



# HIMACHAL FIBRES LIMITED

## ANNUAL REPORT 2018-19



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



## HIMACHAL FIBRES LIMITED CORPORATE INFORMATION

### BOARD OF DIRECTORS & DESIGNATION

**Mr. Surjit Singh**

Chairman, Non-Executive & Independent Director  
(Additional Director w.e.f. November 14, 2018)

**Mr. Gian Chand Thakur**

Whole time Director

**Mr. Manoj Kumar**

Non-Executive & Non- Independent Director

**Mrs. Malkeet Kaur**

Non-Executive & Independent Director

**Mr. Pawan Nagpal**

Non-Executive & Independent Director  
(Additional Director w.e.f. April 01, 2019)

### KEY EXECUTIVE OFFICERS

**Mr. Navrattan Sharma**

Chief Financial Officer

### STATUTORY AUDITORS

**Manjul Mittal & Associates**

Chartered Accountants

32, Green Enclave, Near Ferozepur Road,  
Octroi Post, Barewal, Ludhiana-141001

### BANKERS

**State Bank of India**

Sunder Nagar, Ludhiana-141007

### REGISTERED OFFICE/ WORKS

Plot No. 43-44, Industrial Area,  
Barotiwala-174 103 (Himachal Pradesh)

### 38<sup>TH</sup> ANNUAL GENERAL MEETING

**DAY:** Friday

**DATE:** 27<sup>th</sup> September, 2019

**TIME:** 11:00 A.M.

**PLACE:** Plot No. 43-44, Industrial Area,  
Barotiwala-174 103 (Himachal Pradesh)

### BOARD COMMITTEES

**Audit Committee**

Mr. Surjit Singh (Chairperson)

Mr. Gian Chand Thakur

Mrs. Malkeet Kaur

**Nomination & Remuneration Committee**

Mrs. Malkeet Kaur (Chairperson)

Mr. Manoj Kumar

Mr. Surjit Singh

**Stakeholders Relationship Committee**

Mr. Surjit Singh (Chairperson)

Mr. Gian Chand Thakur

Mrs. Malkeet Kaur

**Miss Laxmi Khatri**

Company Secretary & Compliance Officer

### SECRETARIAL AUDITORS

**Rajeev Bhambri & Associates**

Company Secretaries in Practice

SCO-9, 2<sup>nd</sup> Floor, Jandu Tower,  
Miller Ganj, Ludhiana-141003

### REGISTRAR & SHARE TRANSFER AGENT

**Beetal Financial & Computer Services (P) Ltd.**

Beetal House, 3<sup>rd</sup> Floor, 99, Madangir,  
Behind Local Shopping Centre,  
Near Dada Harsukh Dass Mandir, New Delhi – 110062,

### CORPORATE OFFICE

8-L, Model Town, Backside Hotel  
Chevron, Ludhiana-141002 (Punjab)

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**NOTICE**

Notice is hereby given that the 38<sup>th</sup> **Annual General Meeting (AGM)** of the members of the Company will be held on Friday, the 27<sup>th</sup> day of September, 2019 at 11.00 a.m. at the Registered Office of the Company situated at Plot No. 43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh) to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements as at March 31<sup>st</sup> 2019, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Manoj Kumar (DIN: 06872575), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. To appoint Mr. Surjit Singh (DIN: 07143372) as an Independent director of the Company.  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  

**“RESOLVED THAT** pursuant to the provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Surjit Singh (DIN: 07143372) who was appointed as an Additional Director (Non- Executive, Independent) by the Board of Directors with effect from November 14<sup>th</sup> 2018 and who holds the said office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the Office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three (3) consecutive years i.e. upto November 13<sup>th</sup> 2021.

**RESOLVED FURTHER THAT** Mr. Manoj Kumar, Director (DIN: 06872575) and Miss Laxmi Khatri, Company Secretary and Compliance Officer be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”
4. To appoint Mr. Pawan Nagpal, (DIN: 02911054) as an Independent director of the Company.  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  

**“RESOLVED THAT** pursuant to the provisions of sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Pawan Nagpal, (DIN: 02911054) who was appointed as an Additional Director (Non- Executive, Independent) by the Board of Directors with effect from April 01<sup>st</sup> 2019 and who holds the said office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the Office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of One (1) year i.e. upto March 31<sup>st</sup> 2020.

**RESOLVED FURTHER THAT** Mr. Manoj Kumar, Director (DIN: 06872575) and Miss Laxmi Khatri, Company Secretary and Compliance Officer be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”
5. To re-appoint Mr. Gian Chand Thakur (DIN: 07006447), as a Whole Time Director 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 Provisions of Section 152, 196, 197, 198, 203 and Schedule V and all other provisions applicable, if any, (including any statutory modifications or re-enactment thereof, for the time being in force), read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other statutory approval if any, the Company hereby re-appoints Mr. Gian Chand Thakur (DIN: 07006447), as a Whole Time Director for a period of Two (2) years commencing from October 01<sup>st</sup> 2019 to September 30<sup>th</sup> 2021, with such remuneration as recommended by Nomination and Remuneration Committee as set out in the explanatory statement Item No.5 appended hereto and forming part of this Notice and with liberty to the Board of Directors to alter, vary or modify the terms and conditions of the said re-appointment and / or remuneration in such manner as may be agreed to between the Board of Directors and Mr. Gian Chand Thakur (DIN: 07006447), subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** Mr. Manoj Kumar, Director (DIN: 06872575) and Miss Laxmi Khatri, Company Secretary and Compliance Officer be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

**By Order of the Board  
For Himachal Fibres Limited  
Sd/-  
(Laxmi Khatri)  
Company Secretary & Compliance Officer**

Place: Ludhiana  
Dated: August 14<sup>th</sup> 2019

<p><b>Registered Office:</b> Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh) <b>Corporate Office:</b> 8-L, Model Town, Backside Hotel Chevron Ludhiana-141002 (Punjab)</p>	<p><b>CIN: L17119HP1980PLC031020</b> <b>Website: <a href="http://www.himachalfibre.com">www.himachalfibre.com</a></b> <b>Email: <a href="mailto:hfl.corporate@gmail.com">hfl.corporate@gmail.com</a></b></p>
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## 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 than 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 September 21<sup>st</sup> 2019 to September 27<sup>th</sup> 2019 (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, Backside Hotel Chevron, Ludhiana - 141002 (Punjab) at least Seven (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 Financial Statements 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 2018-19 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 2018-19 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).
12. Pursuant to SEBI circular, shareholders whose ledger folios do not have or have incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the details to the RTA/company for registration in their folio. The Companies Act, 2013, and rules made thereunder also require further details to be submitted to the Company like PAN, email address, father's/mother's/spouse's name and bank particulars. Members holding shares in electronic form are therefore requested to submit PAN and other details to their Depository Participants with whom they are maintaining demat accounts.
13. Pursuant to SEBI circular, shareholders holding shares in physical form has mandated to convert their shares in dematerialization form for carried out the transfer of shares effective.
14. The Annual Report of the Company, circulated to the Members of the Company, will be made available on the Company's website at [www.himachalfibre.com](http://www.himachalfibre.com).
15. We urge members to support our commitment to environmental protection by choosing their shareholding communication through email. You can do this by updating your email address with your depository participants/RTA.
16. The route map showing direction to reach the venue of the 38th AGM is annexed to this Annual Report.

**Steps for remote e-voting**

- (i) **The remote e-voting period begins on September 24<sup>th</sup> 2019 at 9.00 a.m. and will end on September 26<sup>th</sup> 2019 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. September 20<sup>th</sup> 2019**, may cast their vote electronically. The remote e-voting module 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 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)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <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 (v).</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 EVSN for the relevant 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 votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a Demat account holder has forgotten the changed login 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. iPhone 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 linked in the login 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. **September 20<sup>th</sup> 2019**, 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. **September 20<sup>th</sup> 2019**. 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 [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). Further **Mr. Rakesh Dalvi** having address i.e. Central Depository Services (India) Limited A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013, email id: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and contact number 1800225533 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. September 27<sup>th</sup> 2019.

**By Order of the Board  
For Himachal Fibres Limited**

Place: Ludhiana  
Dated: August 14<sup>th</sup> 2019

Sd/-  
(Laxmi Khatri)  
Company Secretary & Compliance Officer

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

**Item No. 3**

Pursuant to the provisions of section 161 of the Companies Act, 2013 (hereinafter referred to as the Act), the Directors of the Company appointed Mr. Surjit Singh (DIN: 07143372) as an Additional Director with effect from November 14<sup>th</sup> 2018. Pursuant to provisions of section 161(1) of the Act, Mr. Surjit Singh (DIN: 07143372) holds office upto the date of this ensuing Annual General Meeting of the Company. Mr. Surjit Singh (DIN: 07143372) 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 an Independent Director of the Company. As per the provisions of section 149 of the Act, an Independent Director can hold office for a term upto five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Mr. Surjit Singh (DIN: 07143372) that he meets criteria of independence as prescribed under section 149(6) of the Act and regulation 17 of the Listing Regulations. Mr. Surjit Singh (DIN: 07143372) aged 48 years and having rich experience of more than Twenty (20) years in business and management.

Brief resume of Mr. Surjit Singh (DIN: 07143372), nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / Chairmanship of the Board / Committee, shareholding and relationships between Directors inter se, as stipulated under the Listing Regulations are annexed to this notice. In the opinion of the Board, Mr. Surjit Singh (DIN: 07143372) fulfills the conditions specified in the Act and Rules made thereunder for his appointment as an Independent Director of the Company. A copy of the draft letter of appointment of Mr. Surjit Singh (DIN: 07143372) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day. Keeping in view his vast experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Surjit Singh (DIN: 07143372) as an Independent Director. Save and except Mr. Surjit Singh (DIN: 07143372), none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution as set out at item No. 3 of this Notice. The Board recommends the passing of resolution as an Ordinary Resolution as set out at item No. 3 of this Notice.

**Item No. 4**

Pursuant to the provisions of section 161 of the Companies Act, 2013 (hereinafter referred to as the Act), the Directors of the Company appointed Mr. Pawan Nagpal, (DIN: 02911054) as an Additional Director with effect from April 01<sup>st</sup> 2019. Pursuant to provisions of section 161(1) of the Act, Mr. Pawan Nagpal, (DIN: 02911054) holds office upto the date of this ensuing Annual General Meeting of the Company. Mr. Pawan Nagpal, (DIN: 02911054) 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 an Independent Director of the Company. As per the

provisions of section 149 of the Act, an Independent Director can hold office for a term upto five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Mr. Pawan Nagpal, (DIN: 02911054) that he meets criteria of independence as prescribed under section 149(6) of the Act and regulation 17 of the Listing Regulations. Mr. Pawan Nagpal, (DIN: 02911054) aged 60 years holds bachelor’s degree in commerce from Kurkshetra University.

Brief resume of Mr. Pawan Nagpal, (DIN: 02911054), nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / Chairmanship of the Board / Committee, shareholding and relationships between Directors inter se, as stipulated under the Listing Regulations are annexed to this notice. In the opinion of the Board, Mr. Pawan Nagpal, (DIN: 02911054) fulfills the conditions specified in the Act and Rules made thereunder for his appointment as an Independent Director of the Company. A copy of the draft letter of appointment of Mr. Pawan Nagpal, (DIN: 02911054) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day. Keeping in view his vast experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Pawan Nagpal, (DIN: 02911054) as an Independent Director. Save and except Mr. Pawan Nagpal, (DIN: 02911054), none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution as set out at item No. 4 of this Notice. The Board recommends the passing of resolution as an Ordinary Resolution as set out at item No. 4 of this Notice.

**Item No. 5**

The members of the company appointed Mr. Gian Chand Thakur as a whole time director of the company vide resolution passed through Postal Ballot held on June 17<sup>th</sup> 2015 for a period of five (5) years and remuneration for a period of three (3) years of 60,000/- per month and perquisites subject to total remuneration being within the limit of 5% of the net profits of the Company and ratified its remuneration in the Extra General Meeting held on June 28<sup>th</sup> 2017. Further the remuneration to Mr. Gian Chand Thakur fixed in the 37<sup>th</sup> Annual General Meeting i.e. Rs. 60,000/- per month (Rupees Sixty Thousand Only) w.e.f. October 01<sup>st</sup> 2017 for the remaining period of his term i.e. upto September 30<sup>th</sup> 2019.

Considering the recommendations of the Nomination and Remuneration Committee, the Board of Directors proposed this resolution before the Company for re-appointment of Mr. Gian Chand Thakur for a period of further two (2) years as a whole time director at a remuneration of Rs. 60,000/- per month (Rupees Sixty Thousand Only) w.e.f. October 01<sup>st</sup> 2019 and in case of inadequacy or no profits in any of the aforesaid period, the minimum remuneration payable not exceeding the limits prescribed in Schedule V of the Act as amended from time to time with the liberty to Board of Directors including any Committee thereof (the “board”) to revise, amend, alter and vary the terms and condition of his remuneration in such manner as may be permitted in accordance with the provisions of the Companies Act, 2013 and schedule V or any modification thereto and as may be agreed to by and between the board and Mr. Gian Chand Thakur.

The said remuneration has been approved by the Nomination & Remuneration Committee.

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives except Mr. Gian Chand Thakur, being the appointee is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5 of the Notice. The Board recommends the passing of resolution as an Ordinary Resolution as set out at item No. 5 of the Notice.

**Information pursuant to the Part II of the Schedule V to the Companies Act, 2013**

**GENERAL INFORMATION**

**1) Nature of Industry**

The Company is engaged in the business of manufacturing of textile yarn such Synthetic yarn, Dyed yarn etc.

**2) Financial Performance based on given indicators:-**

**(in Lakhs)**

PARTICULARS	2018-19	2017-18	2016-17*
Net Sales/Income	4914.24	5647.83	5589.86
Gross profit before interest and depreciation	579.44	557.92	380.61
Finance cost	357.82	368.99	362.00
Profit before depreciation and amortization- (Cash Profit)	221.62	188.93	18.61
Depreciation and Amortization	204.50	224.52	222.13
PBT before exceptional items	17.12	(35.59)	(203.52)
Exceptional items	0.00	0.00	0.00
Profit before Tax (PBT)	17.12	(35.59)	(203.52)
Provision for Tax- Current	3.29	0.00	0.00

Provision for Tax- Deferred	(27.33)	32.39	(41.55)
Profit after Tax	41.16	(67.98)	(161.97)
Other Comprehensive Income (Net of Tax)	17.89	3.91	2.76
Total Comprehensive Income	59.05	(64.07)	(159.21)

\*Previous year figures have been regrouped and rearranged whenever necessary.

#### INFORMATION ABOUT THE APPOINTEE

##### Background details, Job profile and suitability

Mr. Gian Chand Thakur was born on April 20<sup>th</sup> 1972 in Nirmand (Kullu) and had his primary education in Himachal Pradesh. After completing his graduation in 1994, he joined the Textile industry with Auro Spinning Mills of Vardhman Group. Mr. Gian Chand Thakur is having Twenty Seven (27) years experience in the Textile Industry. 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. Mr. Gian Chand Thakur has been the Whole Time Director of the Company since October 2014 and proposed the reappointment w.e.f. October 01<sup>st</sup> 2019 to September 30<sup>th</sup> 2021 with remuneration of Rs. 60,000/- per month (Rupees Sixty Thousand Only) till the expiry of his term.

#### OTHER INFORMATION

##### a) 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.

##### b) 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.

##### c) 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.

The proposal outlined above is in the interest of the Company and the Board re-recommends the resolution set out in the accompanying Notice as Ordinary resolution.

By Order of the Board  
For Himachal Fibres Limited

Place: Ludhiana  
Dated: August 14<sup>th</sup> 2019

Sd/-  
(Laxmi Khatri)  
Company Secretary & Compliance Officer

Information Pursuant to Corporate Governance Clause of the SEBI (LODR) Regulations, 2015 and Regulation 36 of the Listing regulations and Secretarial Standard-2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI), regarding the Directors seeking appointment/re-appointment in the Annual General Meeting.

#### Re-appointment of Mr. Manoj Kumar as a Director (Item No. 2)

Name of the Director	Mr. Manoj Kumar
DIN	06872575
Date of Birth	07/04/1969
Date of Appointment	22/08/2016
Brief Resume & Expertise in specific functional area	Industrial & Business Experience of more than Seventeen (17) Years
Board meetings held & attended during FY 2018-19	Held nine (9) and attended nine (9)
No. of Shares in the company	NIL
Qualification	Under Graduate
Directorships of other Listed Companies	NIL
Chairmanship / Membership of Committees of other Listed Companies	NIL
Relationship with other Directors	Not related to any director



Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	Appointment as a Non-Executive Director liable to retire by rotation. Sitting fee paid during the last financial year and details are given in Corporate Governance Report. Sitting fee sought to be paid for attending the Board of Director and/or Committees meeting.
Justification for choosing the appointees for appointment as Independent Directors	N.A.

**Appointment of Mr. Surjit Singh as an Independent Director (Item No. 3)**

Name of the Director	<b>Mr. Surjit Singh</b>
DIN	07143372
Date of Birth	08/02/1971
Date of Appointment	14/11/2018
Brief Resume & Expertise in specific functional area	He has experience of Twenty (20) years in the Business and Management
Board meetings held & attended during FY 2018-19	Held nine (9) and attended three(3) (Appointed w.e.f. November 14 <sup>th</sup> 2018)
No. of Shares in the company	NIL
Qualification	Matric
Directorships of other Listed Companies	NIL
Chairmanship / Membership of Committees of other Listed Companies	NIL
Relationship with other Directors	Not related to any director
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	Appointment as a Non-Executive Independent Director for a period of Three (3) years not liable to retire by rotation. Sitting fee paid during the last financial year and details are given in Corporate Governance Report. Sitting fee sought to be paid for attending the Board of Director and/or Committees meeting.
Justification for choosing the appointees for appointment as Independent Directors	Due to his expertise in the above mentioned area.

**Appointment of Mr. Pawan Nagpal as an Independent Director (Item No. 4)**

Name of the Director	<b>Mr. Pawan Nagpal</b>
DIN	02911054
Date of Birth	10/10/1958
Date of Appointment	01/04/2019
Brief Resume & Expertise in specific functional area	He has experience of Thirty One (31) years in the Textile Industry
Board meetings held & attended during FY 2018-19	Held nine (9) and attended (0) Nil (Appointed w.e.f. April 01 <sup>st</sup> 2019)
No. of Shares in the company	NIL
Qualification	Graduate
Directorships of other Listed Companies	NIL
Chairmanship / Membership of Committees of other Listed Companies	NIL
Relationship with other Directors	Not related to any director
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	Appointment as a Non-Executive Independent Director for a period of one (1) year not liable to retire by rotation. No Sitting fee paid during the last financial year. Sitting fee sought to be paid for attending the Board of Director and/or Committees meeting.
Justification for choosing the appointees for appointment as Independent Directors	Due to his expertise in the above mentioned area

**Re-appointment of Mr. Gian Chand Thakur as a Whole Time Director (Item No. 5)**

Name of the Director	<b>Mr. Gian Chand Thakur</b>
DIN	07006447
Date of Birth	20/04/1972
Date of Appointment	12/11/2014
Brief Resume & Expertise in specific functional area	He has experience of Twenty Seven (27) years in the Industry and during his career in textile industry, he has worked with Auro Spinning Mills, Arihant Industries, Birla Textile Mill, Indian Yarn Ltd.



<b>Board meetings held &amp; attended during FY 2018-19</b>	Held nine (9) and attended nine (9)
<b>No. of Shares in the company</b>	NIL
<b>Qualification</b>	P.G. (Public Administration)
<b>Directorships of other Listed Companies</b>	NIL
<b>Chairmanship / Membership of Committees of other Listed Companies</b>	NIL
<b>Relationship with other Directors</b>	Not related to any director
<b>Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person</b>	Terms and condition of re-appointment including remuneration are forming part of the resolution set out at item no. 5 of this notice. Remuneration Last drawn is Rs. 7.20 Lac during the last financial year and details are given in Corporate Governance Report.
<b>Justification for choosing the appointees for appointment as Independent Directors</b>	N.A.

**BOARD'S REPORT**

**TO  
THE MEMBERS OF,  
HIMACHAL FIBRES LIMITED.**

Your Directors have pleasure in presenting the 38<sup>th</sup> Annual Report together with the Audited Statement of Accounts of Himachal Fibres Limited (HFL) for the year ended March 31<sup>st</sup>, 2019.

**1. FINANCIAL HIGHLIGHTS.**

The summary of the financial performance of the Company for the financial year ended March 31<sup>st</sup> 2019 compared to the previous year ended March 31<sup>st</sup> 2018 is given below:

Particulars	(in Lacs)	
	Year Ended	Year Ended
	March 31 <sup>st</sup> 2019	March 31 <sup>st</sup> 2018
Revenue from Operations and Other Income (Total Revenues)	4914.24	5647.83
Gross profit before interest and depreciation	579.44	557.92
Finance cost	357.82	368.99
Profit before depreciation and amortization (Cash Profit)	221.62	188.93
Depreciation and Amortization	204.50	224.52
PBT before exceptional items	17.12	(35.59)
Exceptional items	0.00	0.00
Profit/Loss before Tax (PBT)	17.12	(35.59)
Tax- Current	3.29	0.00
Tax- Deferred	(27.33)	32.39
Profit/Loss after Tax	41.16	(67.98)
Other Comprehensive Income (Net of Tax)	17.89	3.91
Total Comprehensive Income	59.05	(64.07)
Earnings per Share (EPS) (in Rs.)		
(after exceptional item)		
- Basic	0.01	(0.08)
- Diluted	0.01	(0.08)

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

Total Revenue from operation for the year is Rs. 4914.24 Lakhs as compared to Rs. 5647.83 Lakhs of previous year. The Net Profit after tax for the year ended March 31<sup>st</sup>, 2019 is Rs. 41.16 Lakhs as compare to Net Loss after tax of Rs. 67.98 Lakhs for the previous year.

**3. DIVIDEND**

In view of the inadequate profit for the year ended March 31<sup>st</sup> 2019, the Board of directors has not recommended any dividend for the year under review.

**4. TRANSFER TO RESERVE**

The Board of your Company has decided not to transfer any amount to the General Reserves for the financial year 2018-19.

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

Since there were no unpaid/unclaimed Dividend and other amounts, as prescribed under Sections 124 & 125 of Companies Act, 2013 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, except mentioned below there was no change in the paid-up share capital of the company.

**8.1 Redemption of Preference Shares**

The Company has redeemed its 16.5% Cumulative Preference Share Capital of 1,50,000 shares out of its profit of the Company on March 30<sup>th</sup> 2019.

**8.2 Buy Back of Securities**

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

**8.3 Sweat Equity**

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

**8.4 Bonus Shares**

No Bonus Shares were issued during the year under review.

**8.5 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 March 31<sup>st</sup>, 2019 is Rs. 14.26 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 March 31<sup>st</sup>, 2019.

**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. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

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.

**11.1 Directors**

During the year under review, Due to pre-occupations, Mr. Sushil Kumar Singla (Independent Director) has been resigned from the Board on November 14<sup>th</sup> 2018 before the expiry of his term on March 31<sup>st</sup> 2019 and in this regard he confirmed that there were no other material reasons. Mr. Rajan Dhawan (Independent Director) whose term was expired on March 31<sup>st</sup> 2019 conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term therefore the tenure of Mr. Rajan Dhawan as a Independent Director of the Company comes to end on March 31<sup>st</sup> 2019. Mr. Sanjay Singh Behal (Non-Executive Director) has been resigned from the Board w.e.f. March 30<sup>th</sup> 2019.

Mr. Surjit Singh and Mr. Pawan Nagpal were appointed as an Additional Directors (Non- Executive, Independent) of the Company w.e.f. November 14<sup>th</sup> 2018 and April 01<sup>st</sup> 2019 respectively and will be appointed as an Independent Directors in this ensuing Annual General Meeting.

Mr. Manoj Kumar retires by rotation at this AGM and being eligible offer himself for reappointment.

**11.2 Key Managerial Personnel (KMP)**

Board would also like to inform the members that Mr. Harmeet Singh, resigned from the post of Company Secretary w.e.f. June 30<sup>th</sup> 2018 and Miss Palak Narang was subsequently appointed w.e.f. July 02<sup>nd</sup> 2018 as a Company Secretary. Further Miss Palak Narang, also resigned from the post of Company Secretary w.e.f. April 15<sup>th</sup> 2019 and Miss Laxmi Khatri was subsequently appointed w.e.f. April 18<sup>th</sup> 2019 as a Company Secretary of the Company.

**12. BOARD MEETINGS & ATTENDANCE OF DIRECTORS**

Nine (9) meetings of the Board of Directors were held during the year 2018-19. The requisite quorum was present at all the Meetings and the details about the meetings and attendance 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. CODE OF CONDUCT COMPLIANCE**

The declaration signed by the Whole time Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the financial year ended March 31<sup>st</sup> 2019 is given in Report on Corporate Governance, which forms a part of this Report.

**16. 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.

**17. 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.

**18. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits 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.

**19. AUDITORS AND RECORDS****19.1 Statutory Auditors**

M/s. Manjul Mittal & Associates, Chartered Accountants (Firm Registration No. 028039N) was appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of 36<sup>th</sup> Annual General Meeting till the conclusion of 41<sup>st</sup> Annual General Meeting subject to ratification at every intervening Annual General Meeting.

Pursuant to the provisions of the Companies (Amendment) act, 2017, as notified on May 7<sup>th</sup> 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every intervening Annual General Meeting (AGM). Accordingly, in line with the aforesaid provisions and pursuant to the resolution passed at 36<sup>th</sup> AGM, the Company ratified the appointment of auditors from the conclusion of 37<sup>th</sup> AGM till the conclusion of 41<sup>st</sup> AGM to conduct the statutory audit of the Company, without further annual ratification by members at every subsequent AGM. Hence the resolution seeking rectification of members for continuance of their appointment at this AGM is not being sought.

The Company has received a certificate from M/s Manjul Mittal & Associates to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**19.2 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 M/s Rajeev Bhamri & Associates (CP No.: 9491, FCS: 4327), Company Secretaries in practice to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure - 1'.

**19.3 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.

#### 19.4 Cost Records

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, is required by the Company and accordingly such prescribed accounts and records have been made and maintained.

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

Members' attention is invited to the observations/Qualification made by the Statutory Auditors under Point No. 7(a) and 8 appearing in Independent Auditor's Report and by Secretarial Auditor in Secretarial Audit Report. The observations/Qualification made by auditors in their reports alongwith the management replies on them are as follows:

- a) Regarding Auditor's remark in their report in Point 7(a) and Secretarial Auditor's remark in their report, it is informed that the company accords top priority in depositing the statutory dues. However, the liquidity crunch being faced by it due to various reasons has led to some delay in the deposit of statutory dues.
- b) Regarding Auditor's Remark in their report in Point No. 8 and Secretarial Auditor's remark in their report, the slight delay in servicing the Banks dues i.e. Interest and Installment was mainly because of liquidity crunch. However the same was paid on April 30<sup>th</sup> 2019, respectively to the bank. There has been no default in the payment of bank dues and the accounts of the Company are standard.
- c) Regarding Secretarial Auditor's remark in their report, in respect of non-compliance of regulation 19(1)/19(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in which the Chairperson of the Company was appointed as Chairperson of the Nomination and Remuneration Committee against the provisions of Regulation 19(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Stock Exchange has imposed a penalty of Rs. 2,17,120. It is informed that Company has rectified its mistake by replacing the Chairperson with a new Chairperson who is not the Chairperson of the Company and penalty was also paid by Company.
- d) Regarding the disqualification of former independent Director Mr. Rajan Dhawan, he ceased to be director of the Company since March 31<sup>st</sup> 2019.

#### 20. 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.

#### 21. LISTING OF SECURITIES

The Securities of the Company are listed on BSE Limited. The Company has paid annual listing fee to exchanges for the year 2019-20.

#### 22. 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.

#### 23. 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'

#### 24. 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.

#### 25. 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, organizational structures, processes and behaviors together form the Risk Management Policy that governs how the company conducts its business and manages associated risks.

#### 26. HOLDINGS, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

#### 27. 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 no materially significant transactions with related parties during the financial year. 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'.

#### 28. 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. A Sexual Harassment Committee/Internal Complaints Committee (ICC) was

setup/constituted which is responsible for redressal of complaints related to sexual harassment at the workplace. During the year 2018-19, no complaint were received/filed by the Company related to sexual Harassment.

**29. 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”.

**30. 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’.

**31. 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 March 31<sup>st</sup> 2019, evaluated the performance of the non-independent directors of the board including Whole time 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) Regulations, 2015 is annexed herewith as ‘Annexure-6’.

**32. 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 in ‘Annexure-7’ and form part of the Directors Report.

**33. REPORTING OF FRAUDS**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

**34. CREDIT RATING**

During the Financial Year 2018-19 Company has received “D” Credit Rating in respect to bank credit facilities from Credit Rating Agency i.e. Brickwork Ratings India Pvt. Ltd.

**35. 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.

**36. CAUTIONARY STATEMENT**

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

**For and behalf of the Board  
For Himachal Fibres Limited**

Place: Ludhiana  
Dated: August 14<sup>th</sup> 2019

**Sd/-  
(Surjit Singh)  
Chairperson  
DIN: 07143372**

**Annexure- 1**  
**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2019**  
**[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the**  
**Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2019 ('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<sup>st</sup> March, 2019 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:

**The Chairperson of the Company was appointed as Chairperson of the Nomination and Remuneration Committee against the provisions of Regulation 19(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This mistake was later rectified.**



Company is not regular in depositing the statutory payments as required under Income Tax Act, 1961, The Employee Provident Fund and Miscellaneous Act, 1952, Employee's State Insurance Act, 1948, Himachal Pradesh Sales Tax Act and Finance Act, 2005. Company has also defaulted in payment of interest and installment of dues to Bank.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except that Mr. Rajan Dhawan – Director was disqualified u/s 164(2) of the Companies Act, 2013. He ceased to be director of Company since 31.03.2019. 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**

Company Secretary in whole time practice  
C.P. No. 9491

Place: Ludhiana  
Dated: 09.08.2019

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

**'ANNEXURE A'**

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

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

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

**For Rajeev Bhambri & Associates**

**Sd/-  
(Rajeev Bhambri)  
Proprietor**

Company Secretary in whole time practice  
C.P. No. 9491

Place: Ludhiana  
Dated: 09.08.2019

**Annexure- 2**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31st March, 2019**

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	L17119HP1980PLC031020
	Foreign Company Registration Number/GLN	N.A.
	Registration Date [DDMMYY]	20/02/1980
ii)	Category of the Company	Public Company
iii)	Sub Category of the Company	Limited by shares
iv)	Whether shares listed on recognized Stock Exchange(s)	Yes
	If yes, details of stock exchanges where shares are listed	BSE Limited
v)	AGM details	38 <sup>th</sup> AGM held on 27 <sup>th</sup> September, 2019 at 11:00 A.M. at registered office of the Company at Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh)
	Whether extension of AGM was granted – Yes / No. ( If yes, provide reference number , date of approval letter and the period upto which extension granted)	NO
	If Annual General Meeting was not held, specify the reasons for not holding the same	NA
Vi)	<b>NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:</b>	
	Company Name	HIMACHAL FIBRES LIMITED
	Address	Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh)
	Town / City	Barotiwala, Distt. Solan
	State	Himachal Pradesh
	Pin Code	174103
	Country Name	India
	Country Code	+91
	Telephone (With STD Area Code Number)	0161-4684000
	Fax Number	0161-4684010
	Email Address	hfl.corporate@gmail.com
	Website	http://www.himachalfibre.com/
	Name of the Police Station having jurisdiction where the registered office is situated	Barotiwala, Tehsil Nalagarh
Address for correspondence, if different from address of registered office	8-L, Model Town, Backside Hotel Chevron, Ludhiana-141002 (Punjab)	
Vii)	<b>Name and Address of Registrar &amp; Transfer Agents (RTA):- Full address and contact details to be given.</b>	
	Registrar & Transfer Agents ( RTA )	Beetal Financial & Computer Services Pvt. Ltd
	Address	Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi – 110062
	Town / City	New Delhi
	State	New Delhi
	Pin Code:	110062
	Telephone (With STD Area Code Number)	011 - 29961281 / 29961282-83
	Fax Number	011 – 29961284
	Email Address	beetalrta@gmail.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	TEXTILE	131-SPINING, WEAVING AND FINISHING OF TEXTILES	100%

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% 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	-	7000000	8.12	7000000	-	7000000	8.12	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	40041500	-	40041500	46.42	40041500	-	40041500	46.42	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>47041500</b>	<b>-</b>	<b>47041500</b>	<b>54.54</b>	<b>47041500</b>	<b>-</b>	<b>47041500</b>	<b>54.54</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	4000	-	4000	-	4000	-	4000	-	-
b) Banks / FI	-	140500	140500	0.16	-	140500	140500	0.16	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>4000</b>	<b>140500</b>	<b>144500</b>	<b>0.17</b>	<b>4000</b>	<b>140500</b>	<b>144500</b>	<b>0.17</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	25536703	1613250	27149953	31.48	25417084	1603000	27020084	31.33	0.15
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2766720	1521750	4288470	4.97	2816068	1507500	4323568	5.01	-0.04

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	7314630	-	7314630	8.48	7375896	-	7375896	8.55	-0.07
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	110130	-	110130	0.13	143375	-	143375	0.17	-0.04
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	600	-	600	-	460	-	460	-	-
Trusts	-	-	-	-	-	-	-	-	-
HUF	200217	-	200217	0.23	200617	-	200617	0.23	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2)</b>	<b>35929000</b>	<b>3135000</b>	<b>39064000</b>	<b>45.29</b>	<b>35953500</b>	<b>3110500</b>	<b>39064000</b>	<b>45.29</b>	<b>-</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>35933000</b>	<b>3275500</b>	<b>39208500</b>	<b>45.47</b>	<b>35957500</b>	<b>3251000</b>	<b>39208500</b>	<b>45.47</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>82974500</b>	<b>3275500</b>	<b>86250000</b>	<b>100.00</b>	<b>82999000</b>	<b>3251000</b>	<b>86250000</b>	<b>100.00</b>	<b>-</b>

(ii) Shareholding of Promoters

SN.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rajinder Kumar	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>	<b>54.54</b>	<b>-</b>	<b>47041500</b>	<b>54.54</b>	<b>-</b>	<b>-</b>

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

There is No Change in Promoters' Shareholding during the year 2018-19.

(iv) Shareholding Pattern of top ten Shareholders as on 31.03.2019 (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	9610050	11.14	9610050	11.14
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>			
NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year	9610050	11.14	9610050	11.14
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>			
NIL	NIL	NIL	NIL	NIL	NIL

	At the end of the year		8999750	10.43	8999750	10.43
<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>3</b>	<b>GARG FINCAP LIMITED</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		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
<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>4</b>	<b>RAMESH KUMAR</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		0	0.00	0	0.00
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
31-Aug-2018	Increase	Purchase	3750000	4.35	3750000	4.35
	At the end of the year		3750000	4.35	3750000	4.35
<b>5</b>	<b>ROMESH K. AGGARWAL</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		6010000	6.97	6010000	6.97
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
17-Aug-18	Decrease	Sell	-3750000	-4.34	2260000	2.62
	At the end of the year		2260000	2.62	2260000	2.62
<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>6</b>	<b>SALASAR INDUSTRIAL INVESTMENT 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		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
<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		382591	0.44	382591	0.44
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year		382591	0.44	382591	0.44
<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>8</b>	<b>SKYLAND TRADING CO. 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		275000	0.32	275000	0.32
<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
NIL	NIL	NIL	NIL	NIL	NIL	NIL
	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>CHERUKARA 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		268266	0.31	268266	0.31

Date	Increase/ Decrease	Reason				
NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year		268266	0.31	268266	0.31
<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>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
Date	Increase/ Decrease	Reason				
NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year		250000	0.29	250000	0.29

(v) Shareholding of Directors and Key Managerial Personnel:

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>SUSHIL KUMAR SINGLA (Director)<sup>1</sup></b>						
	At the beginning of the year			-	-	-	-
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>			<b>Date</b>	<b>Increase/ Decrease</b>
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>2</b>	<b>GIAN CHAND THAKUR (Whole time Director)</b>						
	At the beginning of the year			-	-	-	-
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>3</b>	<b>SANJAY SINGH BEHAL (Director)<sup>1</sup></b>						
	At the beginning of the year				At the beginning of the year		At the beginning of the year
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Date</b>
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>4</b>	<b>RAJAN DHAWAN ( Director)<sup>2</sup></b>						
	At the beginning of the year			-	-	-	-
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>5</b>	<b>MALKEET KAUR ( Director)</b>						
	At the beginning of the year			-	-	-	-
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>6</b>	<b>MANOJ KUMAR ( Director)</b>						
	At the beginning of the year			-	-	-	-
	<b>Date</b>	<b>Increase/ Decrease</b>	<b>Reason</b>				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>7</b>	<b>SURJIT SINGH (Additional Director)<sup>3</sup></b>						
	At the beginning of the year			-	-	-	-

	Date	Increase/ Decrease	Reason				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>8</b>	<b>PAWAN NAGPAL (Additional Director)<sup>3</sup></b>						
	At the beginning of the year			-	-	-	-
	Date	Increase/ Decrease	Reason				
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>9</b>	<b>Harmeet Singh (KMP) (Company Secretary)<sup>4</sup></b>						
	At the beginning of the year			-	-	-	-
	Date	Increase/ Decrease	Reason				Date
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>10</b>	<b>Palak Narag (KMP) (Company Secretary)<sup>4</sup></b>						
	At the beginning of the year			-	-	-	-
	Date	Increase/ Decrease	Reason				Date
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>11</b>	<b>Laxmi Khatri (KMP) (Company Secretary)<sup>5</sup></b>						
	At the beginning of the year			-	-	-	-
	Date	Increase/ Decrease	Reason				Date
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-
<b>12</b>	<b>NAVRATTAN SHARMA (KMP) (CFO)</b>						
	At the beginning of the year			-	-	-	-
	Date	Increase/ Decrease	Reason				Date
	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	At the end of the year			-	-	-	-

**Notes:**

1. Mr. Sushil Kumar Singla (Independent Director) and Mr. Sanjay Singh Behal (Non-Executive Director) of the Company have resigned w.e.f November 14<sup>th</sup> 2018 and March 30<sup>th</sup> 2019 respectively.
2. Term of Mr. Rajan Dhawan (Independent Director) of the Company ended on March 31<sup>st</sup> 2019.
3. Mr. Surjit Singh and Mr. Pawan Nagpal Additional (Non-Executive, Independent) Directors of the Company appointed w.e.f. November 14<sup>th</sup> 2018 and April 01<sup>st</sup> 2019 respectively.
4. Mr. Harmeet Singh (CS) and Miss Palak Narang resigned on June 30<sup>th</sup> 2018 and April 15<sup>th</sup> 2019 respectively.
5. Miss Laxmi Khatri (CS) was appointed on April 18<sup>th</sup> 2019.

**V. INDEBTEDNESS**

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
i) Principal Amount	49942677.00	55000000.00	-	104942677.00
ii) Interest due But not paid	507068.00	-	-	507068.00
iii) Interest Accrued but not due	-	-	-	-
<b>Total(i+ii+iii)</b>	<b>50449745.00</b>	<b>55000000.00</b>	-	<b>105449745.00</b>
change in indebtedness during the financial year				
Addition	-	-	-	-
Reduction	10005021.00	2500000.00	-	12505021.00
Net Change	-	-	-	-

Indebtedness at the end of the financial year				
i) Principal Amount	40027613.00	52500000.00	-	92527613.00
ii) Interest due But not paid	417111.00	-	-	417111.00
iii) Interest Accrued but not due	-	-	-	-
<b>Total(i+ii+iii)</b>	<b>40444724.00</b>	<b>52500000.00</b>	<b>-</b>	<b>92944724.00</b>

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

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

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

**B. Remuneration to other directors:**

SN.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS							TOTAL AMOUNT
		SUSHIL KUMAR SINGLA <sup>1</sup>	SANJAY SINGH BEHAL <sup>1</sup>	MALKEET KAUR	MANOJ KUMAR	RAJAN DHAWAN <sup>2</sup>	SURJIT SINGH <sup>3</sup>	Pawan Nagpal <sup>3</sup>	
1	Independent Directors								
	Fee for attending board & committee meetings	12000.00	-	18000.00	-	6000	6000	-	42000.00
	Commission	-	-	-	-	-	-	-	-
	Others, please specify								
	<b>Total (A)</b>	<b>12000.00</b>	<b>-</b>	<b>18000.00</b>	<b>-</b>	<b>6000</b>	<b>6000</b>	<b>-</b>	<b>42000.00</b>
2	Other Non-Executive Directors	-	-	-	-	-	-	-	
	Fee for attending board & committee meetings	-	8000.00	-	18000.00	-	-	-	26000.00
	Commission	-							
	Others, please specify	-							
	<b>Total (B)</b>	<b>-</b>	<b>8000.00</b>	<b>-</b>	<b>18000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26000.00</b>
	<b>Total Managerial Remuneration (A)+(B)</b>	<b>12000.00</b>	<b>8000.00</b>	<b>18000.00</b>	<b>18000.00</b>	<b>6000.00</b>	<b>6000.00</b>	<b>-</b>	<b>68000.00</b>
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	-

**Notes:**

1. Mr. Sushil Kumar Singla (Independent Director) and Mr. Sanjay Singh Behal (Non-Executive Director) of the Company have resigned w.e.f November 14<sup>th</sup> 2018 and March 30<sup>th</sup> 2019 respectively.
2. Term of Mr. Rajan Dhawan (Independent Director) of the Company ended on March 31<sup>st</sup> 2019.
3. Mr. Surjit Singh and Mr. Pawan Nagpal Additional (Non-Executive, Independent) Directors of the Company appointed w.e.f. November 14<sup>th</sup> 2018 and April 01<sup>st</sup> 2019 respectively.



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

SN	Particulars of Remuneration	Key Managerial Personnel				
		CS (HARMEET SINGH) <sup>1</sup>	CS (Palak Narag) <sup>1</sup>	CS (Laxmi Khatri) <sup>2</sup>	CFO (NAVRATTAN SHARMA)	Total
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	94841.00	277049	-	678006.00	1049896.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6782.00	20399	-	34228.00	61409.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>101623.00</b>	<b>297448.00</b>	<b>-</b>	<b>712234.00</b>	<b>1111305.00</b>

Notes:

1. Mr. Harmeet Singh (CS) and Miss Palak Narang resigned on June 30<sup>th</sup> 2018 and April 15<sup>th</sup> 2019 respectively.
2. Miss Laxmi Khatri (CS) was appointed on April 18<sup>th</sup> 2019.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
The annual return of the company is available at company's website i.e. www.himachalfibre.com					

**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 March 31<sup>st</sup> 2019, which were not at Arm's Length basis.

2. Details of material contracts or arrangements 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 )
NIL					

**Annexure- 4**

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

**(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 inadequate profits in previous year's company was not able to spend any money on equipments for energy conservation.

**(B) Technology absorption –**

- i. **The efforts made towards technology absorption;**  
The Company is continuously endeavoring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies and productivity.
- ii. **The benefit derived like product improvement, cost reduction, product development or import substitution:** NONE
- iii. **In case of imported technology ( imported during the last three years reckoned from the beginning of the financial year) :** NONE
  - a. The details of technology imported;
  - b. The year of import;
  - c. Whether the technology been fully absorbed;
  - d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- iv. **The expenditure incurred on Research and Development:** No specific expenditure exclusively on R&D has been incurred. The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

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

	2018-19 (12 Months) (Rs./Lacs)	2017-18 (12 Months) (Rs./Lacs)
a) Earning (Export Sales- FOB Value)	NIL	NIL
b) Outgo:		
i) Imports-Raw Material & Spares	0.22	5.31
Capital Goods	NIL	NIL
ii) Expenditure	NIL	NIL
c) Net Foreign Exchange Earnings	-0.22	-5.31

**Annexure – 5**

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

	Particulars	Status	
		NAME	NUMBER OF TIMES
i.	The ratio of the remuneration of each Director to median remuneration of the employees of the company for F. Y. 2018-19	Mr. Gian Chand Thakur	<b>09.23</b>
		Mr. Sushil Kumar Singla <sup>1</sup>	<b>0.15</b>
		Mr. Sanjay Singh Behal <sup>1</sup>	<b>00.10</b>
		Mrs. Malkeet Kaur	<b>00.23</b>
		Mr. Manoj Kumar	<b>00.23</b>
		Mr. Rajan Dhawan <sup>2</sup>	<b>00.08</b>
		Mr. Surjit Singh <sup>3</sup>	<b>00.08</b>
	Mr. Pawan Nagpal <sup>3</sup>	<b>00.00</b>	
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year	<b>DIRECTOR</b>	<b>%</b>
		Mr. Gian Chand Thakur	<b>0%</b>
		Mr. Sushil Kumar Singla <sup>1</sup>	<b>0%</b>
		Mr. Sanjay Singh Behal <sup>1</sup>	<b>0%</b>

		Mrs. Malkeet Kaur	0%
		Mr. Manoj Kumar	0%
		Mr. Rajan Dhawan <sup>2</sup>	0%
		Mr. Surjit Singh <sup>3</sup>	0%
		Mr. Pawan Nagpal <sup>3</sup>	0%
		<b>CFO</b>	
		Mr. Navrattan Sharma	0.49%
		<b>COMPANY SECRETARY</b>	
		Mr. Harmeet Singh <sup>4</sup>	0%
		Miss Palak Narang <sup>4</sup>	0%
		Miss Laxmi Khatri <sup>5</sup>	0%
iii.	The percentage increase in the median remuneration of employees in the financial year		25.01%
iv.	The number of permanent employees on the rolls of company as on March 31 <sup>st</sup> 2019		471
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase for Key Managerial Personnel is 03.10% and for other employees was about 33.47%. There is no exceptional increase in remuneration of Key Managerial Personnel.	
vi.	Affirmation that the remuneration is as per the remuneration policy of the company	It is affirmed that the remuneration is as per the remuneration Policy of the Company.	

**Notes:**

1. Mr. Sushil Kumar Singla (Independent Director) and Mr. Sanjay Singh Behal (Non-Executive Director) of the Company have resigned w.e.f November 14<sup>th</sup> 2018 and March 30<sup>th</sup> 2019 respectively.
  2. Term of Mr. Rajan Dhawan (Independent Director) of the Company ended on March 31<sup>st</sup> 2019.
  3. Mr. Surjit Singh and Mr. Pawan Nagpal Additional (Non-Executive, Independent) Directors of the Company appointed w.e.f. November 14<sup>th</sup> 2018 and April 01<sup>st</sup> 2019 respectively.
  4. Mr. Harmeet Singh (CS) and Miss Palak Narang resigned on June 30<sup>th</sup> 2018 and April 15<sup>th</sup> 2019 respectively.
  5. Miss Laxmi Khatri (CS) was appointed on April 18<sup>th</sup> 2019.
2. There was no employee in receipt of remuneration as mentioned in Rule 5(2)(i), (ii), (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**Annexure – 6**

**Nomination and Remuneration Policy**

**APPLICABILITY**

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

**INTERPRETATION**

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

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

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

‘Chief Financial Officer’ means a person appointed as the Chief Financial Officer of a company

‘Compliance Officer’ means “Company Secretary” of the Company.

‘Key Managerial Personnel’ in relation to a company, means—

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

Such other officer as may be prescribed;

‘The Company’ shall mean Himachal Fibres Limited.

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

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

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

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

## **ROLE OF THE COMMITTEE**

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

1. To identify persons who are qualified to become directors, persons who may be appointed in senior management in accordance with the criteria and to recommend to the Board for their appointment and / or removal
2. To carry out evaluation of every director's performance
3. To establish criteria and processes for, and assist the Board and each of its Committees in their performance evaluations
4. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
5. To recommend / review remuneration of the Managing Director(s) and Whole time Director(s), based on their performance and defined assessment criteria
6. To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including
  - ❖ the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate
  - ❖ the conditions under which option vested in employees may lapse in case of termination of employment for misconduct
  - ❖ the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period
  - ❖ the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee
  - ❖ the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period
  - ❖ the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others
  - ❖ the granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options
7. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable
8. To perform such other functions as may be necessary or appropriate for the performance of its duties

## **IMPLEMENTATION OF POLICIES**

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

## **AUTHORITY**

The Committee is authorized:

- ❖ 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 Chairperson 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 years he can be appointed as director with the permission of board.

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

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

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

**b) Selection Criteria for Senior Management**

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

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

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

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

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

**d) Performance Evaluation**

The process approved by the Nomination and Remuneration Committee requires the Chairperson 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 Chairperson of the Company. The Chairperson discusses with the entire Board at the Board Meeting.
- b) **Committees:** Each Committee member completes the self-evaluation form and shares feedback with the Chairperson of the Committee. The Chairperson of the Committee discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.
- c) **Chairperson 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 Chairperson. The Chairperson conveys feedback individually to the concerned Directors.
- d) **Independent Directors:** Each Board member completes the peer evaluation and shares feedback with the Chairperson. The Chairperson 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.

**Annexure – 7**

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**1. Industry And Economic Scenario & Outlook**

**Global economy**

In 2018, the global economy began its journey on a firm footing with estimated global economic growth of 3.6% (*Source: World Economic Outlook by International Monetary Fund (IMF)*).

During the second half of 2018, this rate of development gradually declined, owing to impending US-China trade dispute and some slowdown across developed markets. Emerging and developing markets of Asia maintained their steady progress at 6.4% during 2018. However, it's important to note that India's economy expanded at 7.1% in 2018 vis-à-vis 6.7% in 2017, whereas China's growth deteriorated from 6.9% in 2017 to 6.6% in 2018 (*Source: IMF*). Sub-Saharan Africa's economy also sustained a steady rise of 3% during the year.

**Indian economy**

India continues to be one of the fastest growing major economies in the world and is expected to be among the world's top three economic powers in the next 10-15 years. The Indian economy is expected to improve and close the year 2019 with a GDP growth of 7.3% (*Source: IMF*).

Sustained real GDP growth of over 6% since Financial Year 1991 has led to a fundamental transformation of India's economy. Today, India is the world's seventh largest economy in real terms, backed by strong demand, positive consumption pattern and rising disposable income. In PPP terms, the economy is expected to be among the top five global economies by 2020.

## Indian Textile Industry

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. India's overall textile exports during FY 2017-18 stood at US\$ 39.2 billion in FY18 and is expected to increase to US\$ 82.00 billion by 2021 from US\$ 31.65 billion in FY19 (up to Jan 19).

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.

## Market Size

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 250 billion by 2019. India's textiles industry contributed seven per cent of the industry output (in value terms) of India in 2017-18. It contributed two per cent to the GDP of India and employs more than 45 million people in 2017-18. The sector contributed 15 per cent to the export earnings of India in 2017-18.

The production of raw cotton in India is estimated to have reached 36.1 million bales in FY19.

## Investment

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 3.12 billion during April 2000 to March 2018.

Some of the major investments in the Indian textiles industry are as follows:

In May 2018, textiles sector recorded investments worth Rs 27,000 crore (US\$ 4.19 billion) since June 2017.

The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunities and attract investments worth Rs 800.00 billion (US\$ 11.93 billion) during 2018-2020. As of August 2018, it generated additional investments worth Rs 253.45 billion (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).

## Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiatives taken by Government of India are:

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.
- As of August 2018, the Government of India has increased the basic custom duty to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production.
- The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunity and attract investments worth Rs 80,000 crore (US\$ 11.93 billion) during 2018-2020. As of August 2018 it generated additional investments worth Rs 25,345 crore (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), scheme is estimated to create employment for 35 lakh people and enable investments worth Rs 95,000 crore (US\$ 14.17 billion) by 2022.
- Integrated Wool Development Programme (IWDP) approved by Government of India to provide support to the wool sector starting from wool rearer to end consumer which aims to enhance the quality and increase the production during 2017-18 and 2019-20.
- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20.

## Achievements

Following are the achievements of the government in the past four years:

- I-ATUFS, a web-based claims monitoring and tracking mechanism was launched on April 21, 2016.
- 381 new block level clusters were sanctioned.
- 20 new textile parks were sanctioned
- Employment increased to 8.62 million in FY18 from 8.03 in FY15.

## Road Ahead

The future for the Indian textile industry looks promising, 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 like Marks & Spencer, Guess and Next into the Indian market.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.

(Source: [www.ibef.org](http://www.ibef.org))

## 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 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 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 Chairperson of the Audit Committee of the Board & to the Chairperson and Managing Director/Whole Time 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.

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**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<sup>st</sup> 2019, the Board consists of Five (5) directors, One is whole-time director, One is Non Executive non independent and three are independent directors in which one is a woman Director. 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 Requirements) Regulations, 2015.

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 excludes directorship in foreign companies, Private Limited Companies and Section 8 Companies. Chairpersonship and Membership of Board Committees includes only Audit committee and Stakeholders Relationship Committee.

Name of the Director	Category	Attendance Particulars		No. of Directorship and other committee as on 31.03.2019			No. of shares held in the Company as on 31.03.2019	List of Directorship held in Other Listed Companies and Category of Directorship
		Board Meeting	Last AGM	Directorship held in other Indian Public Limited Companies*	Committee Membership**	Committee Chairpersonship**		
Mr. Gian Chand Thakur	Whole Time Director	9	Yes	Nil	2	Nil	Nil	Nil
Mr. Sushil Kumar Singla <sup>1</sup>	Independent Director	6	Yes	Nil	Nil	Nil	Nil	Nil
Mr. Sanjay Singh Behal <sup>1</sup>	Non Executive Director	4	No	Nil	Nil	Nil	Nil	Nil
Mrs. Malkeet Kaur	Independent Director	9	Yes	2	4	1	Nil	Nil
Mr. Manoj Kumar	Non Executive Director & Non-Independent Director	9	Yes	4	3	3	Nil	Nil
Mr. Rajan Dhawan <sup>2</sup>	Independent Director	3	No	Nil	Nil	Nil	Nil	Nil
Mr. Surjit Singh <sup>3</sup>	Independent Director	3	No	Nil	2	2	Nil	Nil
Mr. Pawan Nagpal <sup>3</sup>	Independent Director	0	No	Nil	Nil	Nil	Nil	Nil

\* Excludes Directorship in Foreign Companies, Private Limited Companies and Section 8 Companies.

\*\* For the purpose of considering the Committee Membership and Chairpersonship of a Director, the Audit Committee and the Stakeholders' Relationship Committee of all Public Limited Companies including HFL has been considered.

**Notes:**

1. Mr. Sushil Kumar Singla (Independent Director) and Mr. Sanjay Singh Behal (Non-Executive Director) of the Company have resigned w.e.f November 14<sup>th</sup> 2018 and March 30<sup>th</sup> 2019 respectively.
2. Term of Mr. Rajan Dhawan (Independent Director) of the Company ended on March 31<sup>st</sup> 2019.
3. Mr. Surjit Singh and Mr. Pawan Nagpal Additional (Non-Executive, Independent) Directors of the Company appointed w.e.f. November 14<sup>th</sup> 2018 and April 01<sup>st</sup> 2019 respectively.

None of the present directors are relative of each other.

**SKILL /EXPERTISE/COMPETENCE OF BOARD OF DIRECTORS**

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:-

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.

This criteria is designed to ensure the Board consists of individuals with a balance of skills to oversee the organization, achieve the strategic goals and direct the organization's future. All Directors are expected to possess full set of personal attributes in addition to sound professional knowledge and experience and contribute to the collective industry skills set held by the Board.

Name of the Director	Designation	Expertise in specific functional area
Mr. Gian Chand Thakur	Whole Time Director	Technical operations, law and management
Mrs. Malkeet Kaur	Independent Director	Administration
Mr. Manoj Kumar	Non Executive Director & Non-Independent Director	Business and management
Mr. Surjit Singh	Independent Director	Business and management
Mr. Pawan Nagpal	Independent Director	Technical operations, sales and marketing



**BOARD MEETINGS & QUORUM:**

Nine (9) Board Meetings were held during the year on

- May 30 <sup>th</sup> 2018	- June 18 <sup>th</sup> 2018	- June 30 <sup>th</sup> 2018	- July 10 <sup>th</sup> 2018	- August 13 <sup>th</sup> 2018
- November 14 <sup>th</sup> 2018	- February 14 <sup>th</sup> 2019	- March 13 <sup>th</sup> 2019	- March 30 <sup>th</sup> 2019	

There was not a gap of more than 120 days between two consecutive meetings and requisite quorum was present at all the 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 familiarize the independent directors which is disclosed in the website of the company.

**Change in directors****DIRECTORS**

During the year under review, Due to pre-occupations, Mr. Sushil Kumar Singla (Independent Director) has been resigned from the Board on November 14<sup>th</sup> 2018 before the expiry of his term on March 31<sup>st</sup> 2019 and in this regard he confirmed that there were no other material reasons. Mr. Rajan Dhawan (Independent Director) whose term was expired on March 31<sup>st</sup> 2019 conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term therefore the tenure of Mr. Rajan Dhawan as a Independent Director of the Company comes to end on March 31<sup>st</sup> 2019. Mr. Sanjay Singh Behal (Non-Executive Director) has been resigned from the Board w.e.f. March 30<sup>th</sup> 2019.

Mr. Surjit Singh and Mr. Pawan Nagpal were appointed as an Additional Directors (Non- Executive, Independent) of the Company w.e.f. November 14<sup>th</sup> 2018 and April 01<sup>st</sup> 2019 respectively and will be appointed as an Independent Directors in this ensuing Annual General Meeting.

Mr. Manoj Kumar retires by rotation at this AGM and being eligible offer himself for reappointment.

**KEY MANAGERIAL PERSONNEL (KMP)**

Board would also like to inform the members that Mr. Harmeet Singh, resigned from the post of Company Secretary w.e.f. June 30<sup>th</sup> 2018 and Miss Palak Narang was subsequently appointed w.e.f. July 02<sup>nd</sup> 2018 as a Company Secretary. Further Miss Palak Narang, also resigned from the post of Company Secretary w.e.f. April 15<sup>th</sup> 2019 and Miss Laxmi Khatri was subsequently appointed w.e.f. April 18<sup>th</sup> 2019 as a Company Secretary of the Company.

**Information to Directors:**

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Additional agenda items in the form of "Other Business" are included with the permission of the Chairperson. 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 Chairperson 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.

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

In the financial year 2018-19 the audit committee was reconstituted in accordance with the provisions of Companies Act, 2013 and regulation 18 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 at a board meeting held on November 14<sup>th</sup> 2018. The committee continues to perform its tasks under the companies Act, 2013 as well as SEBI (Listing Obligations and Disclosures Requirements) 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 utilization 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 Chairperson of Audit Committee are financially literate and have the ability to read and understand the financial statement.

In the financial year 2018-19, four meetings were held on May 30<sup>th</sup> 2018, August 13<sup>th</sup> 2018, November 14<sup>th</sup> 2018 and February 14<sup>th</sup> 2019. Composition of the committee and details of meetings held and member’s attendance during the year are as under:

Name	Status	Category	No of Meetings Held and Attended during the year 2018-19	
			Held	Attended
Mr. Sushil Kumar Singla <sup>1</sup>	Chairperson	Non Executive & Independent Director	4	2
Mr. Surjit Singh <sup>1</sup>	Chairperson	Non Executive & Independent Director	4	2
Mrs. Malkeet Kaur	Member	Non Executive & Independent Director	4	4
Mr. Gian Chand Thakur	Member	Whole time Director	4	4

**Notes:**

1. Mr. Surjit Singh was appointed as a Chairperson w.e.f. November 14<sup>th</sup> 2018 in place of Mr. Sushil Kumar Singla.

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

Mr. Sushil Kumar Singla, the Past Chairperson of the Audit Committee was present at the last Annual General Meeting held on September 27<sup>th</sup> 2018.

**NOMINATION AND REMUNERATION COMMITTEE**

In the financial year 2018-19 for the Compliance of Regulation 19(1)/19(2) of (Listing Obligations and Disclosures Requirements) Regulations, 2015 which was inadvertently not done by the Company after the applicability of (Listing Obligations and Disclosures Requirements) Regulations, 2015, the committee was reconstituted in accordance with the provisions of Companies Act, 2013 and regulation 19 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 at a board meeting held on November 14<sup>th</sup> 2018. 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 and details of meetings held and member's attendance during the year under review are as under:

Date of Meetings: - June 30<sup>th</sup> 2018, August 13<sup>th</sup> 2018, November 14<sup>th</sup> 2018 and March 30<sup>th</sup> 2019.

Name	Status	Category	No of Meetings Held and Attended during the year 2018-19	
			Held	Attended
Mr. Sushil Kumar Singla <sup>1</sup>	Chairperson	Non Executive & Independent Director	4	2
Mrs. Malkeet Kaur <sup>1</sup>	Chairperson	Non Executive & Independent Director	4	2
Mr. Manoj Kumar	Member	Non Executive Director	4	4
Mrs. Malkeet Kaur <sup>1</sup>	Member	Non Executive & Independent Director	4	2
Mr. Surjit Singh <sup>2</sup>	Member	Non Executive & Independent Director	4	2

**Notes:**

1. Mrs. Malkeet Kaur was appointed as Chairperson from member of the Committee w.e.f. November 14<sup>th</sup> 2018 in place of Mr. Sushil Kumar Singla.
2. Mr. Surjit Singh was appointed as member w.e.f. November 14<sup>th</sup> 2018.

The Company Secretary acts as the secretary to the Nomination and Remuneration committee.

**Remuneration to Directors:**

**i) Executive Directors:** The Managing Director and Whole-time Director shall be eligible for remuneration, as may be approved by the shareholders of the Company on the recommendation of the NRC Committee and the Board of Directors. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of the Companies Act, 2013.

**ii) Non-Executive/Independent Director:** The Non-Executive/Independent Directors of the Company may receive remuneration by way of sitting fees for attending the meeting of the Board of Directors or Committee thereof, as approved by the Board.

**Details of the remuneration, sitting fees etc. paid/payable/entitlement to Directors for the year ended on March 31<sup>st</sup> 2019.**

Name of the Director	Remuneration (in Rs.)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Sitting fees (in Rs.)	Total
Mr. Gian Chand Thakur	720000.00	-	-	720000.00
Mr. Sushil Kumar Singla <sup>1</sup>	-	-	12000.00	12000.00
Mr. Sanjay Singh Behal <sup>1</sup>	-	-	8000.00	8000.00
Mrs. Malkeet Kaur	-	-	18000.00	18000.00
Mr. Manoj Kumar	-	-	18000.00	18000.00
Mr. Rajan Dhawan <sup>2</sup>	-	-	6000.00	6000.00
Mr. Surjit Singh <sup>3</sup>	-	-	6000.00	6000.00
Mr. Pawan Nagpal <sup>3</sup>	-	-	-	-

**Notes:**

1. Mr. Sushil Kumar Singla (Independent Director) and Mr. Sanjay Singh Behal (Non-Executive Director) of the Company have resigned w.e.f. November 14<sup>th</sup> 2018 and March 30<sup>th</sup> 2019 respectively.
2. Term of Mr. Rajan Dhawan (Independent Director) of the Company ended on March 31<sup>st</sup> 2019.
3. Mr. Surjit Singh and Mr. Pawan Nagpal Additional (Non-Executive, Independent) Directors of the Company appointed w.e.f. November 14<sup>th</sup> 2018 and April 01<sup>st</sup> 2019 respectively.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

In the financial year 2018-19 the Stakeholder Relationship Committee was reconstituted in accordance with the provisions of Companies Act, 2013 and regulation 20 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 at a board meeting held on November 14<sup>th</sup> 2018. 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.

Composition of committee and details of meetings held and member's attendance during the year under review are as under:

Date of Meetings: - September 12<sup>th</sup> 2018, November 14<sup>th</sup> 2018 and February 14<sup>th</sup> 2019.

Name	Status	Category	No of Meetings Held and Attended during the year 2018-19	
			Held	Attended
Mr. Sushil Kumar Singla <sup>1</sup>	<b>Chairperson</b>	Non-Executive & Independent Director	3	1
Mr. Surjit Singh <sup>1</sup>	<b>Chairperson</b>	Non Executive & Independent Director	3	2
Mrs. Malkeet Kaur	<b>Member</b>	Non-Executive & Independent Director	3	3
Mr. Gian Chand Thakur	<b>Member</b>	Whole time Director	3	3

**Notes:**

1. Mr. Surjit Singh appointed as Chairperson in place of Mr. Sushil Kumar Singla w.e.f. November 14<sup>th</sup> 2018.

The Company Secretary acts as the secretary to the Stakeholders Relationship committee.

The details of complaints received and resolved during the Financial Year ended March 31<sup>st</sup> 2019 are given in the table below:

Investor Complaints	Number
Number of shareholders' complaints received during 2018-19	0
Number of solved to the satisfaction of shareholders	0
Number of pending complaints as on March 31 <sup>st</sup> , 2019	Nil

**Name and designation of the Compliance Officer:**

Miss Laxmi Khatri, 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.

**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 committees have re-constituted on November 14<sup>th</sup> 2018. The details related to composition and number of meeting held during the year is as under:

Date of Meetings of Securities Transfer Committee: - May 10<sup>th</sup> 2018, May 25<sup>th</sup> 2018, October 31<sup>st</sup> 2018, December 08<sup>th</sup> 2018 and March 18<sup>th</sup> 2019.

Date of Meetings of Banking and Finance Committee: - September 17<sup>th</sup> 2018, October 05<sup>th</sup> 2018 and October 11<sup>th</sup> 2018.

COMMITTEE NAME	MEMBERS	NO OF MEETINGS
SECURITIES TRANSFER COMMITTEE	Mr. Sushil Kumar Singla (Chairperson) <sup>1</sup> Mr. Surjit Singh (Chairperson) <sup>1</sup> Mr. Gian Chand Thakur Mr. Manoj Kumar	5
BANKING & FINANCE COMMITTEE	Mr. Sushil Kumar Singla (Chairperson) <sup>1</sup> Mr. Surjit Singh (Chairperson) <sup>1</sup> Mr. Gian Chand Thakur Mr. Manoj Kumar	3

**Notes:**

1. Mr. Surjit Singh appointed as Chairperson w.e.f. November 14<sup>th</sup> 2018 in place of Mr. Sushil Kumar Singla.

The Company Secretary acts as the secretary to the Securities Transfer Committee and Banking & Finance committee.

**COMPLIANCE WITH INDIAN ACCOUNTING STANDARDS**

In the preparation of the Standalone IND AS financial statements, the Company has followed the Indian Accounting Standards ("IND AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, Companies (Indian Accounting Standards) Amendment Rules, 2017 and other accounting principles generally accepted in India. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

**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).

**Independent Directors confirmation by the Board**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations. In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations. A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 has been issued and disclosed on website of the Company under the web link [www.himachalfibre.com](http://www.himachalfibre.com).

**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 March 31<sup>st</sup> 2019 to review the performance of Non-independent Directors (including the Chairperson) 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 it's 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. Surjit Singh and Mrs. Malkeet Kaur, met on March 31<sup>st</sup> 2019, 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.

**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 Whole time 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.

**POLICY FOR PRESERVATION OF DOCUMENTS**

In accordance with regulation 9 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 the board has adopted a policy for preservation of documents which has been uploaded on the website of the company under the web link [www.himachalfibre.com](http://www.himachalfibre.com).

**ARCHIVAL POLICY**

In accordance with regulation 30 (8) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 an archival policy has been adopted which has also been uploaded on the website of the company under the web link [www.himachalfibre.com](http://www.himachalfibre.com).

**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 dematerialized shares held with NSDL and CDSL.

**CREDIT RATING:**

During the Financial Year 2018-19 Company has received "D" Credit Rating in respect to bank credit facilities from Credit Rating Agency i.e. Brickwork Ratings India Pvt. Ltd.

**OTHER DISCLOSURES:****RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties, as defined under the Companies Act, 2013 and Regulation 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 no materially significant transactions with related parties during the financial year. 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).

**STRICTURES OR PENALTIES**

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 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI

(Listing Obligations and Disclosures Requirements) 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.

**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. Further in accordance with requirement of Para C 10 (c) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 affirmation is also given that no personnel has been denied access to audit committee. 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).

**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 Chairperson a separate office is maintained at Registered office of the company along with a separate office at Corporate office at 8-L, Model Town, Backside Hotel Chevron Ludhiana-141002 (Punjab).

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

In accordance with regulation 30 (4) of SEBI (Listing Obligations and Disclosures Requirements) 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 i.e. [www.himachalfibre.com](http://www.himachalfibre.com).

**CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE:**

M/s Rajeev Bhambri & Associates, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority except that Mr. Rajan Dhawan – Director was disqualified u/s 164(2) of the Companies Act, 2013. He ceased to be director of Company since March 31<sup>st</sup> 2019. The certificate is enclosed with Corporate Governance Report.

**DETAILS OF TOTAL FEES PAID TO STATUTORY AUDITORS**

Details relating to fees paid to the Statutory Auditors are given in Note 29 (a) to the Financial Statements.

**DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The details of number of complaints filed and disposed of during the year and pending as on March 31<sup>st</sup> 2019 is given in the Directors’ report.

**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
2015-2016	Registered Office at Barotiwala	28.09.2016	11:00 A.M.	1
2016-2017	Registered Office at Barotiwala	28.09.2017	11:00 A.M	0
2017-2018	Registered Office at Barotiwala	27.09.2018	11:00 A.M	1

**RESOLUTION PASSED THROUGH POSTAL BALLOT**

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

**MEANS OF COMMUNICATION**

Annual Reports in respect of each financial year are mailed to the shareholders whose email IDs are registered with the company and physically to the shareholders who have not so registered in the permitted mode in August/ September of each calendar year and to those shareholders, who request for the same. 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

<b>Registered Office</b>	:	<b>Plot no. 43-44, Industrial Area, Barotiwala-174 103, (Himachal Pradesh) Telephone No. – 0161-4684000 Fax No. – 0161-4684010 Email: <a href="mailto:hfl.corporate@gmail.com">hfl.corporate@gmail.com</a></b>
<b>Corporate Office</b>	:	<b>8-L, Model Town, Backside Hotel Chevron Ludhiana-141002 (Punjab) Telephone No. – 0161-4684000 Fax No. – 0161-4684010 Email: <a href="mailto:hfl.corporate@gmail.com">hfl.corporate@gmail.com</a></b>

## PARTICULARS OF DIRECTORS REAPPOINTED

As required under erstwhile clause 49 of the Listing Agreement, the details of Director appointment/reappointment is 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 Local Shopping Centre, Near Dada Harsukh Dass Mandir, 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, Barotiwala-174 103 (Himachal Pradesh)

### 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	:	September 27 <sup>th</sup> 2019
Day	:	Friday
Time	:	11.00 A.M
Venue	:	Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh)

## FINANCIAL CALENDAR

Financial Year	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Financial results were announced on:		
o August 2018	:	First Quarter
o November 2018	:	Second Quarter
o February 2019	:	Third Quarter
o May 2019	:	Fourth Quarter (Audited Results)

### Book Closure

The dates of book closure are from September 21<sup>st</sup> 2019 to September 27<sup>th</sup>, 2019 (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 BSE Limited (BSE).

Stock Exchanges	Stock Code
<b>BSE Limited</b> 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 2018-2019:

Month	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Sensex Closing
April, 2018	5.98	4.04	5.3	143,404	639	35160.36
May, 2018	5.85	3.82	4.19	70,430	422	35322.38
June, 2018	5.18	3.01	4.23	171,364	705	35423.48
July, 2018	4.3	3.1	3.4	81,212	301	37606.58
August, 2018	5.57	3.1	4.95	4,111,439	665	38645.07
September, 2018	5.17	4.02	4.35	51,572	220	36227.14
October, 2018	4.32	3.61	4	20,452	72	34442.05
November, 2018	4	2.47	2.96	56,596	197	36194.3
December, 2018	3.1	2.65	2.76	19,931	113	36068.33
January, 2019	3	2.46	2.75	24,369	83	36256.69
February, 2019	2.88	2.28	2.28	22,303	79	35867.44
March, 2019	2.68	2.17	2.58	57,908	128	38672.91

**DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2019.**

Shareholding	Holders	Percentage %	No of shares	Percentage %
UP TO 5000	2667	93.87	2095949	2.43
5001 TO 10000	70	2.46	504564	0.59
10001 TO 20000	37	1.30	576952	0.67
20001 TO 30000	19	0.66	477003	0.55
30001 TO 40000	5	0.17	168471	0.19
40001 TO 50000	9	0.31	405015	0.47
50001 TO 100000	10	0.35	696850	0.81
100001 AND ABOVE	24	0.84	81325196	94.29

**DEMATERIALIZATION OF SHARES:**

As on March 31<sup>st</sup> 2019, 96.23% of the capital comprising 8,29,99,000 shares, out of total of 8,62,50,000 shares were dematerialized.

**ADDRESS OF CORRESPONDENCE**

Shareholders may contact:

**Miss Laxmi Khatri (Company Secretary) at  
Registered Office & Works**

**Corporate Office**

: Plot No.43-44, Industrial Area,  
Barotiwala-174 103 (Himachal Pradesh)  
8-L, Model Town, Backside Hotel  
Chevron Ludhiana-141002 (Punjab)  
Telephone No. – 0161-4684000  
Fax No. – 0161-4684010  
Email: hfl.corporate@gmail.com



**CEO/CFO CERTIFICATION**

To,  
The Board of Directors  
Himachal Fibres Limited

**Subject: Compliance Certificate as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**We hereby certify that:**

- A. We have reviewed financial statements and the cash flow statement for the financial year 2018-19 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: August 14<sup>th</sup> 2019

Sd/-  
(Gian Chand Thakur)  
Whole time Director  
DIN: 07006447

Sd/-  
(Navrattan Sharma)  
Chief Financial Officer

**Declaration by the Whole time 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<sup>st</sup> 2019.

Place: Ludhiana  
Date: August 14<sup>th</sup> 2019

Sd/-  
Gian Chand Thakur  
Whole time Director  
DIN: 07006447

**Certificate regarding compliance of conditions of Corporate Governance**

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

We have examined the compliance of conditions of Corporate Governance by HIMACHAL FIBRES LIMITED ('the Company'), for the year ended on 31st March, 2019, as stipulated in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 & para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of 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: We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the "SEBI Listing Regulations, 2015" except that Mr. Rajan Dhawan – Director was disqualified u/s 164(2) of the Companies Act, 2013. He ceased to be director of Company since 31.03.2019. We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Rajeev Bhambri & Associates**

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

Dated: 09.08.2019  
Place: Ludhiana

**Certificate of Non-Disqualification of Directors**  
**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the**  
**SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Himachal Fibres Limited having CIN: L17119HP1980PLC031020 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31st 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority except that Mr. Rajan Dhawan – Director was disqualified u/s 164(2) of the Companies Act, 2013. He ceased to be director of Company since 31.03.2019.

S.No.	Name of Director	DIN
1	Mr. Gian Chand Thakur	07006447
2	Mr. Sushil Kumar Singla*	00126157
3	Mr. Sanjay Singh Behal*	06566231
4	Mrs. Malkeet Kaur	07140603
5	Mr. Manoj Kumar	06872575
6	Mr. Rajan Dhawan*	00678553
7	Mr. Surjit Singh	07143372
8	Mr. Pawan Nagpal	02911054

\*Ceased from the Directorship of the Company during the Financial Year 2018-19.

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Rajeev Bhambri & Associates**

**Sd/-**  
**(Rajeev Bhambri)**  
**Proprietor**

**Company Secretary in whole time practice**

**C.P. No. 9491**

**FCS 4327**

**Dated: 09.08.2019**

**Place: Ludhiana**

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF HIMACHAL FIBRES LIMITED****Report on the Audit of the Standalone Ind AS Financial Statements****Opinion**

We have audited the accompanying standalone Ind AS financial statements of **HIMACHAL FIBRES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report and Directors' Report, including annexures thereon, but does not include the standalone financial statements and our auditor's report thereon.

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

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

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: -

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



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

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;

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

g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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 standalone Ind AS Financial statements; refer Note 30 to the standalone Ind AS financial statements.

ii. The company did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

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

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

**DATED: 30.05.2019  
PLACE: LUDHIANA**

**Sd/-  
MANJUL MITTAL  
PARTNER  
(M.NO.500559)**

**“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, 2019:

- 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 provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given , investments made , guarantees, and securities given have been complied with by the company .
- 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 pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or not.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has not been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable except following:-

S.No.	Statute	Nature	Amount
1.	Income Tax Act,1961	Income Tax (FY12-13)	Rs.2080790/-
2.	Himachal Pradesh Sales Tax Act	Works Contract Tax Payable	Rs. 136008/-
3.	Income Tax Act , 1961	Fringe Benefit Tax	Rs. 103040/-
4.	Employee’s State Insurance Act, 1948	E.S.I Payable (FY 2018-19)	Rs.279834/-
5.	Finance Act, 2005	Service Tax Payable	Rs. 3630/-

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

S.No.	Financial Institution and Banks	Particulars	Amount	Period of Default Since
1.	State Bank of India -WCTL	Interest	432724.00	Feb &March 2019
		Installment	833000.00	March 2019
2.	State Bank of India-CC	Interest	1236821.31	March 2019

- 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 as referred to in section 192 of Companies Act, 2013.

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

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

**Sd/-  
MANJUL MITTAL  
PARTNER  
(M.NO.500559)**

**DATED: 30.05.2019  
PLACE: LUDHIANA**

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**“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, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

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

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

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

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



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

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**DATED: 30.05.2019**  
**PLACE: LUDHIANA**

Sd/-  
**MANJUL MITTAL**  
**PARTNER**  
**(M.NO.500559)**



## Notes to financial statements for the year ended 31<sup>st</sup> March 2019

### 1. Corporate Information

Himachal Fibres Limited (hereinafter referred to as "the Company") is a Company incorporated and domiciled in India with its registered office is at Plot No. 43-44, Industrial Area, Barotiwala, District Solan, Himachal Pradesh. Corporate identification number of the company is L17119HP1980PLC031020 and the company is engaged in the business of manufacturing and sale of cotton polyester yarn and knitted clothes.

### 2. Significant accounting policies

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

#### (a) Basis of preparation and presentation

The financial statements of the Company comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, Companies (Indian Accounting Standards) Amendment Rules, 2017 and other accounting principles generally accepted in India.

The financial statements were authorized for issue by the Company's Board of Directors on 30<sup>th</sup> May 2019.

#### (b) Basis of measurement

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

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

#### (c) Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is also the Company's the functional currency.

#### (d) Use of estimates and judgments

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

The area involving significant estimates and judgments are:

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

#### (e) Current / non-current classification

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

### Assets

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

- It is expected to be realized in, or is intended for sale or consumption in the company's normal operating cycle;
  - It is held primarily for the purpose of being traded;
  - It is expected to be realized within 12 months after the reporting date; or
  - It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date
- Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

### Liabilities

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

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

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

**(f) Property, plant and equipment**

**Recognition and measurement**

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

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

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

**Subsequent expenditure**

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

**Depreciation**

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

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

**(g) Impairment**

**Impairment of financial assets**

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

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

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

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

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

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

#### **Measurement of expected credit losses**

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

Presentation of allowance for expected credit losses in the balance sheet

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

#### **Write-off**

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

#### **Impairment of non-financial assets**

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

#### **(h) Inventories**

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost in respect of different classifications of inventories is computed as under:

- in case of raw material, stores and spares, diesel and packing material at first-in-first-out (FIFO) cost method plus direct expenses.
- in case of work-in-progress at raw material cost (determined on FIFO cost method) plus appropriate portion of conversion cost and other overheads incurred depending upon the stage of completion.
- in case of finished goods at raw material cost (determined on FIFO cost method) plus conversion cost, packing cost and other overheads incurred to bring the goods up to their present location and condition.
- Saleable waste/ Scrap has been valued at estimated net realizable value.
- Goods/ material in transit are valued at realizable value to date.

#### **(i) Foreign currency transactions**

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

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

#### **(j) Employee benefits**

- **Short-term employee benefits**  
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.
- **Defined contribution plans**

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

– **Defined benefit plans**

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

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

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

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

**(k) Revenue recognition**

– **Sale of goods**

- The Company recognizes revenue from sale of goods when the titles have been passed at which time all the following conditions are satisfied:
- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- The revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns, if any excluding taxes or duties collected on behalf of the government.
- Shipping and handling amounts invoiced to customers are included in revenue and the related shipping and handling costs incurred are included in freight and forwarding expenses when the Company is acting as principal in the shipping and handling arrangement.

– **Other than sale of goods**

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

**(l) Borrowings**

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

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

**(m) Borrowing costs**

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

**(n) Leases**

A Lease is classified at the inception date as a finance lease or an operating lease. Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value, whichever is lower.

Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of Profit and Loss over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases.

**(o) Financial instruments**

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

**i. Financial Assets**

**Initial recognition and measurement**

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

**Classifications**

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

**Business model assessment**

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

**Debt instruments at amortized cost**

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

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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

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

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

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

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

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

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

**ii. Equity Instruments**

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

All other Financial Instruments are classified as measured at FVTPL.

**De-recognition of financial assets**

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

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

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

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

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

#### **Impairment of financial assets**

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

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

### **iii. Financial liabilities**

#### **Initial recognition and measurement**

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

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

#### **Subsequent measurement**

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

#### **Financial Liabilities measured at amortized cost**

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

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

#### **Financial liabilities at fair value through profit or loss**

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

#### **Gains or losses on liabilities held for trading are recognized in the profit or loss.**

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

#### **Derivative financial instruments**

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

#### De-recognition of financial liabilities

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

#### (p) Measurement of fair values

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

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

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

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

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

#### (q) Cash and cash equivalents

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

#### (r) Earning per share

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

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

#### (s) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future obligation at pre-tax rate that reflects current market assessments of the time value of money risks specific to liability. They are not discounted where they are assessed as current in nature. Provisions are not made for future operating losses.

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

#### (t) Taxation

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

##### i. Current tax

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



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

**ii. Deferred tax**

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

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

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

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

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



**HIMACHAL FIBRES LIMITED**  
BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

Amount in INR

Particulars	Note No.	As at 31.03.2019		As at 31.03.2018	
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Property, Plant and Equipment	3	214242118		224448732	
(b) Financial Assets					
(i) Loans	4	-		-	
(ii) Others	5	2165000		4499059	
(c) Deferred tax assets (net)		5711404		2978079	
(d) Other non-current assets	6	1735989	<u>223854511</u>	1986030	<u>233911900</u>
<b>Current assets</b>					
(a) Inventories	7	294765196		233148768	
(b) Financial Assets					
(i) Trade receivables	8	77309013		97308366	
(ii) Cash and cash equivalents	9	1426235		2839686	
(iii) Bank balances other than (ii) above	9A	9757180		8416975	
(iv) Others	10	346253		235623	
(c) Current Tax Assets (Net)	11	2474104		1350695	
(d) Other current assets	12	31096121	417174102	81946466	425246579
<b>Total Assets</b>			<u><b>641028613</b></u>		<u><b>659158479</b></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share capital	13	86250000		86250000	
(b) Other Equity	14	243699637	<u>329949637</u>	227582823	<u>313832823</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	15	74730400		83928471	
(b) Provisions	16	1760164		2753704	
(c) Deferred tax Liabilities (Net)		-	<u>76490564</u>	-	<u>86682175</u>
<b>Current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	17	143736821		156085569	
(ii) Trade Payables	18	49398276		34599460	
(iii) Other financial liabilities	19	35342450		48007521	
(b) Other current liabilities	20	3147454		16647103	
(c) Provisions	21	2963411	<u>234588412</u>	3303828	<u>258643481</u>
<b>Total Equity and Liabilities</b>			<u><b>641028613</b></u>		<u><b>659158479</b></u>

The accompanying notes are integral part of these financial statements

**NOTE: AS PER OUR SEPARATE REPORT OF EVEN DATE ATTACHED**

	sd/-	sd/-
<b>FOR MANJUL MITTAL &amp; ASSOCIATES</b>	<b>MANOJ KUMAR</b>	<b>GIAN CHAND THAKUR</b>
CHARTERED ACCOUNTANTS	DIRECTOR	WHOLE TIME DIRECTOR
FIRM REG.NO.028039N	DIN: 06872575	DIN:07006447
sd/-		
<b>MANJUL MITTAL</b>		
PARTNER		
M.NO. 500559	sd/-	sd/-
LUDHIANA	<b>LAXMI KHATRI</b>	<b>NAVRATTAN SHARMA</b>
MAY 30, 2019	COMPANY SECRETARY	CFO

**HIMACHAL FIBRES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Particulars	Note No.	Amount in INR	
		For the year ended 31.03.2019	For the year ended 31.03.2018
<b>REVENUE</b>			
Revenue from operations	22	477647769	557615929
Other Income	23	13776588	7167290
<b>Total Income</b>		<b>491424357</b>	<b>564783219</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	200106473	291615668
Purchases of Stock-in-Trade		155787061	135700643
Changes in inventories of finished goods and work-in-progress	25	-54046917	-70333769
Employee benefits expense	26	74337479	70968028
Finance costs	27	35782277	36899410
Depreciation expense	28	20449843	22451866
Other expenses	29	57296598	81040197
<b>Total Expenses</b>		<b>489712814</b>	<b>568342043</b>
<b>Profit/ - Loss before exceptional items and tax</b>		<b>1711543</b>	<b>-3558824</b>
Exceptional items		-	-
<b>Profit/ - Loss before tax</b>		<b>1711543</b>	<b>-3558824</b>
<u>Less: tax expense:</u>			
(1) Current tax		329301	-
(2) Deferred tax		-2733325	3238654
<b>Profit/ - Loss for the period</b>		<b>4115567</b>	<b>-6797478</b>
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		2214921	390941
(ii) Income tax relating to items that will not be reclassified to profit or loss		426150	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Comprehensive Income for the period</b>		<b>5904338</b>	<b>-6406537</b>
<b>Earnings per equity share:</b>			
(Nominal value of equity share – Re. 1/-)			
Basic		0.01	-0.08
Diluted		0.01	-0.08

The accompanying notes are integral part of these financial statements

**NOTE: AS PER OUR SEPARATE REPORT OF EVEN DATE ATTACHED**

<b>FOR MANJUL MITTAL &amp; ASSOCIATES</b>	sd/-	sd/-
CHARTERED ACCOUNTANTS	<b>MANOJ KUMAR</b>	<b>GIAN CHAND THAKUR</b>
FIRM REG.NO.028039N	DIRECTOR	WHOLE TIME DIRECTOR
sd/-	DIN: 06872575	DIN:07006447
<b>MANJUL MITTAL</b>		
PARTNER	sd/-	sd/-
M.NO. 500559	<b>LAXMI KHATRI</b>	<b>NAVRATTAN SHARMA</b>
LUDHIANA	COMPANY SECRETARY	CFO
MAY 30, 2019		

**HIMACHAL FIBRES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR 31<sup>ST</sup> MARCH 2019**

PARTICULARS	Amount in INR	
	Figures at the end of Current Reporting Period 31.03.2019	Figures at the end of Previous Reporting Period 31.03.2018
<b>A. CASH FLOW FROM/USED IN OPERATING ACTIVITIES</b>		
Net Profit Before Tax	1,711,543	(3,558,824)
<b>ADJUSTMENTS FOR:</b>		
Depreciation	20,449,843	22,451,866
Interest expenses	35,782,277	36,899,410
Interest income	(526,243)	(720,232)
Loss on sale of assets	-	686,698
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>57,417,420</b>	<b>55,758,918</b>
<b>ADJUSTMENTS FOR:</b>		
(Increase)/Decrease in trade and other receivables	72,199,759	89,745,280
(Increase)/Decrease in inventories	(61,616,428)	(56,313,365)
Increase/(Decrease) in trade payables and other liabilities	(10,484,940)	(38,169,064)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>57,515,811</b>	<b>51,021,769</b>
Income tax paid	150,677	-
<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>	<b>57,365,134</b>	<b>51,021,769</b>
-		
<b>B. CASH FLOW FROM/USED IN INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(10,243,229)	(15,455,612)
Sale of fixed assets	-	2,500,000
Interest received	526,243	720,232
<b>NET CASH FROM/USED IN INVESTING ACTIVITIES</b>	<b>(9,716,986)</b>	<b>(12,235,380)</b>
<b>C. CASH FLOW FROM/USED IN FINANCING ACTIVITIES</b>		
Amount transferred to capital redemption reserve	12,000,000	-
Equity portion of unsecured loan paid (other equity)	(2,392,298)	-
Repayment of long term borrowings	(9,198,071)	(1,391,442)
Changes in working capital loans/short term borrowings	(12,348,748)	1,115,227
Interest paid	(35,782,277)	(36,899,410)
<b>NET CASH FROM/USED IN FINANCING ACTIVITIES</b>	<b>(47,721,394)</b>	<b>(37,175,626)</b>
Net Increase/(Decrease) in cash and cash equivalents	(73,246)	1,610,764
Opening cash and cash equivalents	11,256,661	9,645,898
Closing cash and cash equivalents	11,183,415	11,256,661

The accompanying notes are integral part of these financial statements

**NOTE: AS PER OUR SEPARATE REPORT OF EVEN DATE ATTACHED**

sd/-  
**FOR MANJUL MITTAL & ASSOCIATES**  
 CHARTERED ACCOUNTANTS  
 FIRM REG.NO.028039N  
 sd/-  
**MANJUL MITTAL**  
 PARTNER  
 M.NO. 500559  
 LUDHIANA  
 MAY 30, 2019

sd/-  
**MANOJ KUMAR**  
 DIRECTOR  
 DIN: 06872575  
 sd/-  
**LAXMI KHATRI**  
 COMPANY SECRETARY

sd/-  
**GIAN CHAND THAKUR**  
 WHOLE TIME DIRECTOR  
 DIN:07006447  
 sd/-  
**NAVRATTAN SHARMA**  
 CFO



Notes on Accounts :-

Description of assets

3. Property, plant and equipment

At Works

Description of assets	Gross carrying amount			As at 31.03.2019	Opening Accumulated depreciation	Depreciation		Closing Accumulated depreciation	Net carrying amount	
	As at 01.04.2018	Additions during the period	Disposal			Depreciation for the year	Eliminated on disposal of assets		As at 31.03.2019	As at 31.03.2018
Freehold Land	82239.00	-	-	82239.00	-	-	-	-	82239.00	82239.00
<b>Total</b>	<b>82239.00</b>	<b>-</b>	<b>-</b>	<b>82239.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82239.00</b>	<b>82239.00</b>
Buildings	130474683.21	-	-	130474683.21	58223957.44	4065263.22	-	62289220.66	68185462.55	72250725.77
Plant and equipment	405030124.10	9705520.14	-	414735644.24	271976356.51	13788858.00	-	285765214.51	128970429.73	133053767.59
Furniture and fixtures	1811293.75	-	-	1811293.75	1522828.00	96516.00	-	1619344.00	191949.75	288465.75
Vehicles	24068263.00	435120.00	-	24503383.00	5692245.00	2443326.00	-	8135571.00	16367812.00	18376018.00
Office equipments	629322.00	-	-	629322.00	597855.00	-	-	597855.00	31467.00	31467.00
Computers	869131.00	-	-	869131.00	821414.00	4259.00	-	825673.00	43458.00	47717.00
Mobile Phones	34718.00	-	-	34718.00	32982.00	-	-	32982.00	1736.00	1736.00
Electrical Fittings	581453.00	-	-	581453.00	445432.29	23161.00	-	468593.29	112859.71	136020.71
Weighing Machines	85428.00	-	-	85428.00	25091.00	5630.00	-	30721.00	54707.00	60337.00
Tubewell	324815.00	-	-	324815.00	282050.00	6631.00	-	288681.00	36134.00	42765.00
<b>Total</b>	<b>564661089.06</b>	<b>10243229.43</b>	<b>-</b>	<b>574904318.49</b>	<b>340212357.23</b>	<b>20449843.22</b>	<b>-</b>	<b>360662200.46</b>	<b>214242118.03</b>	<b>224448731.83</b>

At Ludhiana Office

Office equipments	42526.00	-	-	42526.00	40400.00	-	-	40400.00	2126.00	2126.00
Computers	580394.00	-	-	580394.00	507383.00	-	-	507383.00	73011.00	73011.00
Mobile Phones	46699.00	102589.29	-	149288.29	44363.00	16199.00	-	60562.00	88726.29	2336.00

<b>Total</b>	<b>564661089.06</b>	<b>10243229.43</b>	<b>-</b>	<b>574904318.49</b>	<b>340212357.23</b>	<b>20449843.22</b>	<b>-</b>	<b>360662200.46</b>	<b>214242118.03</b>	<b>224448731.83</b>
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Particulars	Amount in INR	
	As at 31.03.2019	As at 31.03.2018
<b>4. Loans</b>	-	-
(unsecured, considered good)		
<b>Total</b>	-	-
<b>5. Others</b>		
Security deposits	2,165,000	2,165,000
Non-current bank balances - term deposits		2,201,780
Interest accrued but not due on - Fixed Deposits	-	132,279
<b>Total</b>	<b>2,165,000</b>	<b>4,499,059</b>
<b>6. Other non-current assets</b>		
Capital Advances	1,096,635	1,335,983
Leasehold Land - Pre-payment	639,354	650,047
<b>Total</b>	<b>1,735,989</b>	<b>1,986,030</b>
<b>7. Inventories</b>		
<b>(Refer note no. 2 (h) for mode of valuation)</b>		
Raw materials	19,380,922	10,778,860
Work-in-progress	6,709,922	4,801,138
Finished goods	231,206,694	188,028,038
Stock-In-Trade	8,959,478	-
Stores and spares	28,508,180	29,540,732
<b>Total</b>	<b>294,765,196</b>	<b>233,148,768</b>
<b>8. Trade receivables</b>		
Unsecured, considered good :		
Related Parties - Where Director is Director or Member	-	79,201,424
Other Parties	77,309,013	18,106,942
	<b>77,309,013</b>	<b>97,308,366</b>
Doubtful	-	-
Less: Provision for Life Time Expected Credit Loss	-	-
<b>Total</b>	<b>77,309,013</b>	<b>97,308,366</b>
No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.		
<b>9. Cash and cash equivalents</b>		
Balances with banks		
- in current/ cash credit accounts	1,958	49,637
- in deposit accounts with maturity upto three months (pledged with banks towards margin against Bank guarantees)	-	-
Cash on hand	1,424,277	2,790,049
<b>Total</b>	<b>1,426,235</b>	<b>2,839,686</b>
<b>9A. Bank balances other than Cash and cash equivalents</b>		
<b>Other bank balances</b>		
- Deposits with more than twelve months maturity	-	2,201,780
- Deposits with more than three months but less than twelve months maturity	9,757,180	8,416,975
	<b>9,757,180</b>	<b>10,618,755</b>
Less: Amounts disclosed as other financial assets (non current) [refer note 5]		2,201,780
<b>Total</b>	<b>9,757,180</b>	<b>8,416,975</b>
<b>10. Others</b>		
Advances to Employees		-
Interest accrued but not due on - Fixed Deposits	346,253	235,623
Interest Recoverable - CC & WCTL		-
<b>Total</b>	<b>346,253</b>	<b>235,623</b>
<b>11. Current Tax Assets (Net)</b>		
Advance Income Tax (2007-2008)	9,139	9,139

Particulars	Amount in INR	
	As at 31.03.2019	As at 31.03.2018
F.B.T. Recoverable (A.Y. 2006-07)	5,450	5,450
TDS/ TCS Recoverable (F.Y. 2018-19)	1,123,409	-
TDS/ TCS Recoverable (F.Y. 2017-18)	1,159,394	1,159,394
TDS Recoverable (F.Y. 2009-10)	18,508	18,508
TDS Recoverable (F.Y. 2008-09)	78,433	78,433
TDS Recoverable (F.Y. 2007-08)	79,771	79,771
<b>Total</b>	<b>2,474,104</b>	<b>1,350,695</b>
<b>12. Other current assets</b>		
Leasehold Land - Pre-payment	10,693	10,693
Advances to suppliers of goods and services	-	-
Related Parties - Where Director is Director or Member	-	59,177,002
Other Parties	5,217,080	9,037,489
Other advances Recoverable in Cash or Kind	-	-
Prepaid expenses	1,373,662	854,856
Entry Tax Advance	27,069	27,069
Input VAT Credit (HP)	4,100	4,100
Input VAT Credit (Punjab)	8,328,173	8,328,173
VAT Reversed against Material with Job worker	1,848,227	1,848,227
GST Input	14,287,117	2,658,857
<b>Total</b>	<b>31,096,121</b>	<b>81,946,466</b>

**13. Equity Share capital**

**Authorised**

*Equity Shares*

- 17,50,00,000(PY 17,50,00,000) Equity Shares for Re. 1/- EACH

175000000	175000000	175000000	175000000
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*Preference Shares*

- 1,65,000 16.5% Cumulative Redeemable Pref. Shares of Rs.100/- Each

16500000	16500000	16500000	16500000
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- 14,35,000 4% Non-Cumulative Redeemable Pref. Shares of Rs.100/- Each

143500000	143500000	143500000	143500000
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**Total**

	335000000		335000000
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**Issued, Subscribed & Paid Up Equity Shares**

- 8,62,50,000 (PY 8,62,50,000) Equity Shares for Re. 1/- Each Fully Paid up

86250000	86250000	86250000	86250000
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**Total**

	86250000		86250000
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**The reconciliation of the number of shares outstanding at the beginning and at the end of the period:**

**Equity shares of Rs. 1/- each:**

Particulars	Number of shares	Amount	Number of shares	Amount
Number of shares and amount at the beginning	86250000	86250000	86250000	86250000
Add : Shares issued	-	-	-	-
Number of shares and amount at the end		86250000		86250000

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

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

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

Name of the shareholder	Number of shares	% held	Number of shares	% held
Balmukhi Textile P Ltd.	13180500	15.28	13180500	15.28
Brijeshwari Textiles P Ltd.	13180500	15.28	13180500	15.28
Shiva Spinfab P Ltd.	13680500	15.86	13680500	15.86
Himachal Yarns Ltd.	9610050	11.14	9610050	11.14
Shiv Narayan Investments P Ltd.	8999750	10.43	8999750	10.43
Romesh K Aggarwal	2260000	2.60	6010000	6.97
Garg Fincap Ltd.	6715000	7.79	6715000	7.79
	67626300	78.39	71376300	82.76

**14. Other Equity**

**Reedemable Preference Shares**

The Company has issued 12,00,000 (PY 12,00,000) 4% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each on 31st August 2009. The said preference share shall be redeemed after the expiry of 16th, 17th & 18th year from the date of allotment by repayments of the amounts paid up thereon along with such premium not exceeding 4% per annum (to be calculated for the period of 15 years) on the face value of preference shares for the period to be reckoned from the date of allotment in installment of 30%, 35%, and 35% respectively.

(PY 12,00,000) 4% Non-Cumulative Redeemable Preference Shares of Rs. 100/- Each on 28 June 2013 having tenure of 20 Years. The Preference Shares are presented in the Balance Sheet as follows.

Particulars	Amount in INR			
	As at 31.03.2019		As at 31.03.2018	
Equity Component of Preference Shares 4% Non-Cumulative Redeemable Preference Shares	92,099,976		92,099,976	
Equity Component of Preference Shares		92,099,976		92,099,976
<b><u>Retained Earnings</u></b>				
Balance at the beginning of the year	(163,430,256)		(157,023,719)	
Add: Profit/(Loss) for the year	5,904,338		(6,406,537)	
Add : Impact of IND AS effective ROI (WCTL Processing fee)				
Less: Amount Transferred to Capital Redemption Reserve	(3,000,000)			
Less: Provision for Life Time Expected Credit Loss				
Less: Provision for Lease Rent on Operating Lease				
Less: Deferred Tax Adjustment of IND AS				
Less : Other Comprehensive Income (Loss) (Actuarial Gain on Gratuity)				
Less: Income Tax for Earlier Years	604,775			
Other Comprehensive Income				
Balance at the end of the Year	(159,921,144)	(159,921,144)	(163,430,256)	(163,430,256)
<b><u>Reserves &amp; Surplus</u></b>				
<b>Capital redemption reserve</b>				
As at the commencement of the year	16,489,070		16,489,070	
Add: receipt during the year	15,000,000	31,489,070		16,489,070
<b>Capital reserves</b>				
As at the commencement of the year	177,793,476		177,793,476	
Add: receipt during the year		177,793,476		177,793,476
<b>Share Premium Account</b>				
As at the commencement of the year	52,000,000		52,000,000	
Add: Additions during the year	-	52,000,000	-	52,000,000
<b>Equity Component of Unsecured Loan</b>	52,630,557		52,630,557	
Less : Redeemed During The Year	(2,392,298)	50,238,259	-	52,630,557
<b>Total</b>		243,699,637		227,582,823
Disclosures of nature and amount of each item				
15. <b>Borrowings</b>				
Secured (*)				
Term Loans	38,812,837		49,918,871	
Add/(Less) : Impact of IND AS effective ROI	130,247		149,098	
Car Loans	3,906,643		8,705,441	
Less: Current maturities of long term loans (refer Note No. 19)	(13,902,643)	28,947,084	(14,822,048)	43,951,362
Unsecured Loans				
Metro Synthetics	-		2,500,000	
Balmukhi Textiles Pvt. Ltd.	25,000,000		25,000,000	
Brijeshwari Textiles Pvt. Ltd.	27,500,000		27,500,000	
	52,500,000		55,000,000	
Less: Equity Portion of Unsecured Loan	(50,238,259)		(52,630,557)	
Add: NPV of Interest on Unsecured Loans	1,089,128	3,350,869	709,885	3,079,328
<b>Total</b>		32,297,953		47,030,690

\* (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 of the Company namely Sh. Akhil Malhotra and Sh. Mayank Malhotra.

(C) WCTL is repayable in total 84 monthly Installments as follows: 83 Installments from march 2016 of Rs. 8.33 lacs each and balance in 1 monthly Installment of Rs. 8.61 lacs.

(D) Car Loans are from Toyota Financial Services (I) Ltd. (Rs. 18.90 lacs), exclusively for purchase of two new Cars. The respective Vehicles are Hypothecated against Loans. The Loans are payable in 36 Equal Monthly Installments (Including Interest) of Rs. 0.61 Lacs & Rs. 0.76 lacs.

Particulars	Amount in INR	
	As at 31.03.2019	As at 31.03.2018
a (ii) Other Long Term Liabilities		
Redeemable Portion of 4% Non-Cumulative Pref Share Capital	42,432,447	36,897,781
<b>16. Provisions</b>		
Provision for Employee Benefits		
Gratuity	1,760,164	2,753,704
Total	1,760,164	2,753,704
<b>17. Borrowings</b>		
(Secured, Considered Good)	-	-
Cash Credit Account (Secured)	143,736,821	156,085,569
Total	143,736,821	156,085,569
<b>18. Trade payables</b>		
Creditors other than Micro and small Enterprises		
- Related Parties - Where Director is Director or Member	-	8,227
- Other Parties	16,628,017	10,905,635
ILC Payable	32,770,259	23,685,598
Total	49,398,276	34,599,460
<b>19. Other financial liabilities</b>		
Current maturities of long-term debt		
- State Bank of India WCTL	9,996,000	9,996,000
- ICICI Bank Ltd	237,480	669,071
- Toyota Financial Services India Ltd.	3,669,163	4,156,977
Redemption Amount of 16.5% Preference Shares	-	15,000,000
Others		
- Employees Dues	15,697,149	13,393,119
Other Expenses Payable	5,742,658	4,792,354
Total	35,342,450	48,007,521
<b>20. Other current liabilities</b>		
Statutory Dues Payable		
- Provident Fund	169,705	6,731,349
- Employee State Insurance (ESI)	1,027,129	3,041,753
- Tax Deducted at Source	96,527	283,476
- Service Tax	3,630	3,630
- Work Contract Tax	136,008	136,008
Advance From Customers	331,364	6,450,886
Cheques Issued But Not Presented	1,383,091	-
Total	3,147,454	16,647,103
<b>21. Provisions</b>		
Provision for employee benefits		
- Gratuity	24,129	65,223
Income Tax Payable	2,939,282	3,238,605
Total	2,963,411	3,303,828
<b>22. Revenue from operations</b>		
Sale of products	407,090,910	513,694,491
	407,090,910	513,694,491
Other operating revenues		
Sale of waste	2,467,261	2,260,015
Sale of scrap	312,092	385,100
	2,779,353	2,645,115
Jobwork Charges Received	67,777,506	41,276,323
Total	477,647,769	557,615,929
<b>23. Other income</b>		
Interest income	526,243	720,232
Other non-operating income	13,250,345	6,447,058
Total	13,776,588	7,167,290
<b>24. Cost of materials consumed</b>		
<u>Cost of raw materials consumed</u>		
Opening stock of raw materials	10,778,860	29,324,110
Add: purchase of raw materials	208,708,535	273,070,418
	219,487,395	302,394,528
Less :		
Closing stock of raw materials	19,380,922	10,778,860
Cost of materials consumed - Total	200,106,473	291,615,668



Particulars	Amount in INR	
	As at 31.03.2019	As at 31.03.2018
<b>25. Changes in inventories of finished goods and work-in-progress</b>		
<b>Closing inventories</b>		
Finished goods	239,474,039	187,994,038
Saleable waste	692,133	34,000
Work-in-progress	6,709,922	4,801,138
Stock-in-trade	-	-
	<u>246,876,094</u>	<u>192,829,176</u>
<b>Opening inventories</b>		
Finished goods	187,994,038	94,472,536
Saleable waste	34,000	154,189
Work-in-progress	4,801,138	3,637,740
Stock-in-trade	-	24,230,942
	<u>192,829,176</u>	<u>122,495,407</u>
<b>(-) Increase/ decrease in inventories of finished goods and work-in-progress</b>		
Finished goods	(51,480,000)	(93,521,502)
Saleable waste	(658,133)	120,189
Work-in-progress	(1,908,784)	(1,163,398)
Stock-in-trade	-	24,230,942
	<u>(54,046,917)</u>	<u>(70,333,769)</u>
<b>26. Employee benefits expense</b>		
Salaries, wages and bonus	66,173,707	61,708,136
Contribution to provident fund and other funds	2,265,573	3,277,164
Gratuity expense	1,180,287	1,306,842
Staff welfare expenses	429,202	543,244
Bonus	2,653,346	2,571,193
Compensated Absences	1,635,365	1,561,449
Total	<u>74,337,479</u>	<u>70,968,028</u>
<b>27. Finance costs</b>		
Interest	23,449,188	27,138,150
Interest exp.s as per IND AS	130,247	149,098
Other Borrowing Costs	5,237,612	4,227,539
Interest on Preference Shares	5,534,666	4,812,754
NPV of Interest on Unsecured Loans	379,243	378,163
Less: Interest Income	-	-
Bank Charges	1,051,321	193,706
Total	<u>35,782,277</u>	<u>36,899,410</u>
<b>28. Depreciation Expense</b>		
Depreciation on property, plant and equipment (refer note no. 3)	20,449,843	22,451,866
Total	<u>20,449,843</u>	<u>22,451,866</u>
<b>29. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power & Electricity	35,569,502	39,436,024
Fuel Consumed	1,286,050	590,333
Oil & Lubricants	1,104,161	1,977,067
Store & Spares Consumed	3,425,422	4,983,591
Freight & Cartage Inwards	126,758	185,517
Lease Rent Machinery	1,800,000	1,739,510
Processing Charges Paid To Others	-	-
Machinery Repair	3,296,864	3,975,335
	<u>46,608,756</u>	<u>52,887,378</u>
<b>Administrative Expenses</b>		
Remuneration of Auditors		
(a) As Auditor	200,000	200,000
Board Meeting Expenses	104,830	114,650
Computer Repair & Expenses	58,483	49,752
Director's Remuneration	720,000	720,000
Fees Subscription & Taxes	281,616	247,305
Fine & Penalty	47,837	81,797

Particulars	Amount in INR	
	As at 31.03.2019	As at 31.03.2018
General & Miscellaneous Expenses	62,879	68,537
Insurance Expenses	837,076	913,470
Legal & professional Expenses	927,024	770,834
Loss on sale of Assets	-	686,698
Printing & Stationary Expenses	52,733	58,591
Prior Period Expenses	51,175	89,000
Rent Expenses	159,720	154,880
Rent Exp. For operating Lease	10,693	10,693
Repair & Maintenance	680,018	1,394,446
Service Tax (Reverse Charge)	-	48,912
Telephone, Fax, Internet & Postage Expenses	183,778	173,492
Travelling Expenses	97,594	78,849
Vehicle Running & Maintenance	1,915,053	778,091
	<b>6,390,508</b>	<b>6,639,997</b>
<b>Selling Expenses</b>		
Advertisement Expenses	47,710	72,304
Commission	-	336,800
Freight & Cartage Outwards	1,922,484	2,679,364
Packing & Handling Expenses	2,295,379	2,942,973
Bad Debts Written Off	-	15,481,357
Rebate & Discount	31,761	25
	<b>4,297,334</b>	<b>21,512,823</b>
<b>Total</b>	<b>57,296,598</b>	<b>81,040,197</b>

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

Particulars	(Rs.in Lacs)	
	As At 31.03.2019	As At 31.03.2018
Contingent liability not provided for		
--Entry Tax with H.P.Excise and Taxation Deptt.	70.80	70.80
--Processing Fees of Dy.Director of Industries, Solan	149.77	149.77
-- Damages under ESI	59.40	59.40
--Right to Recompense with State Bank of India	591.00	591.00
<b>Total</b>	<b>870.97</b>	<b>870.97</b>

31.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)	
		2018-19	2017-18
Sh. Gian Chand Thakur	Whole Time Director	7.20	7.36

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

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

Particulars	(Rs.in Lacs)	
	As At 31.03.2019	As At 31.03.2018
Profit/(Loss) attributable to equity shareholders (A)	59.04	-64.07
Less: Preference Dividend for the year*	48.00	--
Earnings Attributable to Equity shareholders	11.04	0
Weighted average number of equity shares (Nos) (B)	86250000	86250000
Earning per shares (Rs per share) (face value of Rs.1 each) (A/(B))	0.01	-ve
Diluted earnings per share	0.01	-ve

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

**34. 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, 2019 has been recognized by applying the tax rate applicable for the current financial year as under:-

Sr. No.	Particulars	Deferred Tax (Rs.)	
		Debit	Credit
1.	Deferred Tax Assets as on 01.04.2018	2978079/-	--
2.	Deferred Tax Income recognized during the year due to timing difference between depreciation as per Income Tax Act, 1961 & as per books of account for the year 2018-19	2733325/-	--
3.	Net Deferred Tax Assets as on 31.03.2019	5711404/-	--

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

A. Enterprises under the common control as the company : Nil

B. Key Management Persons

Sh. Gian Chand Thakur

Sh. Navrattan Sharma(CFO)

Sh. Harmeet Singh(Company Secretary) (Resigned on30<sup>th</sup> June 2018)

Ms. Palak Narang(Company Secretary)

(ii) Disclosure of transactions between the company and related parties during the year and outstanding balances as on March 31, 2019.

Particulars	(Rs.in Lacs)			
	Enterprises that are under common control as the company		Key management personnel	
	As At 31.03.2019	As At 31.03.2018*	As At 31.03.2019	As At 31.03.2018**
Purchases	--	3165.57	--	--
Sales (Including Jobwork Income)	--	3708.82	--	--
Director Sitting fees	--	--	0.68	0.50
Rent Paid	--	18.94	--	--
Remuneration	--	--	18.31	17.76
Trade Receivables	--	792.01	--	--
Advances against Supplies	--	591.77	--	--
Trade Payables	--	0.08	--	--

\* Includes the following enterprises which were under the Common Control till 31.03.2018:

- M/S Shiva Texfab Limited
- M/s Shiva Specialty Yarns Ltd.
- M/s Yogindra Worsted Ltd.
- M/s Shiva Spin-N-Knit Ltd.
- M/s K KFibres Ltd.
- M/s Indian Yarns Ltd.

However, these enterprises are not under common control w.e.f 01.04.2018

\*\*Includes the following Key Managerial Persons

Sh. Gian Chand Thakur

Sh. Navrattan Sharma(CFO)

Sh. Amit Sharma (Company Secretary) (Resigned on 28th Feb,2018)

36. 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.

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

38. Payment to Auditors:-

Particulars	(Rs.in Lacs)	
	As At 31.03.2019	As At 31.03.2018
Audit Fees	1.00	1.00
Tax Audit Fees	1.00	1.00
Total	2.00	2.00

39. Various entities were holding the 1,50,000 16.5% Cumulative Redeemable Preference Shares of Rs.100/- each which were redeemable at certain term and conditions as per BIFR Order dated 21/07/2009 (case no. 219/2001) within a period of two years starting from the financial year 2010-11 towards full and final settlement. Now the company has redeemed the said outstanding 1,50,000 16.5% Cumulative Redeemable Preference Shares of Rs.100/- each@ 20% of the face value of the shares as per the terms of the abovementioned BIFR order and issued the cheques to the said preference shareholders.

40. The company is operating in single segment i.e Textiles. Hence segment reporting as required under IND AS108 (Operating Segments) is not applicable.

Major Customers

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

Name	(Rs.in Lacs)	
	FY 2019	FY 2018
Yogindra Worsted Ltd	813.62	805.41
Shiva Textfabs Ltd	1216.63	1954.72
Vinayak International	1764.97	135.76

41. Leases:

Leasehold Land:

Under Ind AS, land on lease is considered as operating lease. Therefore, Leasehold prepayment Charges of Rs.6.39 Lakhs (PY Rs. 6.50 Lakhs) are shown under the head "Other non-current assets" as on 31.03.2019 and Rs.0.11 Lakhs (PY Rs. 0.11 Lakhs) are shown under the head "Other current assets as on 31.03.2019.

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)	
	2018-19	2017-18
Within one year	18.53	19.70
Later than one year and not later than five year	72.00	90.59
Later than five year	108.00	126.00

42. 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

	As At 31.03.2019	As At 31.03.2018
i) Discounting Rate	7.66	7.80
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	WithdrawalRate (%)	
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	As At 31.03.2019	As At 31.03.2018
A	Present value of obligation	17,84,293	28,18,927
B	Fair value of plan assets	--	--
C	Net assets / (liability) recognized in balance sheet as provision	(17,84,293)	(28,18,927)

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

		As At 31.03.2019	As At 31.03.2018
a)	Current liability (Amount due within one year)	24,129	65,223
b)	Non-Current liability (Amount due over one year)	17,60,164	27,53,704
c)	Total PBO at the end of year	17,84,293	28,18,927

**b. Provident Fund**

During the year the company has recognized an expense of Rs. 11,08,826/- (Previous Year Rs. 19,15,707/-) towards provident fund scheme.

**c. Leave Encashment and Bonus**

During the year the company has recognized an expense of Leave Encashment and Bonus for Rs. 16,35,365/- and Rs. 26,53,346/- respectively (Previous Year 15,61,449/- and Rs. 25,71,193/- respectively)

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

**FOR MANJUL MITTAL & ASSOCIATES**

CHARTERED ACCOUNTANTS

FIRM REG.NO.028039N

sd/-

**MANJUL MITTAL**

PARTNER

M.NO. 500559

LUDHIANA

MAY 30, 2019

sd/-

**MANOJ KUMAR**

DIRECTOR

DIN: 06872575

sd/-

**LAXMI KHATRI**

COMPANY SECRETARY

sd/-

**GIAN CHAND THAKUR**

WHOLE TIME DIRECTOR

DIN:07006447

sd/-

**NAVRATTAN SHARMA**

CFO



HIMACHAL FIBRES LIMITED

**Registered Office:** Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh)  
**Corporate Office:**8-L, Model Town, Backside Hotel Chevron, Ludhiana-141002  
**CIN:** L17119HP1980PLC031020 **Phone:** 0161-4684000 **Fax:** 0161-4684010  
**Email:** hfl.corporate@gmail.com, **Website:** www.himachalfibre.com  
**ATTENDANCE SLIP**

DP ID*	
CLIENT ID*	

FOLIO NO.	
NO. OF SHARES	

**NAME & ADDRESS OF THE SHAREHOLDER**

I being the registered Shareholder/ proxy for the registered Shareholder of the Company hereby record my presence at 38<sup>TH</sup> ANNUAL GENERAL MEETING of the Company held on Friday, September 27th, 2019 at 11:00 A.M. at Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh) and at any adjournment(s) thereof.

\_\_\_\_\_  
SIGNATURE OF SHAREHOLDER/PROXY

\* APPLICABLE FOR INVESTORS HOLDING SHARES IN ELECTRONIC FORM.

Electronic Voting Particulars		
EVSN (E-Voting Sequence No.)	User ID/Folio No./ DP ID/ Client ID	Sequence No.
190813006		

**HIMACHAL FIBRES LIMITED**

**Registered Office:** Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh)  
**Corporate Office:**8-L, Model Town, Backside Hotel Chevron, Ludhiana-141002  
**CIN:** L17119HP1980PLC031020 **Phone:** 0161-4684000 **Fax:** 0161-4684010  
**Email:** hfl.corporate@gmail.com, **Website:** www.himachalfibre.com

**PROXY FORM**

Form MGT - 11

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

CIN	L17119HP1980PLC031020
Name of the Company	Himachal Fibres Limited
Regd. Office	Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh)
Name of the Member(s)	
Regd. Address	
Email	
Folio No.	

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

- 1) Name : \_\_\_\_\_ Address \_\_\_\_\_  
 Email \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
- 2) Name : \_\_\_\_\_ Address \_\_\_\_\_  
 Email \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
- 3) Name : \_\_\_\_\_  
 Address \_\_\_\_\_  
 Email \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Friday, September 27<sup>th</sup> 2019 at 11:00 A.M. at Plot No.43-44, Industrial Area, Barotiwala-174 103 (Himachal Pradesh), 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 Financial Statements of the Company as at March 31 <sup>st</sup> 2019, together with the Report of Auditors and Board of Directors thereon.
2.	To appoint a Director in place of Mr. Manoj Kumar (DIN: 06872575), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
<b>Special Business:</b>	
3.	To appoint Mr. Surjit Singh (DIN: 07143372) as an Independent director of the Company.
4.	To appoint Mr. Pawan Nagpal, (DIN: 02911054) as an Independent director of the Company.
5.	To re-appoint Mr. Gian Chand Thakur (DIN: 07006447), as a Whole Time Director of the Company

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019  
 Signature of the Member: \_\_\_\_\_  
 Signature of the Proxy holder(s): \_\_\_\_\_

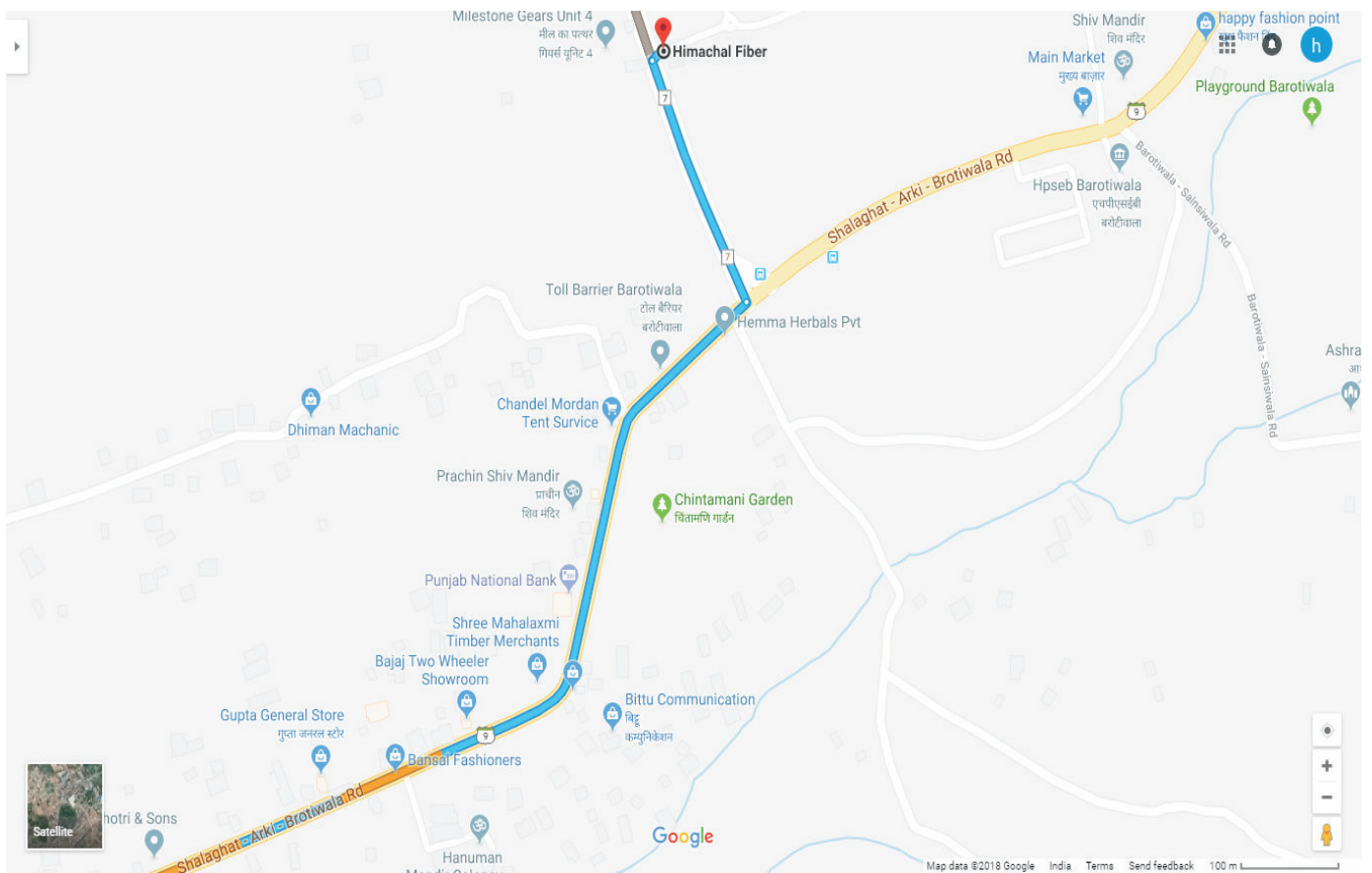
Affix  
revenue  
stamp of  
Rs. 1

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



## Route Map of the 38<sup>th</sup> Agm Venue:

**Himachal Fibres Limited**  
**Plot No. 43-44, Industrial Area,**  
**Barotiwala, Himachal Pradesh-174103**



**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 Fax : +91-161-4684010