only part of the year.
- f) Company affirms that the remuneration is as per the remuneration policy of the company.

**2. RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

a) **Details the top ten employees in terms of remuneration drawn**

S No	Name	Designation	Age	Qualification	Experience	Date of Commencement of Employment with HFL	Remuneration during f.y. 2015-16	Previous employer
1	VINOD KUMAR SHERAWAT	GENERAL MANAGER	13.05.1968	B TECH	24 Years	01.12.2014	984006	SHIVA TAXFABS LTD
2	ASHWANI KUMAR	C.A	06.02.1981	IFCA	10 Years	01.05.2010	900000	SUKHBIR AGRO ENERGY LTD
3	GIAN CHAND THAKUR	WHOLE TIME DIRECTOR	20.04.1972	POST GRADUATE	23 Years	01.09.2014	720000	INDIAN YARN LTD
4	RAJESH SHARMA	CHIEF ENGINEER	15.01.1969	DIPLOMA IN ELECTRICAL ENGG.	22 Years	12.09.2014	660042	LONGOWALIA YARNS LTD
5	SUSHIL CHANDER BHATT	OFFICER PET PURCHASE	20.05.1969	B.SC	25 Years	01.01.2014	552000	SHIVA TAXFABS LTD
6	SULENDER SINGH	P S O	25.03.1983	GRADUTE	2.5 Years	01.01.2014	540000	N.A.
7	BABITA RANI	SR. OFFICER	26.07.1985	GRADUATE	2yrs	01.12.2014	419994	N.A.
8	SURAM SINGH VERMA	MANAGER	22.05.1962	BACHELOR OF ARTS	21 Years	04.12.2013	384012	MMTC PAMP INDIA PVT LTD
9	RAJINDER SINGH	SR. EXECUTIVE	07.08.1969	M.COM	26 Years	01.01.2014	372000	BIRLA COTSYN INDIA LTD
10	MEENA SACHDEVA	G.M	01.01.1970	POST GRADUATE	4 Years	01.01.2014	360000	SHIVA TAXFABS LTD

- Note:**
1. All employments are contractual, terminable by notice from either side.
  2. No employee of the Company holds such percentage of equity shares within the meaning of clause (iii) of rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
  3. No employee is relative of any director or manager of the company.

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

**Annexure – 6**

## Nomination and Remuneration Policy

**APPLICABILITY**

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

**INTERPRETATION**

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

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

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

'Chief Financial Officer' means a person appointed as the Chief Financial Officer of a company

'Compliance Officer' means "Company Secretary" of the Company.

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

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

Such other officer as may be prescribed;

'The Company' shall mean Himachal Fibres Limited.

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

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

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

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

**ROLE OF THE COMMITTEE**

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

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

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

**IMPLEMENTATION OF POLICIES**

The Committee will seek to ensure that the remuneration of executive directors (consisting of basic salary, pension benefits and benefits in kind) will be competitive with those in other comparable organisations so as to attract high caliber individuals with relevant experience.

The Committee will ensure that part of the remuneration of executive directors will be based on the financial performance of the Group using predetermined targets so as to motivate and reward successful business performance in the interest of shareholders.

**AUTHORITY**

The Committee is authorised:

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

**FREQUENCY OF MEETINGS**

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

**PRESENCE IN ANNUAL GENERAL MEETING**

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

**ANNUAL AFFIRMATION**

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

**CRITERIA TO EVALUATE PERFORMANCE**

**a) Selection Criteria for Directors**

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

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

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

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

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

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

**a) Selection Criteria for Senior Management**

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

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

**b) Remuneration for Directors, KMP and other Employees**

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

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

**c) Performance Evaluation**

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

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

**AMENDMENT**

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

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****1. Industry And Economic Scenario & Outlook**

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

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

The future for the Indian Textile industry looks encouraging in the long term, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players. The organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period. Textile and apparel exports from India are estimated to increase US \$ 65 billion by 2016-17.

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

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

**2. Opportunities And Threats****Opportunities:**

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

**Threats:**

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

**3. Risk And Concerns**

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

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

**a) Risk related to Personnel**

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



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

**b) Risk related to Safety**

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

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

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

**c) Compliance Related Risks**

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

**4. Internal Control Systems And Their Adequacy**

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

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

**5. Human Resources/ Human Resource Management.**

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

**CORPORATE GOVERNANCE REPORT**

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

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

**BOARD COMPOSITION**

Size and Composition of Board of Directors

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2016, the Board consists of 6 members, three of whom are executive or whole-time directors, and three are independent directors. The Board periodically evaluates the need for change in its composition and size. The composition of the Board is in conformity with erstwhile clause 49 of the listing Agreement as well as regulation 17 of the SEBI (Listing Obligations and Disclosures) Regulations, 2015 requirements.

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

Name of the Director	Category	Attendance Particulars		No. of Directorship and other committee			No. of shares held in the Company as on 31.03.2016
		Board Meeting	Last AGM	Membership/Chairmanship			
				Directorship	Committee Membership	Committee Chairmanship	
Sh. Akhil Malhotra	Executive Director	6	Yes	8	6	Nil	31,00,000
Sh. Mayank Malhotra	Executive Director	0	Yes	7	Nil	Nil	20,00,000
Sh. Gian Chand Thakur	Whole Time Director	6	Yes	Nil	Nil	Nil	Nil
Sh. Sushil Kumar Singla	Independent Director	6	Yes	6	6	2	Nil
Sh. Rajan Dhawan	Independent Director	6	No	5	2	Nil	Nil
Smt. Malkeet kaur	Independent Director	6	Yes	3	Nil	Nil	Nil

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

Six Board Meetings were held during the year on

-13th May, 2015	-29th May, 2015	-13th August, 2015
-2nd September, 2015	-14th November, 2015	-13th February, 2016

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

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

**Change in directors**

During the year under review Mrs. Malkeet Kaur was appointed as independent director on 28/09/2015 for a term of 5 years, who was appointed as an additional director w.e.f. 28/03/2015.

Board would also like to inform the members that the office of Mr. Mayank Malhotra, Director of the Company was vacated on 30/05/2016 under section 167 of the Companies Act, 2013 and Mr. Ashwani Kumar, resigned from the post of CFO of the company w.e.f. 13/05/2016.

Mr. Navrattan Sharma was subsequently appointed on 30/05/2016 as Chief Financial Officer of the Company as on date of this report.

**Information to Directors:**

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board Meeting to take note of the same. Apart from the Board members, the Company Secretary and the CFO are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

**Post Meeting Action:**

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

**Support and Role of Company Secretary:**

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

**Training/Familiarization of Board of Directors**

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

**Remuneration Paid to Directors**

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

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

<b>Name of Director</b>	<b>Sitting fee paid (in Rs)</b>
Sh. Sushil Kumar Singla	12000
Sh. Rajan Dhawan	12000
Smt. Malkeet Kaur	12000

**Separate Meeting of Independent Directors:**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 30 March, 2016 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

**Performance Evaluation**

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

During the year under review, Mr. Sushil Kumar Singla, Mr. Rajan Dhawan and Mrs. Malkeet Kaur, met on 30/03/2016, without the presence of non-independent directors and members of the management, to discuss the evaluation of the Board, Committees and the Non-Executive Directors. The discussions covered both strategic and operational aspects of the Board functioning, as well as the quality, content and timeliness of the flow of information between the Management and the Board. The inputs from the meeting were shared with the Nomination and Remuneration Committee (Regulation 25 of the Listing Regulations).

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

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

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

**BOARD COMMITTEES****AUDIT COMMITTEE**

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

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

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

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

The committee comprises of three Directors, out of which two are Independent Directors. All the members, including Chairman of Audit Committee are financially literate and have the ability to read and understand the financial statement. In the financial year 2015-16, Six meetings were held on 13th May, 2015, 29th May, 2015, 13th August, 2015, 2nd September, 2015, 14th November, 2015 and 13th February, 2016. Composition of committee as on 31st March, 2016 and member's attendance at the meetings during the year are as under:

Name	Status	Category	No of Meetings Attended during the year 2015-16
Sh. Sushil Kumar Singla	Chairman	Non Executive & Independent Director	6
Sh. Rajan Dhawan	Member	Non Executive & Independent Director	6
Sh. Akhil Malhotra	Member	Managing Director	6

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

Sh. Sushil Kumar Singla, the Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2015.

#### **NOMINATION AND REMUNERATION COMMITTEE**

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

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

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

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

Name	Status	Category	No of Meetings Attended during the year 2015-16	
			Held	Attended
Sh. Sushil Kumar Singla	Chairman	Non Executive & Independent Director	0	0
Sh. Rajan Dhawan	Member	Non Executive & Independent Director	0	0
Smt. Malkeet Kaur	Member	Non Executive & Independent Director	0	0

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

The Stakeholders Relationship Committee comprises of three members, viz.; Sh. Sushil Kumar Singla, Sh. Akhil Malhotra and Sh. Rajan Dhawan. Sh. Sushil Kumar Singla is the Chairperson of this Committee. The Stakeholders Relationship Committee met twice during the year 2015-16 on 2nd September, 2015, 13th February, 2016

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

Name	Status	Category	No of Meetings Attended during the year 2015-16	
			Held	Attended
Shri Sushil Kumar Singla	Chairman	Non-Executive & Independent Director	2	2
Shri Akhil Malhotra	Member	Managing Director	2	2
Shri Rajan Dhawan	Member	Non-Executive & Independent Director	2	2

No complaints were received from the shareholders during the year 2015-16 and no investor complaint was pending with the Company as well as Registrar and Share Transfer Agent of the Company as on 31 March 2016. Sh. Amit Sharma, the Company Secretary is the Compliance Officer of the Company and be contacted at Ph: 0161-4684000 and Fax: 0161-4684010 and Email: [hfl.corporate@gmail.com](mailto:hfl.corporate@gmail.com)

Investor Complaints	Number
Number of shareholders' complaints received during 2015	Nil
Number not solved to the satisfaction of shareholders	Nil
Number of pending complaints as on March 31, 2016	Nil

**Other Committee Details:**

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

COMMITTEE NAME	MEMBERS	NO OF MEETINGS
SECURITIES TRANSFER COMMITTEE	<b>Sh. Akhil Malhotra(Chairman)</b> Sh. Mayank Malhotra Sh. Ashwani Kumar Sh. Amit Sharma	<b>18</b>
RISK MANAGEMENT COMMITTEE	<b>Sh. Akhil Malhotra(Chairman)</b> Sh. Mayank Malhotra Sh. Sushil Kumar Singla Sh. Rajan Dhawan	<b>1</b>
BANKING & FINANCE COMMITTEE	<b>Sh. Akhil Malhotra(Chairman)</b> Sh. Mayank Malhotra Sh. Sushil Kumar Singla Sh. Ashwani Kumar	<b>1</b>

**RISK MANAGEMENT COMMITTEE**

HFL leverages its deep domain and management insights to undertake proactive counter-measures that strengthen viability across verticals, products, geographies and market cycles. The company has implemented an integrated risk management approach through which it reviews and assesses significant risk on a regular basis to help ensure that there is a robust system of internal controls in place. Governed by a strong compliance ethics, it relies heavily on risk management and forecasting frameworks to manage competitive, economic, financial, geo-political and social risks. Company has put in place response mechanisms that mitigate environmental, operational and business risks and minimize impact on business.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

**ENTERPRISE RISK MANAGEMENT**

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

**COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

Company is not exposed to any of these risks.

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

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

**RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties, as defined under the Companies Act, 2013 and Clause 23 of the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, during the financial year, were in the ordinary course of business and were on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were few materially significant transactions with related parties during the financial year for which shareholders approval was sought during the year by way of Postal Ballot (Results declared on 17/06/2015). Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website [www.himachalfibre.com](http://www.himachalfibre.com).

**WHISTLE BLOWER POLICY**

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

**POLICY FOR PRESERVATION OF DOCUMENTS**

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

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

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

**ARCHIVAL POLICY**

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

**RECONCILIATION OF SHARE CAPITAL AUDIT:**

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

**DISCLOSURES**

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

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

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

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

**COMPLIANCE WITH ACCOUNTING STANDARDS**

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

**GENERAL BODY MEETING**

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

Financial Year	Location of the Meeting	Date	Time	No. of Special Resolution passed
2012 – 2013	Registered Office at Barotiwala	27.09.2013	01.00 P.M.	2
2013 – 2014	Registered Office at Barotiwala	30.09.2014	03.00 P.M.	2
2014 – 2015	Registered Office at Barotiwala	28.09.2015	12:00 P.M.	0

**RESOLUTION PASSED THROUGH POSTAL BALLOT**

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

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

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

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

The following resolutions were passed through Postal Ballot during the year under review:



Sr. No	Particular's of Resolution	Voting in Favour	Voting Against
1	Shifting of Registered Office of the Company from Barotowala, State of Himachal Pradesh to Ludhiana, State of Punjab.	99.9997%	0.0003%
2	Approval for entering into contracts and/or agreements with Related Parties	99.9999%	0.0001%
3	Appointment of Mr Gian Chand Thakur as Whole Time Director of the Company.	100%	NIL

**MEANS OF COMMUNICATION**

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

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

**SHAREHOLDER INFORMATION**

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

**PARTICULARS OF DIRECTORS REAPPOINTED**

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

**REGISTRAR AND TRANSFER AGENT**

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

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

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

**PLANT LOCATION**

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

**Compliances****Mandatory Requirements**

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

**Adoption of non-mandatory requirements under Listing Agreement****The Board :**

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

**Shareholders Rights :**

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

**Reporting of Internal Auditor:**

The internal auditor reports to audit committee.

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

Date	:	28 <sup>th</sup> September, 2016
Day	:	Wednesday
Time	:	11.00 A.M
Venue	:	Plot No: 43-44, Industrial Area, Barotiwala, Himachal Pradesh – 174103

**FINANCIAL CALENDAR**

Financial Year	:	1st April to 31st March
Financial results were announced on:		
o August 2015	:	First Quarter
o November 2015	:	Second Quarter
o February 2016	:	Third Quarter
o May 2016	:	Audited Results

**Book Closure**

The dates of book closure are from 22th September, 2016 to 28th September, 2016 (inclusive of both days).

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

**Listing**

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

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

**SHARE TRANSFER SYSTEM**

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

**Stock Market Data****Market Price Data as compared to closing Sensex during 2015-2016:**

Month	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Sensex Closing
April, 2015	14.24	12.61	13.25	398666	689	27011.31
May, 2015	17.6	12.55	16.74	772644	785	27828.44
June, 2015	20.55	15.9	20	955819	1092	27780.83
July, 2015	23.4	19.05	21.4	782259	1490	28114.56
August, 2015	30.65	19.05	30.4	986825	2634	26283.09
September, 2015	34.8	27.3	31.95	3130739	6985	26154.83
October, 2015	42.5	27.95	39.25	5159458	17482	26656.83
November, 2015	52.65	37.5	52.05	9340820	43759	26145.67
December, 2015	63	50.1	60.2	9347098	48450	26117.54
January, 2016	68.95	50.5	66.55	6253963	31060	24870.69
February, 2016	72.9	39.6	39.6	3184969	21305	23002
March, 2016	56.65	35.65	44.9	1924142	5319	25341.86

**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH, 2016.**

Shareholding	Holders	Percentage %	No of shares	Percentage %
UP TO 5000	2430	94.3	1861524	2.16
5001 TO 10000	57	2.21	428197	0.5
10001 TO 20000	29	1.13	456716	0.53
20001 TO 30000	18	0.7	440667	0.51
30001 TO 40000	8	0.31	285497	0.33
40001 TO 50000	7	0.27	320250	0.37
50001 TO 100000	6	0.23	497598	0.58
100001 AND ABOVE	22	0.85	8195951	95.03

**DEMATERIALIZATION OF SHARES:**

As on 31<sup>st</sup> March, 2016, 95.91% of the capital comprising 8,27,17,750 shares, out of total of 8,62,50,000 shares were dematerialised.

**ADDRESS OF CORRESPONDENCE**

Shareholders may contact:

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

:

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

**Corporate Office**

:

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

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

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that all Board Members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2016.

**Place:** Ludhiana  
**Date:** 02<sup>nd</sup> September, 2016

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

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

- A. We have reviewed financial statements and the cash flow statement for the financial year 2015-16 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Place: Ludhiana**  
**Dated: 2<sup>nd</sup> September, 2016**

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

-sd-  
**(Navrattan Sharma)**  
**Chief Financial Officer**

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**Certificate regarding compliance of conditions of Corporate Governance****The Members,**  
**Himachal Fibres Limited,**  
**Plot No. 40-43, Industrial Area,**  
**Barotiwala. (Himachal Pradesh)**

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

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

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

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

**Place: Ludhiana**  
**Dated: 02.09.2016****For Rajeev Bhambri & Associates**

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

## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF**

**HIMACHAL FIBRES LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of HIMACHAL FIBRES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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

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

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its Profit/Loss and its Cash Flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note XXIV-3 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

DATED: 30.05.2016  
PLACE: LUDHIANA

SUMAT GUPTA  
PARTNER  
(M.NO.086000)

**“Annexure A” to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of **M/s Himachal Fibres Limited** (“the Company”) for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
  - b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or not.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable except following:-

S. No.	Statute	Nature	Amount
1.	Income tax Act. 1961	Income tax (FY 12-13)	Rs. 3134800/-
2.	Himachal Pradesh Sales Tax Act	Works Contract Tax Payable	Rs. 136008/-
3.	Income Tax Act, 1961	Fringe Benefit Tax	Rs. 103040/-

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures during the year under review.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans during the year under review. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) According to the information and explanations given to us and based on examination of records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act during the year under review.
- 12) Since the Company is not a Nidhi Company, therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

DATED: 30.05.2016  
PLACE: LUDHIANA

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

SUMAT GUPTA  
PARTNER  
(M.NO.086000)



**“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of M/s Himachal Fibres Limited**

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

We have audited the internal financial controls over financial reporting of M/s Himachal Fibres Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and



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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**DATED: 30.05.2016  
PLACE: LUDHIANA**

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

**BALANCE SHEET AS AT 31ST MARCH 2016**

PARTICULARS	NOTE NO	Figures at the end of Current Reporting Period 31.03.2016	Figures at the end of Previous Reporting Period 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDER'S FUNDS</b>			
(A) SHARE CAPITAL	I	221,250,000.00	221,250,000.00
(B) RESERVES AND SURPLUS	II	108,282,794.88	106,590,389.15
<b>TOTAL OF SHARE HOLDER'S FUND (A)</b>		<b>329,532,794.88</b>	<b>327,840,389.15</b>
<b>(2) NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	III	114,925,751.00	121,667,000.00
(B) DEFERRED TAX LIABILITY		520,537.00	459,175.00
(C) OTHER LONG TERM PROVISIONS	IV	1,332,572.00	952,843.00
<b>TOTAL OF NON CURRENT LIABILITIES (B)</b>		<b>116,778,860.00</b>	<b>123,079,018.00</b>
<b>(3) CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	V	153,580,590.92	156,806,650.01
(B) TRADE PAYABLES	VI	76,300,597.80	76,427,607.57
(C) OTHER CURRENT LIABILITIES	VII	30,431,416.00	19,354,073.86
(D) SHORT-TERM PROVISIONS	VIII	3,568,205.00	3,319,442.00
<b>TOTAL OF CURRENT LIABILITIES (C)</b>		<b>263,880,809.72</b>	<b>255,907,773.44</b>
<b>GRAND TOTAL ( A + B + C)</b>		<b>710,192,464.60</b>	<b>706,827,180.59</b>
<b>ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
FIXED ASSETS			
(A) TANGIBLE ASSETS	IX	252,544,100.15	271,904,634.40
(B ) LONG TERM LOANS AND ADVANCES	X	1,243,918.00	1,419,292.23
(C) OTHER NON-CURRENT ASSETS	XI	2,165,000.00	2,165,000.00
<b>TOTAL OF NON CURRENT ASSETS (A)</b>		<b>255,953,018.15</b>	<b>275,488,926.63</b>
<b>(2) CURRENT ASSETS</b>			
(A) INVENTORIES	XII	321,042,563.00	338,506,050.00
(B) TRADE RECEIVABLES	XIII	76,234,060.00	23,280,060.10
(C ) CASH AND CASH EQUIVALENTS	XIV	12,011,767.55	5,614,444.30
(D) SHORT-TERM LOANS AND ADVANCES	XV	40,128,503.90	60,297,731.56
(E) OTHER CURRENT ASSETS	XVI	4,822,552.00	3,639,968.00
<b>TOTAL OF CURRENT ASSETS (B)</b>		<b>454,239,446.45</b>	<b>431,338,253.96</b>
<b>GRAND TOTAL ( A + B)</b>		<b>710,192,464.60</b>	<b>706,827,180.59</b>

**ACCOUNTING POLICIES AND NOTES  
TO ACCOUNTS**

**XXIV**

**ON OR BEHALF OF THE BOARD**

AS PER REPORT OF EVEN DATE ATTACHED  
**FOR SUMAT GUPTA & CO.**  
**CHARTERED ACCOUNTANTS**  
**FIRM REG.NO.010288N**

**AKHIL MALHOTRA**  
**MANAGING DIRECTOR**  
**DIN: 00126240**

**GIAN CHAND THAKUR**  
**DIRECTOR**  
**DIN:07006447**

**SUMAT GUPTA**  
**PARTNER**  
**M.NO.086000**

**AMIT SHARMA**  
**COMPANY SECRETARY**

**NAVRATTAN SHARMA**  
**CFO**

**LUDHIANA**  
**May 30, 2016**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

PARTICULARS	NOTE NO	Figures at the end of Current Reporting Period 31.03.2016	Figures at the end of Previous Reporting Period 31.03.2015
<b>REVENUES:</b>			
REVENUE FROM OPERATIONS	XVII	475,472,571.00	846,505,741.60
OTHER INCOME	XVIII	986,969.00	652,767.00
<b>TOTAL REVENUE</b>		<b>476,459,540.00</b>	<b>847,158,508.60</b>
<b>EXPENSES:</b>			
COST OF MATERIALS CONSUMED	XIX	251,796,451.81	587,713,503.64
PURCHASE OF STOCK-IN-TRADE		12,492,207.00	200,664,013.60
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	XX	56,036,001.00	(95,132,859.00)
EMPLOYEE BENEFIT EXPENSE	XXI	45,898,830.00	37,164,723.51
FINANCIAL COSTS	XXII	30,135,980.55	45,893,508.36
DEPRECIATION		22,021,463.86	21,009,240.73
OTHER EXPENSES	XXIII	55,991,456.05	49,422,144.34
<b>TOTAL EXPENSES</b>		<b>474,372,390.27</b>	<b>846,734,275.18</b>
<b>PROFIT BEFORE TAX</b>		<b>2,087,149.73</b>	<b>424,233.42</b>
TAX EXPENSE:			
(1) CURRENT TAX		329,600.00	80,837.00
(2) DEFERRED TAX		61,362.00	12,744,209.00
<b>PROFIT AFTER TAX</b>		<b>1,696,187.73</b>	<b>(12,400,812.58)</b>
EARNING PER EQUITY SHARE:			
BASIC		0.02	-ve
DILUTED		0.02	-ve

**ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**XXIV**

**ON OR BEHALF OF THE BOARD**

AS PER REPORT OF EVEN DATE ATTACHED FOR SUMAT GUPTA & CO. CHARTERED ACCOUNTANTS FIRM REG.NO.010288N

**AKHIL MALHOTRA  
MANAGING DIRECTOR  
DIN: 00126240**

**GIAN CHAND THAKUR  
DIRECTOR  
DIN:07006447**

**SUMAT GUPTA  
PARTNER  
M.NO.086000**

**AMIT SHARMA  
COMPANY SECRETARY**

**NAVRATTAN SHARMA  
CFO**

**LUDHIANA  
May 30, 2016**

**CASH FLOW STATEMENT FOR THE YEAR 31 ST MARCH 2016**

	PARTICULARS	AMOUNT (Rs.)	
		Figures at the end of Current Reporting Period 31.03.2016	Figures at the end of Previous Reporting Period 31.03.2015
<b>A</b>	<b>CASH FLOW FROW/USED IN OPERATING ACTIVITIES</b>		
	NET PROFIT BEFORE TAX	2087149.73	424233.42
	<b>ADJUSTMENTS FOR:</b>		
	DEPRECIATION	22021463.86	21009240.73
	INTEREST EXPENSES	30135980.55	45893508.36
	INTEREST INCOME	(986969.00)	(633822.00)
	PROFIT ON SALE OF FIXED ASSETS	0.00	0.00
	LOSS ON SALE FIXED ASSETS	1541803.00	46261.00
	<b>OPERATING PROFIT BEFORE WORKING CAPITA CHANGES</b>	<b>54799428.14</b>	<b>66739421.51</b>
	ADJUSTMENTS FOR:		
	(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	(33791982.00)	148615808.46
	(INCREASE)/DECREASE IN INVENTORIES	17463484.00	(98327261.25)
	INCREASE/(DECREASE) IN TRADE PAYABLES AND OTHER LIABILITIES	11578824.37	20651266.19
	<b>CASH GENERATED FROM OPERATIONS</b>	<b>50049757.51</b>	<b>137679234.91</b>
	INCOME TAX PAID	333382.00	80837.00
	<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>	<b>49716375.51</b>	<b>137598397.91</b>
<b>B</b>	<b>CASH FLOW FROM/USED IN INVESTING ACTIVITIES</b>		
	PURCHASE OF FIXED ASSETS	(8766955.00)	(24116418.00)
	SALE OF FIXED ASSETS	4564223.00	6441403.00
	INTEREST RECEIVED	986969.00	633822.00
	<b>NET CASH FROM/USED IN INVESTING ACTIVITIES</b>	<b>(3215763.00)</b>	<b>(17041193.00)</b>
<b>C</b>	<b>CASH FLOW FROM/USED IN FINANCING ACTIVITIES</b>		
	REPAYMENT OF LONG TERM BORROWINGS	(6741249.00)	(2497000.00)
	CHANGES IN WORKING CAPITAL LOANS/SHORTS TERM BORROWINGS	(3226059.09)	(70857800.98)
	INTEREST PAID	(301335980.55)	(45893508.36)
	<b>NET CASH FORM/USED IN FINANCING ACTIVITIES</b>	<b>(40103289.26)</b>	<b>(119248309.34)</b>
	NET INCREASE(DECREASE) IN CASH AND CASH EQUIVLANTS	6397323.25	1308895.57
	OPENING CASH AND CASH EQUIVLANTS	5914444.30	4305548.73
	CLOSING CASH AND CASH EQUIVLANTS	120111767.55	5614444.30

**ACCOUNTING POLICIES AND NOTES  
TO ACCOUNTS**

**XXIV**

**ON OR BEHALF OF THE BOARD**

AS PER REPORT OF EVEN DATE ATTACHED  
**FOR SUMAT GUPTA & CO.**  
**CHARTERED ACCOUNTANTS**  
**FIRM REG.NO.010288N**

**AKHIL MALHOTRA**  
**MANAGING DIRECTOR**  
**DIN: 00126240**

**GIAN CHAND THAKUR**  
**DIRECTOR**  
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**SUMAT GUPTA**  
**PARTNER**  
**M.NO.086000**

**AMIT SHARMA**  
**COMPANY SECRETARY**

**NAVRATTAN SHARMA**  
**CFO**

**LUDHIANA**  
**May 30, 2016**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTE -I**

PARTICULARS	NOTE NO	Figures at the end of Current Reporting Period 31.03.2016	Figures at the end of Previous Reporting Period 31.03.2015
<b>SHARE CAPITAL</b>			
<b>AUTHORISED SHARE CAPITAL</b>			
17,50,00,000(PY 17,50,00,000) EQUITY SHARES OF RS. 1/- EACH		175,000,000.00	175,000,000.00
1,65,000 16.5% CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH		16,500,000.00	16,500,000.00
14,35,000 4% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH		143,500,000.00	143,500,000.00
<b>TOTAL</b>		<b>335,000,000.00</b>	<b>335,000,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL</b>			
8,62,50,000 (PY 8,62,50,000) EQUITY SHARES OF RS.1/-EACH FULLY PAID UP		86,250,000.00	86,250,000.00
1,50,000 (PY 1,50,000) 16.5% CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH		15,000,000.00	15,000,000.00
12,00,000 (PY 12,00,000) 4% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARE OF RS. 100/- EACH		120,000,000.00	120,000,000.00
<b>TOTAL</b>		<b>221,250,000.00</b>	<b>221,250,000.00</b>

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

	%	NO. OF SHARES	%	NO. OF SHARES
BALMUKHI TEXTILE P LTD	15.28%	13,180,500.00	15.28%	13,180,500.00
BRIJESHWARI TEXTILES P LTD	15.28%	13,180,500.00	15.28%	13,180,500.00
SHIVA SPINFAB P LTD	15.86%	13,680,500.00	15.86%	13,680,500.00
HIMACHAL YARNS LIMITED	11.77%	10,151,750.00	9.84%	8,486,750.00
SHIV NARAYAN INVESTMENTS P. LTD.	10.43%	8,999,750.00	10.43%	8,999,750.00
ROMESH K AGGARWAL	6.97%	6,010,000.00	0.00%	0.00
GARG CORPORATION LTD.	0.00%	0.00	6.97%	6,010,000.00
GARG FINCAP LTD.	7.79%	6,715,000.00	7.79%	6,715,000.00
<b>TOTAL</b>	<b>83.38%</b>	<b>71,918,000.00</b>	<b>81.45%</b>	<b>70,253,000.00</b>

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

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

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

	%	NO. OF SHARES	%	NO. OF SHARES
SHIVA TEXFABS LTD	100.00%	1,200,000.00	100.00%	1,200,000.00
<b>TOTAL</b>	<b>100.00%</b>	<b>1,200,000.00</b>	<b>100.00%</b>	<b>1,200,000.00</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

	%	NO. OF SHARES	%	NO. OF SHARES
<b>(B) RECONCILIATION OF NO. OF SHARES OUTSTANDING IS SET AS BELOW :</b>				
<b>(I) EQUITY SHARE CAPITAL (EACH OF FACE VALUE RS.1/-)</b>				
EQUITY SHARES AT THE BEGINNING OF THE YEAR	86,250,000		8,625,000	
ADD : SUB DIVISION OF SHARES DURING THE YEAR	0		77,625,000	
ADD : EQUITY SHARES ISSUED DURING THE YEAR	<u>0</u>		<u>0</u>	
EQUITY SHARES AT THE END OF THE YEAR		86,250,000		86,250,000
<b>(II) 16.5% CUMULATIVE REDEEMABLE PREFERENCE</b>				
<b>SHARE CAPITAL (EACH OF FACE VALUE RS.100/-)</b>				
PREFERENCE SHARES AT THE BEGINNING OF THE YEAR	150,000		150,000	
ADD : SHARES ISSUED DURING THE YEAR	<u>0</u>		<u>0</u>	
	150,000		150,000	
LESS: SHARES REDEEMED DURING THE YEAR	<u>0</u>		<u>0</u>	
PREFERENCE SHARES AT THE END OF THE YEAR		150,000		150,000
<b>(III) 4% NON - CUMULATIVE REDEEMABLE PREFERENCE</b>				
<b>SHARE CAPITAL (EACH OF FACE VALUE RS.100/-)</b>				
PREFERENCE SHARES AT THE BEGINNING OF THE YEAR	1,200,000		1,200,000	
ADD : SHARES ISSUED DURING THE YEAR	<u>0</u>		<u>0</u>	
PREFERENCE SHARES AT THE END OF THE YEAR		1,200,000		1,200,000

PARTICULARS	Note - II			
		Figures at the end of Current Reporting Period 31.03.2016		Figures at the end of Previous Reporting Period 31.03.2015
<b>RESERVE &amp; SURPLUS</b>				
<b>CAPITAL REDEMPTION RESERVE</b>		16,489,070.00		16,489,070.00
<b>CAPITAL RESERVE</b>				
OPENING BALANCE	177,793,476.00		177,493,476.00	
ADD: ADDITIONS DURING THE YEAR	0.00	177,793,476.00	300,000.00	177,793,476.00
<b>PROFIT &amp; LOSS ACCOUNT</b>				
OPENING BALANCE (PROFIT / (LOSS))	-139,692,156.85		-161,751,696.35	
ADD: PROFIT / (LOSS) DURING THE YEAR	1,696,187.73		-12,400,812.58	
	-137,995,969.12		-174,152,508.93	
ADD: ADJUSTMENT RELATING TO FIXED ASSETS*	-0.00		34,460,352.08	
LESS : INCOME TAX FOR EARLIER YEARS	3,782.00		0.00	
CLOSING BALANCE (PROFIT / (LOSS))		-137,999,751.12		-139,692,156.85
<b>SHARE PREMIUM ACCOUNT</b>				
OPENING BALANCE	52,000,000.00		52,000,000.00	
ADD: ADDITIONS DURING THE YEAR	0.00		0.00	
CLOSING BALANCE		52,000,000.00		52,000,000.00
<b>TOTAL</b>		<b>108,282,794.88</b>		<b>106,590,389.15</b>
* Refer Note No.XXIV(14) below.				

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

PARTICULARS	Note - III			
		Figures at the end of Current Reporting Period 31.03.2016		Figures at the end of Previous Reporting Period 31.03.2015
<b>LONG TERM BORROWING</b>				
<b>SECURED LOANS</b>				
<b>TERM LOANS (FROM BANKS) (SEE NOTE BELOW)</b>				
STATE BANK OF INDIA (TERM LOAN -WCTL)	69,921,751.00		70,000,000.00	
<b>TOTAL</b>	69,921,751.00		70,000,000.00	
LESS: INSTALLMENTS DUE WITHIN 12 MONTHS	9,996,000.00		833,000.00	
		59,925,751.00		69,167,000.00
<b>UNSECURED LOANS</b>				
METRO SYNTHETICS	2,500,000.00		0.00	
BALMUKHI TEXTILE P LTD	25,000,000.00		25,000,000.00	
BRIJESHWARI TEXTILES PVT LTD	27,500,000.00	55,000,000.00	27,500,000.00	52,500,000.00
<b>TOTAL</b>		<b>114,925,751.00</b>		<b>121,667,000.00</b>

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

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

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

				Note - IV
<b>OTHER LONG TERM PROVISIONS</b>				
PROVISION FOR GRATUITY		1,332,572.00		952,843.00
<b>TOTAL</b>		<b>1,332,572.00</b>		<b>952,843.00</b>

				Note - V
<b>SHORT TERM BORROWINGS</b>				
STATE BANK OF INDIA (WORKING CAPITAL LIMITS)		153,580,590.92		156,806,650.01
<b>TOTAL</b>		<b>153,580,590.92</b>		<b>156,806,650.01</b>

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

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

				Note - VI
<b>TRADE PAYABLES</b>				
ILC PAYABLE		24,920,000.00		25,000,000.00
SUNDRY CREDITORS		51,380,597.80		51,427,607.57
<b>TOTAL</b>		<b>76,300,597.80</b>		<b>76,427,607.57</b>

				Note - VII
<b>OTHER CURRENT LIABILITIES</b>				
ADVANCE FROM CUSTOMERS		5,040,502.00		4,936,309.00
OTHER LIABILITIES		15,394,914.00		13,584,764.86
TERM LOANS INSTALLMENTS (REPAYABLE WITHIN 12 MONTHS)		9,996,000.00		833,000.00
<b>TOTAL</b>		<b>30,431,416.00</b>		<b>19,354,073.86</b>

				Note - VIII
<b>SHORT TERM PROVISIONS</b>				
PROVISION FOR INCOME TAX(FY 2012-2013)		3,135,565.00		3,135,565.00
PROVISION FOR INCOME TAX		329,600.00		80,837.00
PROVISION FOR FBT		103,040.00		103,040.00
<b>TOTAL</b>		<b>3,568,205.00</b>		<b>3,319,442.00</b>





DEPRECIATION CHART FOR THE PERIOD 01/04/2015 TO 31/03/2016

NOTE - IX

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	AS AT 01/04/2015	ADDITION	SALE / TFD.	TOTAL AS ON 31/03/2016	AS AT 01/04/2015	ADJUSTMENT	SALE ADJ.	PROVIDED DURING THE PERIOD	TOTAL AS ON 31/03/2016	W.D.V. AS ON 31/03/2016	W.D.V. AS ON 31/03/2015
AT WORKS											
FREEHOLD LAND	82239.00	0.00	0.00	82239.00	0.00	0.00	0.00	0.00	0.00	82239.00	82239.00
LEASEHOLD LAND	1294222.00	0.00	0.00	1294222.00	235659.00	0.00	0.00	0.00	235659.00	1058563.00	1058563.00
BUILDING	130474683.21	0.00	0.00	130474683.21	45961646.30	(0.00)	0.00	4108658.86	50070305.17	80404378.04	84513036.90
PLANT & MACHINERY	412895312.10	731193.00	0.00	413626505.10	228418452.45	0.00	0.00	17118803.00	245537255.45	168089249.65	184476859.65
FURNITURE & FIXTURE	1811293.75	0.00	0.00	1811293.75	1198230.00	0.00	0.00	115276.00	1313506.00	497787.75	613063.15
OFFICE EQUIPMENTS											
-- AT WORKS	629322.00	0.00	0.00	629322.00	583953.00	0.00	0.00	13902.00	597855.00	31467.00	45369.00
-- COMPUTERS	860131.00	0.00	0.00	860131.00	812078.00	0.00	0.00	5045.00	817123.00	43008.00	48053.00
--MOBILE PHONES	34718.00	0.00	0.00	34718.00	32982.00	0.00	0.00	0.00	32982.00	1736.00	1736.00
ELECTRIC FITTINGS	581453.00	0.00	0.00	581453.00	370665.29	(0.00)	0.00	23922.00	394587.29	186865.71	210787.71
VEHICLE	2921646.00	7980477.00	6365894.00	4536229.00	2280867.00	0.00	259868.00	581946.00	2602945.00	1933284.00	640779.00
WEIGHING MACHINE	57515.00	27913.00	0.00	85428.00	7720.00	0.00	0.00	6186.00	13906.00	71522.00	49795.00
TUBE WELL	324815.00	0.00	0.00	324815.00	270160.00	0.00	0.00	5488.00	275648.00	49167.00	54655.00
AT LUDHIANA OFFICE											
COMPUTER	553022.00	27372.00	0.00	580394.00	447786.00	0.00	0.00	42237.00	490023.00	90371.00	105236.00
MOBILE PHONES	46699.00	0.00	0.00	46699.00	44363.00	0.00	0.00	0.00	44363.00	2336.00	2336.00
OFFICE EQUIPMENT AT LDH	42526.00	0.00	0.00	42526.00	40400.00	0.00	0.00	0.00	40400.00	2126.00	2126.00
TOTAL	552609597.06	8766955.00	6365894.00	555010658.06	280704962.04	0.00	259868.00	22021463.86	302466557.91	252544100.15	271904634.40
PREVIOUS PERIOD	549176694.87	24116418.00	20683516.00	552609597.06	308351926.00	34460352.08	14195852.00	21009240.73	280704962.65	271904634.40	240824768.87

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

PARTICULARS			Figures at the end of Current Reporting Period 31.03.2016		Figures at the end of Previous Reporting Period 31.03.2015
<b>LONG TERM LOANS &amp; ADVANCES</b>					<b>Note - X</b>
ADVANCE TO SUPPLIERS -CAPITAL GOODS			1,243,918.00		1,419,292.23
<b>TOTAL</b>			<b>1,243,918.00</b>		<b>1,419,292.23</b>

<b>OTHER NON CURRENT ASSETS</b>					<b>Note - XI</b>
SECURITIES			2,165,000.00		2,165,000.00
<b>TOTAL</b>			<b>2,165,000.00</b>		<b>2,165,000.00</b>

<b>INVENTORY</b>					<b>Note - XII</b>
RAW MATERIAL			59,626,430.00		29,871,395.00
WORK IN PROGRESS			4,394,988.00		2,954,024.00
STOCK IN TRADE			22,627,189.00		10,134,982.00
FINISHED GOODS			215,284,418.00		285,253,590.00
STORES & SPARES			19,109,538.00		10,292,059.00
<b>TOTAL</b>			<b>321,042,563.00</b>		<b>338,506,050.00</b>

<b>TRADE RECEIVABLES</b>					<b>Note - XIII</b>
(UNSECURED AND CONSIDERED GOOD UNLESS OTHERWISE STATED)					
OUTSTANDING MORE THAN SIX MONTHS			40,605,706.00		22,118,816.10
OTHERS			35,628,354.00		1,161,244.00
<b>TOTAL</b>			<b>76,234,060.00</b>		<b>23,280,060.10</b>

<b>CASH AND BANK BALANCES</b>					<b>Note - XIV</b>
<b>A) CASH IN HAND</b>			6,747,654.30		356,045.30
<b>B) BALANCES WITH NOTED BANKS IN</b>					
--CURRENT ACCOUNTS			3,452.25		4,381.00
-- FIXED DEPOSIT WITH BANKS			5,260,661.00		5,254,018.00
<b>TOTAL</b>			<b>12,011,767.55</b>		<b>5,614,444.30</b>

<b>SHORT TERM LOAN &amp; ADVANCES</b>					<b>Note - XV</b>
ADVANCE RECOVERABLE IN CASH OR IN KIND			6,776,558.00		4,979,458.11
ADVANCES TO SUPPLIERS			33,351,945.90		55,318,273.45
<b>TOTAL</b>			<b>40,128,503.90</b>		<b>60,297,731.56</b>

<b>OTHER CURRENT ASSETS</b>					<b>Note - XVI</b>
FIXED DEPOSITS (BANK GUARANTEE)			4,822,552.00		3,639,968.00
<b>TOTAL</b>			<b>4,822,552.00</b>		<b>3,639,968.00</b>

<b>REVENUES FROM OPERATION</b>					<b>Note - XVII</b>
SALES			475,472,571.00		846,505,741.60
<b>TOTAL</b>			<b>475,472,571.00</b>		<b>846,505,741.60</b>

<b>OTHER INCOME</b>					<b>Note - XVIII</b>
INTEREST RECEIVED			986,969.00		633,822.00
MISC INCOME			0.00		18,945.00
<b>TOTAL</b>			<b>986,969.00</b>		<b>652,767.00</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

PARTICULARS			Figures at the end of Current Reporting Period 31.03.2016		Figures at the end of Previous Reporting Period 31.03.2015
<b>COST OF RAW MATERIAL CONSUMED</b>					<b>Note - XIX</b>
OPENING STOCK			29,871,395.00		27,860,501.00
ADD: PURCHASES			281,551,486.81		790,388,411.24
<b>TOTAL</b>			<b>311,422,881.81</b>		<b>818,248,912.24</b>
CLOSING STOCK			59,626,430.00		29,871,395.00
<b>RAW MATERIAL CONSUMED</b>			<b>251,796,451.81</b>		<b>788,377,517.24</b>

INCREASE/ (DECREASE IN STOCKS)					<b>Note - XX</b>
<b>CLOSING STOCK</b>					
FINISHED GOODS			214,646,578.00		282,497,698.00
STOCK IN TRADE			22,627,189.00		10,134,982.00
WORK IN PROCESS			4,394,988.00		2,954,024.00
WASTE			637,840.00		2,755,892.00
<b>TOTAL (A)</b>			<b>242,306,595.00</b>		<b>298,342,596.00</b>
<b>OPENING STOCK</b>					
FINISHED GOODS			282,497,698.00		37,846,280.00
STOCK IN TRADE			10,134,982.00		157,195,496.00
WORK IN PROCESS			2,954,024.00		6,016,203.00
WASTE			2,755,892.00		2,151,758.00
<b>TOTAL (B)</b>			<b>298,342,596.00</b>		<b>203,209,737.00</b>
<b>INCREASE/ (DECREASE IN STOCK) (A-B)</b>			<b>(56,036,001.00)</b>		<b>95,132,859.00</b>

EMPLOYEE BENEFIT EXPENSES					<b>Note - XXI</b>
WAGE/STIPEND/SALARIES AND ALLOWANCES			39,360,415.00		32,697,723.01
STAFF WELFARE			1,121,698.00		752,448.50
BONUS			917,340.00		592,370.00
CONTRIBUTION TO EPF & FPF			1,802,428.00		1,253,334.00
CONTRIBUTION TO ESI			1,290,249.00		919,191.00
LEAVE WITH WAGES			964,674.00		872,951.00
GRATUITY			387,001.00		0.00
RECRUITMENT EXPENSES			55,025.00		76,706.00
<b>TOTAL</b>			<b>45,898,830.00</b>		<b>37,164,723.51</b>

FINANCIAL EXPENSES					<b>Note - XXII</b>
BANK INTEREST			25,649,256.00		40,627,720.01
OTHER INTEREST			2,455,282.08		5,091,137.47
BANK CHARGES			2,031,442.47		174,650.88
<b>TOTAL</b>			<b>30,135,980.55</b>		<b>45,893,508.36</b>

OTHER EXPENSES					<b>Note - XXIII</b>
<b>(A) MANUFACTURING EXPENSES</b>					
POWER & ELECTRICITY			37,622,616.25		32,822,141.00
FUEL CONSUMED			1,267,249.00		2,441,574.00
OIL & LUBRICANT			911,647.00		883,376.12
STORE & SPARES CONSUMED			2,501,478.08		2,537,006.29
FREIGHT & CARTAGE INWARD			134,849.00		210,269.00
<b>TOTAL</b>			<b>42,437,839.33</b>		<b>38,894,366.41</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

<b>PARTICULARS</b>			<b>Figures at the end of Current Reporting Period 31.03.2016</b>		<b>Figures at the end of Previous Reporting Period 31.03.2015</b>
<b>(B) ADMINISTRATIVE EXPENSES</b>					
REMUNERATION OF AUDITORS			229,000.00		224,720.00
BOARD MEETING EXP			110,595.00		47,000.00
CST PAID			2,515.00		0.00
COMPUTER EXPENSES			14,752.00		56,701.00
DIRECTOR REMUNERATION			720,000.00		676,666.00
FEES, SUBSCRIPTION AND TAXES			106,629.00		107,178.50
FESTIVAL/WORSHIP EXPENSES			165,431.00		166,600.00
FINE & PENALTY			0.00		298,872.00
GENERAL EXPENSES			6,417.00		2,820.00
INSURANCE CHARGES			602,160.00		476,372.00
LEGAL & PROFESSIONAL CHARGES			1,058,992.00		867,819.00
LOSS ON SALE OF FIXED ASSETS			1,541,803.00		46,261.00
PRINTING & STATIONARY			107,961.00		212,503.40
RENT			126,000.00		159,825.00
REPAIR AND MAINTENANCE			440,269.00		218,211.08
SERVICE TAX			118,765.00		22,424.00
TELEPHONE, TELEX AND POSTAGE			241,729.66		235,424.91
TRAVELLING EXPENSES			151,704.00		168,091.00
VEHICLE RUNNING & MAINTENANCE			821,222.00		1,034,068.00
<b>TOTAL</b>			<b>6,565,944.66</b>		<b>5,021,556.89</b>
<b>(C) SELLING EXPENSES</b>					
ADDITIONAL GOODS TAX PAID			830,653.00		527,984.50
ENTRY TAX (H.P 1/3)			791,340.00		369,794.00
ADVERTISEMENT EXP.			118,117.00		126,329.00
COMMISSION			37,061.00		0.00
FREIGHT & CARTAGE OUTWARD			1,845,966.00		1,392,320.00
PACKING & HANDLING EXPENSES			1,407,798.00		2,396,798.40
REBATE & DISCOUNT A/C			1,956,737.06		692,995.14
			<b>6,987,672.06</b>		<b>5,506,221.04</b>
<b>GRAND TOTAL (A + B + C)</b>			<b>55,991,456.05</b>		<b>49,422,144.34</b>

**NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31<sup>ST</sup> MARCH 2016****1. Company Information**

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

**2. 2. 1. Significant accounting policies****2. 1. 1 Basis of preparation of financial statements**

a) The financial statement has been prepared under the historical cost convention, in accordance with the generally accepted accounting principles in India. The Accounting Standards notified under the Companies Accounting Standard Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncement of ICAI provisions of the Companies Act.

b) All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.

c) The company follows the mercantile system of accounting and recognizes items of Profit and Loss/Income and Expenditure on an accrual basis except stated otherwise.

**2.1.2 Use of Estimates**

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

**2. 2 Revenue Recognition**

a) Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

b) Export sales are accounted based on the dates of bill of lading.

c) Exports incentive and assistance are recognized in the year of exports.

d) All the other incomes have been accounted for on accrual basis except for those entailing accounting on realization basis under AS-9 on ground of uncertainty factor.

e) All expenses are provided on accrual basis unless stated otherwise.

**2.3 Fixed Assets and Depreciation /Amortization:**

a) Fixed assets are stated at cost less accumulated depreciation.

b) Cost includes freight, duties, taxes and other expenses incidental to acquisition and installation (except for excise duty for which CENVAT claim is available).

c) In the case sale of fixed assets, the cost and related depreciation are adjusted from books of accounts and resultant profit/loss (including capital profit/loss) if any is reflected in Profit & Loss account during the year.

d) Depreciation on Fixed Assets has been provided on Straight line method in terms of life span of assets specified in Schedule II of the Companies Act, 2013.

**2. 4 Intangible assets and amortisation**

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

**2. 5 Impairment of assets**

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

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

**2. 6 Borrowing Costs**

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

**2. 7 Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the Date on which such investments are made, are classified as current investments. All other Investments are classified as long-term investments. However, that part of long term investments which are expected to be realized within twelve months from the Balance sheet date is also presented under " Current Investments" under " Current portion of long term investments" in accordance with the current / non-current classification of Schedule III of the Companies Act, 2013

Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Current investments are carried at the lower of cost and fair value determined on an individual basis

On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognized in the statement of Profit & Loss.

**2. 8 Leases**

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

**2. 9 Foreign currency Transaction**

a) Foreign currency transactions are initially recorded at the rates of exchange prevailing on the date of transactions. Foreign currency monetary items are subsequently reported using the closing rate. Nonmonetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

b) Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

## **2.10 Inventories**

a) **Raw Material, Packing Material, Stores & Spares & Consumables** : at cost.

b) **Stock in Process**: Cost is valued at cost plus absorption of overheads incurred.

c) **Finished Goods** are valued at cost plus absorption of overheads. The incidence of excise duty has been recognized on such valuation in compliance to provisions under Income Tax Act.

d) **Scrap** is valued at net realizable value including the incidence of Excise Duty thereon. The incidence of excise duty has been recognized on such valuation in compliance to provisions under Income Tax Act.

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

## **2.11 Retirement and other Employee Benefits**

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

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

## **2.12 Accounting for Taxes on Income**

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

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

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

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

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

## **2.13 Provisions and Contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their

present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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

## 2. 14 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

## 2. 15 Segment Reporting

### Identification of Segments

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

### Allocation of common costs

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

### Inter Segment transfers

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

### Unallocated items

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

## 2. 16. Cash Flow Statement:

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

### 3. Contingent liability not provided for

(Rs. in Lacs)

Particulars	As At 31.03.2016	As At 31.03.2016
Contingent liability not provided for		
--Bank Guarantees against entry Tax with H.P.Excise and Taxation Deptt.	46.42	36.40
--Processing Fees of Dy.Director of Industries, Solan	149.77	149.77
--Demand against ED on Electricity Charges of HPSEB	0.00	4.08
-- Damages under ESI	59.40	59.40
-- Debtors under Protest	62.70	62.70
-- PF Liability	3.50	3.50
--Right to Recompense with State Bank of India	591.00	591.00
<b>Total</b>	<b>912.79</b>	<b>906.85</b>



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

Name of Directors/Managers	Designation	Remuneration (Rs. in Lacs)	
		2015-2016	2014-2015
Sh. Gian Chand Thakur	Whole Time Director	7.49	6.77

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

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

**Basic earning per share**

Particulars	As At 31.03.2016	As At 31.03.2015
Profit/(Loss) attributable to equity shareholders (Rs. In Lacs (A))	16.96	(124.01)
Less: Preference Dividend for the year*	-----	-----
Earnings Attributable to Equity shareholders	16.96	(124.01)
Weighted average number of Equity shares (Nos) (B)	86250000	86250000
Earning per shares (Rs per share) (face value of Rs. 1 each (A)/(B))	0.02	-ve
Diluted earning per share	0.02	-ve

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

**7. Deferred Taxation**

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

Net Deferred Tax Liability as on 31<sup>st</sup> March, 2016 has been recognized by applying the tax rate applicable for the current financial year as under:-

Sr. No.	Particulars	Deferred Tax (Rs.)	
		Debit	Credit
1.	Deferred Tax Liability as on 01.04.2015	-----	459175/-
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 2015-2016	61362/-	-----
3.	Net Deferred Tax Liability as on 31.03.2016	-----	520537/-

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

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

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

**II. Key Management Persons**

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

a) Disclosure of transactions between the company and related parties during the year and outstanding balances as on March 31, 2016.

Particulars	Enterprises that are under common control as the company		Key management personnel	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Purchases	2038.84	2715.59	Nil	Nil
Sales (Including Jobwork Income)	1911.29	4504.65	Nil	Nil
Director Sitting fees	Nil	Nil	0.36	0.47
Rent Paid	1.26	0.60	Nil	1.00
Remuneration	Nil	Nil	19.39	6.77
Trade Receivables	391.49	Nil	Nil	Nil
Advances against Supplies	309.78	534.20	Nil	Nil
Trade Payables	419.39	414.62	Nil	Nil

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

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

**11. Payment to Auditors:-**

(Rs. in Lacs)

Particulars	As At 31.03.2016	As At 31.03.2015
Audit Fees	1.15	1.12
Tax Audit Fees	1.14	1.12
<b>Total</b>	<b>2.29</b>	<b>2.24</b>

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

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

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

Particulars	(Rs. in Lacs)	
	2015-16	2014-15
Within one year	1.39	1.26
Later than one year and not later than five year	4.08	5.47
Later then five year	----	—

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

**a. Gratuity**

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

**i) Economic Assumptions**

	31.03.2016	31.03.2015
i) Discounting Rate	8.00	8.00
ii) Future salary Increase	5.00	5.00
iii) Expected Rate of return on plan assets	0.00	0.00

**ii) Demographic Assumption**

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

**iii) Actuarial Value**

	Assets / Liability	31.03.2016	31.03.2015
A	Present value of obligation	13,71,278	9,84,277
B	Fair value of plan assets	—	—
C	Net assets / (liability) recognized in balance sheet as provision	(13,71,278)	(9,84,277)

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

		31.03.2016	31.03.2015
a)	Current liability (Amount due within on year)	38,706	31,434
b)	Non-Current liability (Amount due over one year)	13,32,572	9,52,843
c)	<b>Total PBO at the end of year</b>	<b>13,71,278</b>	<b>9,84,277</b>

**b. Provident Fund**

During the year the company has recognized an expense of Rs. 18,02,428/- (Previous Year Rs. 12,53,334/-) towards provident fund scheme.

**c. Leave Encashment**

During the year the company has recognized an expense of Rs. 9,64,674/- (Previous Year Rs. 8,72,951/-)

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

**HIMACHAL FIBRES LIMITED**



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

**ON BEHALF OF THE BOARD**

**SUMAT GUPTA  
PARTNER  
M.NO. 086000**

**AKHIL MALHOTRA  
(MANAGING DIRECTOR)  
DIN: 00126240**

**GIAN CHAND THAKUR  
(DIRECTOR)  
DIN:07006447**

**May 30, 2016  
LUDHIANA**

**AMIT SHARMA  
(COMPANY SECRETARY)**

**NAVRATTAN SHARMA  
(CFO)**



**HIMACHAL FIBRES LIMITED**

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

DP ID*	
CLIENT ID*	

FOLIO NO.	
NO. OF SHARES	

**NAME & ADDRESS OF THE SHAREHOLDER**

I being the registered Shareholder/ proxy for the registered Shareholder of the Company hereby record my presence at 35<sup>TH</sup> ANNUAL GENERAL MEETING of the Company held on Wednesday, September 28, 2016 at 11:00 A.M. at Plot No. 43 -44, Industrial Area, Brotiwala, Distt. Solan -174103 and at any adjournment(s) thereof.

\* APPLICABLE FOR INVESTORS HOLDING SHARES IN ELECTRONIC FORM.

SIGNATURE OF SHAREHOLDER/PROXY

**HIMACHAL FIBRES LIMITED**

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

**PROXY FORM**  
Form MGT - 11

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

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

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

below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th ANNUAL GENERAL MEETING of the Company held on Wednesday, September 28, 2016 at 11:00 A.M. at Plot No.43 -44, Industrial Area, Brotiwala, Distt. Solan-174103 and at any adjournment(s) thereof, in respect of such resolutions as are indicated below:

<b>Ordinary Business:</b>
1. To receive, consider and adopt the Audited Balance Sheet as at 31 <sup>st</sup> March, 2016, Statement of Profit and Loss and Cash Flow for the year ended on that date, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Gian Chand Thakur (DIN - 07006447), who retires by rotation at this meeting and being eligible, offers himself for reappointment
3. To Ratify Appointment of Statutory Auditors of the Company.
<b>SPECIAL BUSINESS:</b>
4. To Appoint Mr. Manoj Kumar as Non Executive Director
5. To Re-appoint Mr. Akhil Malhotra (DIN: 00126240) as Managing Director of the Company :

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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

Affix  
revenue  
stamp  
of  
Rs. 1

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

**BOOK POST**



If Undelivered please returns to :

**HIMACHAL FIBRES LIMITED**

Corp. Office : 8-L, Backside Hotel Chevron,

Model Town, Ludhiana - 141 002 (INDIA)

E-mail : [hfl.corporate@gmail.com](mailto:hfl.corporate@gmail.com)

Phone : 0161-4684000