



HIMACHAL FIBRES LIMITED

HIMACHAL FIBRES LIMITED

2009-2010 Annual Report

BOARD OF DIRECTORS:

Shri Sushil Singla,
Shri Rajesh Gupta,
Shri Ajai Singh,
Shri Anshu Malhotra,
Shri Rajinder Kumar,
Shri Sanjay Goel,
Shri Rajan Dhillon,
Shri Raj Mittal,
Shri Rahul Kalia,
Shri Daljeet Singh Rana

Chairman
Managing Director
Special Director - BIFR
Director
Director
Director
Director
Director

COMPANY SECRETARY & COMPLIANCE OFFICER

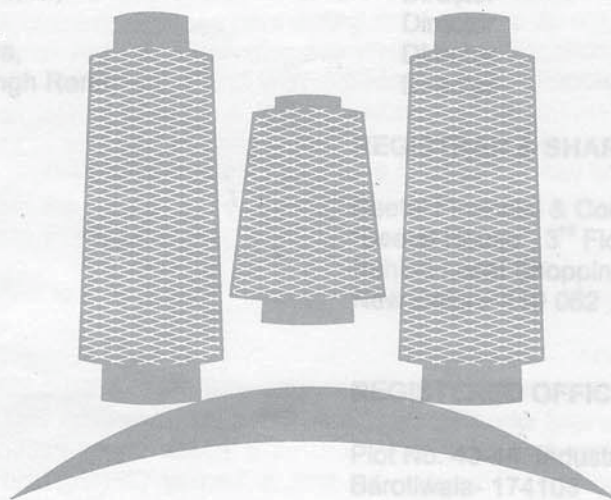
Shri Mukesh Singh Verma

AUDITORS:

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

BANKERS:

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



SHARE TRANSFER AGENT

& Computer Services (P) Limited
5th Floor, 89, Mallangir,
Shopping Centre,
141002

REGIONAL OFFICE & WORKS:

Plot No. 3, Industrial Area,
Baroliwala - 174105
Distt. Solan (H.P.)

CORPORATE OFFICE:

1st Ground Floor, City Tower,
Model Town, Ludhiana - 141002



Himachal Fibres Limited

www.himachalfibres.com



HIMACHAL FIBRES LIMITED

BOARD OF DIRECTORS:

Shri Sushil Singla,
Shri Rajesh Gupta,
Shri Ajai Singh
Shri Akhil Malhotra,
Shri Rajinder Kumar
Shri Sanjay Goel,
Shri Rajan Dhawan,
Shri Raj Mittal,
Shri Rahul Kalia,
Shri Daljeet Singh Rana,

DESIGNATION

Chairman
Managing Director
Special Director- BIFR
Director
Director
Director
Director
Director
Director
Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Mukesh Singh Verma

REGISTRAR & SHARE TRANSFER AGENT

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

AUDITORS:

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

BANKERS:

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

REGISTERED OFFICE & WORKS:

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

CORPORATE OFFICE:

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

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NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of HIMACHAL FIBRES LIMITED will be held at the Registered Office of the company at Plot No. 43-44, Industrial Area, Barotiwala, Distt. Solan (H.P.) 174103, on Thursday, the 30th September, 2010 at 01.00 P.M. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Accounts of the Company for the 6 months period ended on 31st March, 2010 and the report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Sanjay Goel, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Raj Mittal, who retires by rotation and being eligible offers himself for re-appointment.
4. To Appoint Auditors for the year 2010-2011 and to fix their Remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution(s), with or without modification(s), as SPECIAL RESOLUTIONS:
 - (a) **"RESOLVED THAT** Shri Akhil Malhotra, who was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under section 257 in writing proposing their candidature for the office of director, be and is hereby elected and appointed as a director of the Company liable to retirement by rotation.
 - (b) **RESOLVED THAT** Shri Rahul Kalia, who was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under section 257 in writing proposing their candidature for the office of director, be and is hereby elected and appointed as a director of the Company liable to retirement by rotation.
 - (c) **RESOLVED THAT** Shri Rajinder Kumar, who was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under section 257 in writing proposing their candidature for the office of director, be and is hereby elected and appointed as a director of the Company liable to retirement by rotation.
 - (d) **RESOLVED THAT** Shri Sushil Singla, who was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under section 257 in writing proposing their candidature for the office of director, be and is hereby elected and appointed as a director of the Company liable to retirement by rotation.
 - (e) **RESOLVED THAT** Shri Rajan Dhawan, who was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under section 257 in writing proposing their candidature for the office of director, be and is hereby elected and appointed as a director of the Company liable to retirement by rotation.
 - (f) **RESOLVED THAT** Shri Daljit Singh Rana, who was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under section 257 in writing proposing their



HIMACHAL FIBRES LIMITED

candidature for the office of director, be and is hereby elected and appointed as a director of the Company liable to retirement by rotation.

- 6 To consider and if thought fit, to pass the following resolution(s), with or without modification(s), as SPECIAL RESOLUTIONS:

RESOLVED that pursuant to the provisions of Section 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof, for the time being in force), the consent and approval of the members be and is hereby accorded for the appointment of Shri Rajinder Kumar, Director as Whole Time Director for a period of 5 years from 06.08.2010 to 05.08.2015 at a consolidated remuneration, which shall be decided later.

"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment at any time during the tenure so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may here-in-after be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board of Directors and Shri Rajinder Kumar, Whole Time Director".

"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to take such steps as may be necessary to give effect to this resolution.

By order of the Board
For HIMACHAL FIBRES LIMITED

Sd/-

Mukesh Singh Verma
Head (Corporate Affairs) cum
Company Secretary

Place: Ludhiana
Dated: 5th August, 2010

NOTES:

1. Please send your queries, if any, regarding annual accounts at least 10 days in advance prior to the date of Annual General Meeting so that information can be made available at the meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ATTACHED.
3. Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the Meeting.
4. The Register of Members and the Share Transfer Books will remain closed from 26th September, 2010 to 30th September, 2010 (both days inclusive).

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5(a),5(b),5(c),5(d),5(e),5(f) of the Special Business

Shri Rahul Kalia & Shri. Daljeet Singh Rana was appointed as additional directors of the Company on 15.03.2010. Shri.Akhil Malhotra & Shri. Rajinder Kumar was appointed as additional director of the Company on 28.05.2010. Shri. Sushil Singla & Shri. Rajan Dhawan was appointed as additional director of the Company on 04.06.2010 pursuant to Article 88 of the Articles of association of the Company & Section 260 of the Companies Act, 1956, they shall holds office as additional director only upto the date of the ensuing Annual General Meeting.

The Company has received Notices from the proposed directors under section 257 of the Companies Act, 1956 signifying their intention to propose themselves for the appointment as a director along with a deposit of Rs. 500. The Board considers it desirable that the Company should continue to avail itself of their services.

Memorandum of Interest

None of the Directors, except the appointee themselves as mentioned in 5(b),5(d),5(e),5(f) are



concerned or interested in the respective resolutions only.

Item No. 6

Members are informed that the Complexity of the Business & Dynamic market situation warrants the Management to appoint a Whole Time Director in the Board to look after the Operations of the Company including others on day to day basis. Therefore, the Board of Directors in its meeting by Circulation dated 06.08.2010 had appointed Shri Rajinder Kumar as Whole Time Director of the Company w.e.f. 06.08.2010 for a period of five years. The said terms of five years shall be expired on 05.08.2015 on remuneration and other terms and conditions if any, as decided later. His appointment is subject to the approval of the members. Accordingly, your approval is solicited by ordinary resolution to effect the said appointment.

Memorandum of Interest

None of the Directors, except Shri Rajinder Kumar, being the appointee is concerned or interested in the resolutions.

The above may also be treated as an abstract of the terms of the appointment of Shri Rajinder Kumar as Whole Time Director, pursuant to Section 302 of the Companies Act, 1956.

Place: Ludhiana
Dated: 5th August, 2010

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

Sd/-
Mukesh Singh Verma
Head (Corporate Affairs) cum
Company Secretary



DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of your company together with the Audited Accounts for the period ended 31st March, 2010 comprising of 6 months from 01.10.2009 to 31.03.2010.

1. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

1.1 FINANCIAL AND OPERATIONAL PERFORMANCE

	2009-10 (6 Months)	2008-09 (18 Months)
Sales	513.23	11758.44
Other Income	15.08	196.25
Total Income	4461.40	11954.69
Profit for the year	408.71	651.36
-Less		
Interest & Finance Charges	196.17	480.03
Profit before tax	212.54	171.34
Deferred Tax	-	0.00
Fringe Benefit Tax	-	1.03
Profit after tax	212.54	170.31

During the year under review, the company has total Turnover of 5206.338 MT Cotton & Blended Yarns including Polyester Fibre & Knitted Cloth as against 6145.87 MT in the previous year ended 30.09.2009.

1.2 INDUSTRY STRUCTURE AND DEVELOPMENTS

The company is into Spinning and Dyeing of Cotton and blended yarn. The Indian Textile Industry has an overwhelming presence in the economic life of the country. India is Second largest producer of cotton in the world and thus, second largest employer in India (after agriculture) – Direct Employment to 38 million People. Currently it contributes about 14 percent to industrial production, 8 percent to the GDP, and 17 percent to the country's export earnings. The quality of yarn manufactured by our company has wide acceptability in the market.

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

1.3 STRENGTH & OPPORTUNITIES-ANALYSIS

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

STRENGTH

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

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

Flexibility-The small size of manufacturing which is predominant in the apparel industry allows for greater



flexibility to service smaller and specialized orders.

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

Domestic market-Natural demand drivers including rising income levels, increasing urbanisation and growth of the purchasing population drive domestic demand.

OPPORTUNITIES

Growing Industry-World textile trade would continue to grow at a rate of 3-4% to reach \$200-210 billion by 2010.

Market access through bilateral negotiation-The trade is growing between regional trade blocs due to bilateral agreements between participating countries.

Integration of Information technology-‘Supply Chain Management’ and ‘Information Technology’ has crucial role in apparel manufacturing. Availability of EDI (Electronic Data Interchange), make communication fast, easy, transparent and reduces duplication.

Opportunity in High Value Items-India has the opportunity to increase its UVR's (Unit Value Realization) through moving up the value chain by producing value added products and by producing more and more technologically superior products.

1.4 SEGMENT-WISE PERFORMANCE

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

1.5 FUTURE OUTLOOK

There is improvement in the demand for various products manufactured by the company. And as per the Indian Textile Vision 2012 after considering the fact that asset turnover ratio of the industry is about 1.25 therefore industry is likely to invest about Rs.1,40,000 crores (USD 32.0 billion) by 2012 and need to double the production across sector. Here almost 2/3 rd of the total Indian apparel and textile industry is from domestic consumption, which keeps it isolated from the ups and downs of the global trade and the economic uncertainties of the developed market.

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

1.6 RISKS AND CONCERNS

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

1.7 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

1.8 HUMAN RESOURCES

The company is of firm belief that the Human Resources are the driving force that propels a company towards the progress and success. The company has strength of 285 employees at present. The Industrial relations continued to remain cordial during the year under review.

**2. DIVIDEND**

Since the rehabilitation of the company is under process, your directors regret their inability to propose payment of dividend for the period under review.

3. PROSPECTS

The Hon'ble Board for Industrial & Financial Reconstruction (BIFR) has vide their order dated 21.07.2009 sanctioned the Rehabilitation Scheme for the revival of the company. As per the sanctioned scheme, the existing paid-up Equity Share Capital has been reduced by 50% by way of reduction of face value of each equity share from Rs. 10/- to Rs. 5/- each per share and thereafter consolidation of two equity shares of Rs. 5/- each into one equity share of Rs. 10/- each.

Further, as per the sanctioned scheme, the company has made preferential allotment in favour of the promoters/ associates to the tune of Rs. 1,50,25,000/- divided into 15,02,500 equity shares of Rs. 10/- each against their share application money towards their contribution in the equity share capital of the company. The same was utilized for the payment towards OTS dues of the secured creditors and is part of the sanctioned scheme of Hon'ble BIFR.

Further, the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) has vide their order dated 12.05.2010, has instructed to induct two Strategic Investor/ Co-Promoters i.e Shri. Akhil Malhotra & Shri. Rajinder Kumar and to issue equity shares of worth Rs.50 Lacs.

During the period under review, the company has issued 50,00,000 (Fifty Lacs only) Equity Shares of Rs. 10/- each to the Strategic Investor/ Co-Promoters against the share application/ Allotment money received towards their contribution in the revival of the company.

4. AUDITED FINANCIALS OF SIX MONTHS PERIOD ENDED i.e 01.10.2009 to 31.03.2010

The company had received approval from the concerned R.O.C. under section 210(4) of the Companies Act, 1956 for the extension of the last Financial Year of the company for a period of 6 months i.e. upto 30th September, 2009 with a view to present the latest position on the affairs of the company by way of implementation of the sanctioned scheme. Accordingly, the audited accounts had been prepared for a period of 18 months i.e. from 01.04.2008 to 30.09.2009.

The company had also received approval regarding extension for holding the Annual General Meeting of the company for the year 2009 upto 29th December, 2009 u/s 166(1) of the Companies Act, 1956.

Therefore the Company now has prepared the Audited Financials for the remaining period of six months i.e 01.10.2009 to 31.03.2010.

5. DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

**6. DIRECTORS**

Shri Sanjay Goel and Shri Raj Mittal, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

Shri Suraj Prakash Setia and Shri Sita Ram Singla, Directors has resigned from the Directorship w.e 05.04.2010 due to personal reasons. The Board places on record its appreciation for the services rendered during their tenure as Director of the company.

Shri Rajinder Kumar, Shri Sushil Singla Shri Rajan Dhawan, Shri Rahul Kalia & Shri Daljeet Singh Ran appointed as Additional Directors of the Company during the year. Approvals of the members are required for the appointment of additional Directors in the ensuing Annual General Meeting as a Director of the Company.

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

7. AUDIT COMMITTEE

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

8. REMUNERATION COMMITTEE

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

9. MANAGEMENT COMMITTEE

In accordance with para 17 (ii) of the rehabilitation scheme sanctioned by the Hon'ble BIFR, the company has constituted a Management Committee (MC) of the company comprising Shri Rajesh Gupta, Director, Shri K.L. Garg, DGM-IDBI Bank, Shri Ajai Singh, Special Director, BIFR and Shri Ashwani Garg, General Manager/CFO of the company.

10. CORPORATE GOVERNANCE

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

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

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

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

12. AUDITORS & AUDITOR'S REPORT

The retiring auditors M/S Sumat Gupta & Co., Chartered Accountants are eligible for re-appointment for the year 2010-11. They have furnished a certificate in terms of section 224(1B) of the Companies Act, 1956 certifying their eligibility to continue as auditors, if re-appointed.

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

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

13. ACKNOWLEDGEMENTS

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

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

Sd/-
RAHUL KALIA
DIRECTOR

Sd/-
RAJESH GUPTA
DIRECTOR

Place: Ludhiana
Dated: 30.07.2010

ANNEXURE TO THE DIRECTOR'S REPORT

Additional information as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Director's Report for 6 months period ended on 31st March, 2010.

A. STATEMENT RELATING TO CONSERVATION OF ENERGY

	2009-10 (6 Months)	2008-09 (18 Months)
a. POWER AND FUEL CONSUMPTION		
1 Electricity		
(a) Purchased		
Unit (Lacs)	29.81	88.28
Total Amount (Rs./lacs)	117.34	338.64
Rate/unit (Rs.)	3.94	3.83
(b) Own Generation		
Through Diesel Generator		
Unit (Lacs)	0.10	1.18
Unit Per Litre of Diesel Oil	3.30	3.65
Cost/Unit (Rs.)	10.15	9.04
2 Coal		
Quantity (Kgs.)	156450	1773722
Total Cost (Rs.)	803612	9945513
Average Rate (Rs.)	5.14	5.61
3 Furnace Oil	-	NIL
4 Other/ Internal Generation	-	NIL
(Rice Husk consumption)	-	
Qty. (Lacs/kgs)	-	0.00
Total Cost (Rs./Lacs)	-	0.00
Rate/Unit (Rs./Kg.)	-	0.00
b. Consumption per unit of production		
Product		
Cotton & Blended yarn		
Electricity unit/per kg.	2.36	3.34
Furnace Oil	0.00	0.00
Coal	0.00	0.00

B. RESEARCH & DEVELOPMENT

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

C. TECHNOLOGY ABSORPTION

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



D. FOREIGN EXCHANGE EARNING AND OUTGO

	2009-10 (6 Months) (Rs./Lacs)	2008-09 (18 Months) (Rs./Lacs)
a) Earning (Export Sales- FOB Value)	22.20	142.07
b) Outgo:		
i) Imports-Raw Material & Spares	NIL	4.10
Capital Goods	NIL	NIL
ii) Expenditure	NIL	NIL
c) Net Foreign Exchange Earnings	NIL	137.97

By order of the Board
For HIMACHAL FIBRES LIMITED

Place: Ludhiana
Dated: 30.07.2010

Sd/-
RAHUL KALIA
DIRECTOR

Sd/-
RAJESH GUPTA
DIRECTOR

Name of the Director	Category	Whether attended during AGM held on 28.07.2010
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No
Shri Rajendra Singh	Non Executive	No

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS

i) Board meetings:

During the Financial year i.e 01.10.2009 to 31.03.2010, The Board met 2 times on the following dates
-30th November 2009
-30th January 2010

ii) Composition as on March 31st, 2010:

The Board of Directors comprises of a Chairman, Managing Director and 4 Non Executive Directors including one Special Director. Out of total strength of 8 directors, 4 directors are Independent, thus it meets the stipulated requirement. The composition of the Board of Directors and their attendance at the Board Meetings during the 6 months year ended on 31.03.2010 (i.e 01.10.2009 to 31.03.2010) and at the last Annual General meeting are as follows:

Name of the Director	Category	No. of Board Meetings attended during 01.10.2009-31.03.2010	Whether attended AGM held on 29.12.2009
Shri Sita Ram Singla*	Chairman, Non Executive/ Independent Director	0	Yes
Shri Rajesh Gupta	Managing Director	2	Yes
Shri Sanjay Goel	Non Executive Non Independent Director	1	Yes
Shri Suraj Parkash Setia	Non Executive Independent Director	1	No
Shri Raj Mittal	Non Executive Independent Director	1	Yes
Shri Ajay Singh	Non Executive Independent & Special Director-BIFR	1	No
Shri. Rahul Kalia*	Non Executive Director Non-Independent Director	0	Not Applicable
Shri. Daljeet Singh Rana*	Non Executive Director Non-Independent Director	0	Not Applicable

* Appointed on 15.03.2010

**3. AUDIT COMMITTEE:**

As at 31st March, 2010, the Audit Committee comprised of 4 Directors

1. Shri Raj Mittal, Chairman
2. Shri Sita Ram Singla, Member
3. Shri Rajesh Gupta, Member
4. Shri Suraj Parkash Setia, Member

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

The audit Committee met 2 times during the 6 months financial year ended on 31.03.2010.

- In terms of reference of this committee, cover the matters specified under the listing agreement and the Companies Act, 1956. Further internal audit is being conducted for Stores and financial transactions of Banks along with sundry debtors. However the area & scope of internal audit is being considered to be enlarged to make the same more effective & meaningful.

4. REMUNERATION TO DIRECTORS

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

Name of the Director	Sitting Fees for Board Meetings (Rs)	Sitting Fees for Audit Committee Meetings (Rs)
Mr. Sita Ram Singla	0	0
Mr. Rajesh Gupta	5000	5000
Mr. Sanjay Goel	2500	Not applicable
Mr. Suraj Parkash Setia	2500	2500
Mr. Raj Mittal	2500	5000
Mr. Ajai Singh	0	Not applicable
Mr. Rahul Kalia	0	Not applicable
Mr. Daljeet Singh Rana	0	Not applicable

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

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

6. REMUNERATION COMMITTEE

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

**7. CEO/CFO CERTIFICATION**

In terms of the requirement of the amended clause 49, the certificates from CEO/CFO had been obtained and placed before the Board of Directors.

8. CODE OF CONDUCT

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

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

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

I hereby confirm that:

The company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the code of conduct and ethics for Directors and senior management personnel for the 6 months financial year ended on 31.03.2010.

Date: 30.07.2010

Place: Ludhiana

Sd/-

Rajesh Gupta

Managing Director

9. GENERAL BODY MEETINGS

Details of location of the Annual General Meetings (AGMs) / Extraordinary General Meetings (EGMs) held during the last three years and the details of the resolutions passed or to be passed by Postal Ballot.

Type of Meeting	Financial Year	Date	Location of Meeting	Time
AGM	2008-09	29.12.2009	Registered Office at New Delhi	11.00 A.M.
AGM	2007-08	29.09.2008	Registered Office at New Delhi	11.00 A.M.
AGM	2006-07	29.09.2007	Registered office at New Delhi	12.30 P.M.
EGM	2006-07	30.03.2007	Green Hotel, New Delhi	11.00 A.M.

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

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



Details of special resolution which is proposed to be passed through postal ballot-

No special resolution is proposed to be passed through postal ballot.

10. GENERAL INFORMATION FOR SHAREHOLDERS

- The company did not have any materially significant related party transactions, which may have potential conflict with the interest of the company. The disclosure relating to transactions with the related parties as per Accounting Standard 18 is appearing in para 12 of Schedule 20 of the annual accounts of the company for the 6 months period ended 31st March, 2010.
- Details of non-compliance by the company, penalties, structures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years. NIL.

11. MEANS OF COMMUNICATION

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

12. GENERAL SHAREHOLDER INFORMATION

AGM : Date, time and venue	Thursday, 30 th September, 2010 Time: 01.00 P.M. Venue: Plot No. 43-44, Industrial Area, Barotiwala, Distt. Solan (H.P.) 174103
Financial Year	01 st October 2009 to 31 st March 2010 (6 months)
Book Closure Date	26 th September, 2010 to 30 th September, 2010

13. LISTING ON STOCK EXCHANGES

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

BSE Scrip Code: 514010

Listing Fees has been paid to Bombay Stock Exchange Limited.

14. REGISTRAR AND TRANSFER AGENT

(a) ADDRESS:

MS BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.

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

Behind Local Shopping Centre,

New Delhi - 110 062

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

E-mail. beetal@beetalfinancial.com

Website. www.beetalfinancial.com

(b) SHARE TRANSFER SYSTEM

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

**15. COMPLIANCE OFFICER**

Shri Mukesh Singh Verma
Head (Corporate Affairs) cum
Company Secretary
Himachal Fibres Limited
Corporate Office:
SCO-1, Ground Floor, City Tower,
Model Town, Ludhiana - 141 001

16. MARKET PRICE DATAS

Since the company's shares are not frequently traded during the period under review, the information about market price data for the 6 months financial year ended 31.03.2010 are as follows-

6 Months Financial Year ended on 2009-10	Share price of Himachal Fibres Limited				BSE Sensex			
	Highest	Lowest	Closing	% change	Highest	Lowest	Closing	% change over last month's closing
October	34.80	34.80	34.80	0	17493.17	15805.20	15896.28	-7.18
November	34.80	34.80	34.80	0	17920.48	15330.56	16926.22	6.48
December	34.80	34.80	34.80	0	17530.94	16577.78	17464.81	3.18
January	34.80	34.80	34.80	0	17790.33	15982.08	16357.96	-6.34
February	46.30	46.30	46.30	0	16669.25	15651.99	16429.55	0.44
March	48.50	48.50	48.50	0	17793.01	16438.45	17527.77	6.68

17. PLANT LOCATION(S) & ADDRESS FOR CORRESPONDENCE

Registered Office & Works	Plot No. 43-44, Industrial Area, Barotiwala, Distt. Solan (H.P.) -174103
Address for Correspondence	Himachal Fibres Limited, Corporate Office: SCO-1, Ground Floor, City Tower, Model Town, Ludhiana-141002 Phone: 0161-4675499 Fax: 0161-4684010 E-Mail-investor@himachalfibres.com

**CERTIFICATE**

To,
The Members,
HIMACHAL FIBRES LIMITED

We have examined the compliance of conditions of Corporate Governance by the **HIMACHAL FIBRES LIMITED**, for the period ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For SUMAT GUPTA & CO.
Chartered Accountants

Sd/-
SUMAT GUPTA
PARTNER
M. No. 86000

PLACE: Ludhiana
DATE: 30.07.2010

**AUDITOR'S REPORT**

**The Shareholders,
Himachal Fibres Limited,**

We have audited the attached Balance Sheet of Himachal Fibres Limited as at 31.03.2010 and also Profit and Loss Account for period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 Issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph (1) above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion proper Books of Account as required by Law have been kept by the Company so far as appears from our examination of such books.
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - (iv) In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with Significant Accounting Policies and Notes on Accounts thereon, comply with accounting standards referred to in section 211(3C) of Companies Act, 1956.
 - (v) On the basis of the written representation received from the directors and taken on record by the company, we report that none of the directors is disqualified, as on the balance sheet date, from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956.
 - (vi) We further report that in our opinion and to the best of our information and according to explanation given to us, the said account subject to non compliance of provisions of section 297 in respect of purchases made from contractee parties in excess of the approved limits and read together with notes on account (As per Schedule- XX) give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting standards generally accepted in India:-
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii) In the case of Profit & Loss Account, of the loss for the year ended on that date and
 - iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

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

**DATED: 28.05.2010
PLACE: LUDHIANA**

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

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

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) According to the information and explanations give to us, a portion of fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
(c) In our opinion and according to information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
2. (a) According to the information and explanations given to us, the inventories have been physically verified by the management during the year. However, in respect of certain items, the inventories were verified by the management on a visual estimation which has been relied upon by us. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventories, we are of the opinion that the company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories is compared to book records were not material and have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the company has neither granted nor taken any loan secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. However, loan of Rs.400 Lacs outstanding from a party covered in the register maintained u/s 301 of the Act has been repaid during the period under review.
(b) According to information and explanation given to us the terms and conditions of such loans taken are not prejudicial to the interest of the company. However the company is not paying any interest on the loans taken.
(c) On the basis of the examination of the books under review and explanations given to us, we are of the opinion that the company is making regular repayments of loans.
(d) On the basis of the examination of the books under review and explanations given to us, we are of the opinion that there is no overdue amount in respect of such loan.
4. In our opinion and according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and also with regard to sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any instances of major weaknesses in the aforesaid internal control systems.
5. (a) According to the information and explanations given to us, particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts on arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rs. Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company had accepted deposits from the public in earlier year and has complied the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptances of Deposit) Rules, 1975

except non filing of fixed deposit return and non maintenance of liquid assets as required by Rule 3A of the aforesaid Rules.

7. In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or not.
9. (a) According to the information and explanations given to us and records of the company examined by us, the company is not regular in depositing the undisputed statutory dues, including, provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, and other material statutory dues applicable to it. On the basis of examination of books, there are following undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable:-

S.No.	Statute	Nature	Amount
1.	Provident Fund Act	Employer's Contribution to EPF & FPF	555197/-
		Employee's Contribution to EPF & FPF	299751/-
2.	E.S.I.C Act	Employer's Contribution to E.S.I.	267750/-
3.	Himachal Pradesh Sales Tax Act	Works Contract Tax Payable	136008/-
4.	Income Tax Act, 1961	Tax Deducted at Source	46687/-
		Fringe Benefit Tax	103040/-

- (b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty and cess matters.
10. The company has been registered for a period more than five years, it has accumulated losses of Rs. 2234.70 Lacs at the end of the year which are more than fifty percent of its net worth. However it has not incurred any cash losses during the current and immediately preceding financial year.
11. According to the information and explanation given to us and as per the books and records examined by us, the company has not defaulted in repayment of dues to financial institutions and banks.
12. According to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company does not fall with in the category of Chit fund/Nidhi/Mutual Benefit fund/Society, therefore clauses (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the year under audit.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments, therefore clauses (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the year under audit.
15. On the basis of our examination of records and as per the explanations given to us, we are of the opinion that the company has not given any guarantee for loan taken by others from bank or financial institution.
16. On the basis of our examination of records and as per the explanations given to us, we are of the opinion that the term loans taken during the period under review were applied for the purpose for which these were obtained.
17. According to information and explanations given to us and as per the records examined by us, as on the date of balance sheet, the funds raised by the Company on short term basis have not been applied for long term investments.
18. As to information and explanations given to us and as per the records examined by us, the company has not made any allotment of shares during the period under review.
19. The company has not issued any debentures during the year.



20. The company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

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

DATED:28.05.2010
PLACE: LUDHIANA

**SD/-
SUMAT GUPTA
PARTNER
(M.NO. 086000)**

**HIMACHAL FIBRES LIMITED****BALANCE SHEET AS ON 31.03.2010**

PARTICULARS	SCHEDULE	AMOUNT (IN RS.)	
		AS AT 31.03.2010	AS AT 30.09.2009
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
SHARE CAPITAL	I	166550000.00	166550000.00
RESERVE & SURPLUS	II	192782546.00	192782546.00
TOTAL SHARE HOLDER'S FUND		359332546.00	359332546.00
LOAN FUNDS			
SECURED LOANS	III	304390343.61	315065320.90
UNSECURED LOANS	IV	100851538.94	81168387.92
TOTAL LOAN FUNDS		405241882.55	396233708.82
TOTAL		764574428.55	755566254.82
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	V	496221845.51	395236092.57
LESS DEPRECIATION		243012179.00	232870968.00
NET BLOCK		253209666.51	162365124.57
CAPITAL WORK IN PROGRESS	VI	0.00	93015941.00
CURRENT ASSETS, LOAN AND ADVANCES			
INVENTORY	VII	256211449.17	242636699.00
SUNDRY DEBTORS	VIII	65765499.60	81834817.46
CASH & BANK BALANCES	IX	5807369.76	2875405.77
LOAN & ADVANCES	X	26245146.47	34096156.66
TOTAL CURRENT ASSETS		354029465.00	361443078.89
LESS CURRENT LIABILITIES AND PROVISIONS	XI	66134984.75	105982555.59
NET CURRENT ASSETS		287894480.25	255460523.30
PROFIT AND LOSS ACCOUNT		223470281.79	244724665.95
TOTAL		764574428.55	755566254.82

0.00

0.00

ACCOUNTING POLICIES AND NOTES

XX

TO ACCOUNTS

AS PER REPORT OF EVEN DATE ATTACHED

FOR SUMAT GUPTA & CO.

CHARTERED ACCOUNTANTS

FIRM REG.NO.010288N

SD/-

SUMAT GUPTA

PARTNER

M.NO.086000

SD/-

MUKESH SINGH VERMA

COMPANY SECRETARY

SD/-

RAJESH GUPTA

MG. DIRECTOR

SD/-

RAHUL KALIA

DIRECTOR

PLACE: LUDHIANA

DATED:28.05.2010



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2010

PARTICULARS	SCHEDULE	AMOUNT (IN RS.)	
		AS AT 31.03.2010	AS AT 30.09.2009
INCOME			
SALES WITHIN INDIA		493103685.14	1161636256.19
SALES EXPORT		2219923.00	14207364.00
OTHER INCOME	XII	1508708.34	19624538.86
INCREASE/(DECREASE) IN STOCKS	XIII	(50692447.00)	97892233.10
TOTAL		446139869.48	1293360392.15
EXPENDITURE			
RAW MATERIAL CONSUMED	XIV	373908313.93	1075520922.72
MANUFACTURING EXPENSES	XV	10515105.49	72264209.47
PERSONNEL EXPENSES	XVI	3118906.00	28632071.25
ADMINISTRATIVE EXPENSES	XVII	2438759.34	8283131.56
FINANCIAL EXPENSES	XVIII	19617850.68	48002802.42
SELLING EXPENSES	XIX	5145338.88	15114203.43
DEPRECIATION		10141211.00	28409492.00
TOTAL		424885485.32	1276226832.85
PROFIT DURING THE YEAR		21254384.16	17133559.30
LESS: PROVISION FOR TAXATION			
-CURRENT TAX		0.00	0.00
-DEFERRED TAX		0.00	0.00
-FRINGE BENEFIT TAX		0.00	103040.00
-INCOME TAX EARLIER YEARS		0.00	(240.00)
PROFIT AFTER TAX		21254384.16	17030759.30
ADD: BALANCES WRITTEN BACK		0.00	30714788.56
ADD BALANCE BROUGHT FORWARD		(244724665.95)	(292470213.81)
BALANCE AVAILABLE FOR APPROPRIATION		(223470281.79)	(244724665.95)
APPROPRIATIONS			
PROPOSED DIVIDEND			
-ON PREFERENCE SHARES		0.00	0.00
-ON EQUITY SHARES		0.00	0.00
TRANSFER TO CAPITAL REDEMPTION RESERVE		0.00	0.00
BALANCE SURPLUS CARRIED TO BALANCE SHEET		(223470281.79)	(244724665.95)

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

XX

SD/-
SUMAT GUPTA
PARTNER
M.NO.086000

SD/-
MUKESH SINGH VERMA
COMPANY SECRETARY

SD/-
RAJESH GUPTA
MG. DIRECTOR

SD/-
RAHUL KALIA
DIRECTOR

PLACE: LUDHIANA
DATED:28.05.2010



SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2010

SCHEDULE - I

PARTICULARS	AMOUNT (IN RS.)	
	AS AT 31.03.2010	AS AT 30.09.2009
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
60,00,000 EQUITY SHARES OF RS. 10/- EACH	60000000.00	60000000.00
1,65,000 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH	16500000.00	16500000.00
14,35,000 4% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH	143500000.00	143500000.00
TOTAL	220000000.00	220000000.00
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL		
30,05,000 EQUITY SHARES OF RS. 10/- EACH	30050000.00	30050000.00
1,65,000 16.5% CUMMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH	16500000.00	16500000.00
12,00,000 4% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS. 100/- EACH	120000000.00	120000000.00
TOTAL	166550000.00	166550000.00

SCHEDULE - II

RESERVE & SURPLUS		
CAPITAL REDEMPTION RESERVE	16489070.00	16489070.00
CAPITAL RESERVE	176293476.00	176293476.00
TOTAL	192782546.00	192782546.00

SCHEDULE - III

SECURED LOANS		
(A) TERM LOANS		
FROM STATE BANK OF INDIA		
TERM LOAN-I	26634893.00	32229496.00
TERM LOAN-II	53574006.00	53464294.00
SUB TOTAL (A)	80208899.00	85693790.00
(B) WORKING CAPITAL FACILITIES		
FROM STATE BANK INDIA		
CASH CREDIT AGAINST STOCK & BOOK DEBTS RUPEE LOAN	224181444.61	229371530.90
SUB TOTAL (B)	224181444.61	229371530.90
TOTAL (A+B)	304390343.61	315065320.90

SCHEDULE - IV

UNSECURED LOANS		
DEFERRED PAYMENT LIABILITY FOR LAND	13318.00	13318.00
LOAN AGAINST VEHICLES	337720.94	654569.92
FROM OTHERS	100500500.00	80500500.00
TOTAL	100851538.94	81168387.92

HIMACHAL FIBRES LIMITED
DEPRECIATION CHART FOR THE PERIOD 01/10/2009 TO 31/03/2010
SCHEDULE--V

PARTICULARS	RATE OF DEP. (%)	GROSS BLOCK			AS AT 01/10/2009	TOTAL AS ON 31/03/2010	AS AT 01/10/2009	DEPRECIATION		TOTAL AS ON 31/03/2010	NET BLOCK	
		ADDITION	SALE / TFD.					ADJUSTMENT	PROVIDED DURING THE PERIOD		W.D.V. AS ON 31/03/2010	W.D.V. AS ON 30/09/2009
AT WORKS												
FREE HOLD LAND	0.00	82239.00	0.00			82239.00		0.00	0.00		82239.00	82239.00
LEASEHOLD LAND	0.00	1294222.00	0.00			1294222.00	235659.00	0.00	0.00	235659.00	1058563.00	1058563.00
BUILDING	3.30	61496268.88	64578434.94			126074703.82	21609586.00	0.00	1212668.00	22822254.00	103252449.82	39886682.88
PLANT & MACHINERY	5.28	326009883.44	36350986.00			362360869.44	20772886.00	0.00	8619887.00	215892773.00	146468096.44	118736997.44
FURNITURE & FIXTURE	6.33	1014394.25	20589.00			1034983.25	980207.00	0.00	32042.00	1012249.00	22734.25	34187.25
OFFICE EQUIPMENTS												
— AT WORKS	4.75	497447.00	5918.00			503365.00	269126.00	0.00	11839.00	280965.00	222400.00	228321.00
— COMPUTERS	16.21	409187.00	11375.00			420562.00	157189.00	0.00	33114.00	190303.00	230259.00	251998.00
— MOBILE PHONES	4.75	12429.00	0.00			12429.00	701.00	0.00	294.00	995.00	11434.00	11728.00
ELECTRIC FITTINGS	4.75	355549.00	0.00			355549.00	351059.00	0.00	4422.00	355481.00	68.00	4490.00
VEHICLE	25.89	3244912.00	0.00			3244912.00	1809550.00	0.00	185299.00	1994849.00	1250063.00	1435362.00
TUBE WELL	2.00	324815.00	0.00			324815.00	78490.00	0.00	3239.00	81729.00	243086.00	246325.00
AT LUDHIANA OFFICE												
COMPUTER	16.21	463585.00	0.00			463585.00	104491.00	0.00	37470.00	141961.00	321624.00	359094.00
MOBILE PHONES	4.75	20650.00	18450.00			39100.00	1433.00	0.00	692.00	2125.00	36975.00	19217.00
OFFICE EQUIPMENT AT LDH	4.75	2912.00	0.00			2912.00	46.00	0.00	65.00	111.00	2801.00	2866.00
AT DELHI OFFICE												
MOBILE PHONE	4.75	7599.00	0.00			7599.00	545.00	0.00	180.00	725.00	6874.00	7054.00
TOTAL		395236092.57	100985752.94	0.00	496221845.51	496221845.51	232870968.00	0.00	10141211.00	243012179.00	253209666.51	162365124.57
PREVIOUS YEAR		358212637.19	37023455.38	0.00	395236092.57	395236092.57	204461476.00	0.00	28409492.00	232870968.00	162365124.57	153751161.19

SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2010

PARTICULARS	AMOUNT (IN RS.)	
	AS AT 31.03.2010	AS AT 30.09.2009
SCHEDULE - VI		
CAPITAL WORK IN PROGRESS		
BUILDING UNDER CONSTRUCTION	0.00	51677902.00
MACHINERY UNDER INSTALLATION	0.00	36149381.00
PRE-OPERATIVE EXP	0.00	5188658.00
TOTAL	0.00	93015941.00

SCHEDULE - VII		
INVENTORY		
RAW MATERIAL	148103911.00	92524338.00
WORK IN PROGRESS	44001183.00	16319680.00
FINISHED GOODS	52200733.00	130574683.00
STORE & SPARES	11905622.17	3217998.00
TOTAL	256211449.17	242636699.00

SCHEDULE - VIII		
SUNDRY DEBTORS		
(UNSECURED AND CONSIDERED GOOD UNLESS OTHERWISE STATED)		
OUTSTANDING MORE THAN SIX MONTHS	7050701.19	7761884.46
OTHERS	58714798.41	74072933.00
TOTAL	65765499.60	81834817.46

SCHEDULE - IX		
CASH AND BANK BALANCES		
A) CASH IN HAND	5367440.36	1923575.36
B) BALANCES WITH SCHEDULED BANKS IN		
--CURRENT ACCOUNTS	89929.40	336830.41
--DEPOSIT ACCOUNTS	350000.00	615000.00
TOTAL	5807369.76	2875405.77

SCHEDULE - X		
LOAN & ADVANCES		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	1471167.14	7583758.29
ASSETS AGAINST LEASE	2999313.00	3499198.00
ADVANCES TO SUPPLIERS	1157010.92	1299719.96
ADVANCE AGAINST CAPITAL GOODS	18461655.41	19557480.41
SECURITIES		
ELECTRICITY SECURITY	2050000.00	2050000.00
SECURITY WITH OTHERS	106000.00	106000.00
TOTAL	26245146.47	34096156.66

SCHEDULE - XI		
CURRENT LIABILITIES & PROVISIONS		
(A) CURRENT LIABILITIES		
SUNDRY CREDITORS	34194829.22	70600501.40
ADVANCE FROM CUSTOMERS	34830.00	791530.00
SHARE APPLICATION MONEY	18300000.00	18300000.00
OTHER LIABILITIES	13502285.53	16187484.19
(B) PROVISIONS		
PROVISION FOR FBT	103040.00	103040.00
TOTAL	66134984.75	105982555.59

		SCHEDULE - XII	
PARTICULARS		AMOUNT (IN RS.)	
		AS AT 31.03.2010	AS AT 30.09.2009
OTHER INCOME			
INTEREST RECEIVED		23121.00	723494.00
MISCELLANEOUS RECEIPTS		43054.00	1422.86
INSURANCE CLAIM RECEIVED		984500.00	61902.00
PROFIT ON SALE OF COTTON		0.00	17736250.00
EXCHANGE RATE DIFFERENCE		0.00	167819.00
EXPORT INCENTIVES RECEIVED		0.00	933651.00
BALANCE W/OFF		458033.34	0.00
TOTAL		1508708.34	19624538.86

		SCHEDULE - XIII	
INCREASE/ (DECREASE IN STOCKS)			
CLOSING STOCK			
FINISHED GOODS		51530314.00	129913589.00
WORK IN PROGRESS		44001183.00	16319680.00
WASTE		670419.00	661094.00
TOTAL (A)		96201916.00	146894363.00
OPENING STOCK			
FINISHED GOODS		129913589.00	25276312.00
WORK IN PROGRESS		16319680.00	20460201.90
WASTE		661094.00	3265616.00
TOTAL (B)		146894363.00	49002129.90
INCREASE/ (DECREASE IN STOCK) (A-B)		(50692447.00)	97892233.10

		SCHEDULE - XIV	
RAW MATERIAL CONSUMED			
RAW MATERIAL CONSUMED		373908313.93	1075520922.72
RAW MATERIAL CONSUMED		373908313.93	1075520922.72

		SCHEDULE - XV	
MANUFACTURING EXPENSES			
POWER AND ELECTRICITY		6677904.00	33864041.00
FUEL CONSUMED		902457.00	11012995.00
DYES & CHEMICAL		1409023.54	14711896.30
OIL & LUBRICANTS		239193.37	1538351.00
STORE AND SPARES CONSUMED		418495.78	8436856.19
FREIGHT & CARIAGE INWARD		229099.00	524357.16
LEASE RENT MACHINERY		499885.00	1499655.00
JOB WORK EXPENSES		0.00	116239.00
MACHINERY REPAIR		139047.80	559818.82
TOTAL		10515105.49	72264209.47

		SCHEDULE - XVI	
PERSONNEL EXPENSES			
SALARIES AND WAGES		1801070.00	23272369.00
STAFF WELFARE		238002.00	960018.25
BONUS		155855.00	448413.00
CONTRIBUTION TO EPF & FPF		316300.00	1065110.00
CONTRIBUTION TO ESI		138387.00	480226.00
CONVEYANCE ALLOWANCE		74207.00	448992.00
HOUSE RENT ALLOWANCE		140486.00	1071348.00
LEAVE TRAVEL ALLOWANCE		14434.00	86216.00
LEAVE WITH WAGES		127972.00	89795.00
MEDICAL ALLOWANCE		24261.00	164795.00
SECURITY EXPENSES		0.00	268954.00
RECRUITMENT EXPENSES		87932.00	275835.00
TOTAL		3118906.00	28632071.25

At each balance sheet date an assessment is made whether any impairment loss has been incurred. If any such impairment exists, an impairment loss, to the extent the carrying amount of assets exceeds its recoverable amount is provided in the books of account.



PARTICULARS	SCHEDULE - XVII AMOUNT (IN RS.)	
	AS AT 31.03.2010	AS AT 30.09.2009
ADMINISTRATIVE EXPENSES		
REMUNERATION OF AUDITORS –AUDIT FEE	55150.00	165450.00
–INCOME TAX MATTERS	60300.00	150000.00
BOARD MEETING FEES	27500.00	177500.00
MEETING EXPENSES	0.00	7668.00
MEMBERSHIP AND SUBSCRIPTION	0.00	18000.00
FESTIVAL /WORSHIP EXPENSES	63715.00	141029.00
COMPUTER EXPENSES	30019.00	36664.00
NEWSPAPERS,BOOKS AND PERIODICALS	0.00	4222.00
TELEPHONE,TELEX AND POSTAGE	267368.34	814586.00
TRAVELLING EXPENSES	118476.00	506795.00
CONVEYANCE REIMBURSEMENT	9526.00	144314.00
RENT	173200.00	884000.00
REPAIR & MAINTENANCE	22730.00	676574.00
VEHICLE REPAIR & MAINTENANCE	131769.00	539778.18
FEES AND TAXES	302323.00	256774.74
INSURANCE CHARGES	452326.00	1630720.00
LEGAL AND PROFESSIONAL CHARGES	559434.00	1176820.84
GENERAL EXPENSES	93105.00	239575.00
PRINTING AND STATIONERY	71217.00	350462.80
FINE & PENALTY	601.00	281200.00
WATER AND ELECTRICITY	0.00	80998.00
	2438759.34	8283131.56

SCHEDULE - XVIII		
FINANCIAL EXPENSES		
BANK INTEREST	18398662.30	41988581.88
INTEREST TO OTHERS	0.00	1953652.00
BANK CHARGES	1188320.60	3864591.60
HIRE CHARGES	30867.78	195976.94
	19617850.68	48002802.42

SCHEDULE - XIX		
SELLING EXPENSES		
FREIGHT AND CARTAGE OUTWARD	2833114.00	4957995.00
ADVERTISEMENT EXP.	97274.00	162740.00
EXPORT EXPENSES	17500.00	412309.00
PACKING AND HANDLING EXPENSES	1225666.00	7269865.88
CASH DISCOUNT	14054.00	431829.00
REBATE & DISCOUNT	572720.88	227441.55
COMMISSION	1553.00	553942.00
ADDITIONAL GOODS TAX PAID	383457.00	1098081.00
	5145338.88	15114203.43



SCHEDULE-XX

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**1 Significant Accounting Policies****a) Accounting Convention**

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

b) Revenue Recognition

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

c) Borrowing Costs

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

d) Accounting for Taxes on Income

Provision for taxation for the year is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961. No Provision for MAT u/s 115JB has been provided in the books of account since the company is sick u/s 17(1) of the sick industrial companies (Special Provisions) Act, 1985.

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

e) Retirement Benefits**-Gratuity**

No employee is eligible for gratuity.

-Provident Fund

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

f) Fixed Assets

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

g) Depreciation

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

h) Inventories

i) Inventories of Raw Material, Stores & Spares, Loose Tools and Finished Goods are valued at lower of cost or net realizable value. Work in Process is valued at estimated cost and waste at net realizable value.

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

i) Impairment of Assets.

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

J) Accounting for Lease Transactions

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

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

2. Contingent liability not provided for

Particulars	(Rs. in Lacs)	
	As At 31.03.2010	As At 30.09.2009
Claims* (excluding claims by employees where amount are not ascertainable) not acknowledged as debt:		
-Letter of Credit Unutilized (Net of Margin)	--	--
-Estimated amount of contracts remaining to be executed on capital account (Net of advances)	250.00	250.00

3. There are no disputed dues of custom duty, wealth tax, Sales Tax, Service Tax, Central Excise and cess matters which have not been deposited by the Company.
4. No employee was in receipt of remuneration aggregating to Rs.2400000/- per annum through out the year or Rs.200000/- per month for a part of the year.
5. The company has drawn accounts for the current year for a period of 6 months period ended on 31.03.2010 as against 18 months for the immediately preceding year. Therefore the previous year figures are not comparable.
6. The Company has no information about the parties who has registered themselves under Micro, Small and Medium Enterprises Development Act, 2006.
7. The earnings per share (EPS) disclosed in the profit and loss accounts have been calculated as under:

Basic earning per share

Particulars	As At 31.03.2010	As At 30.09.2009
Profit/(Loss) attributable to equity shareholders (Rs. In Lacs) (A)	212.54	170.31
Less: Preference Dividend for the year	37.61	75.23
Earnings Attributable to Equity shareholders	174.93	95.08
Weighted average number of equity shares (Nos) (B)	3005000	3005000
Earning per shares (Rs per shares) (face value of Rs.10 each (A/B)	5.82	3.16
Diluted earning per share	5.82	3.16

8. Borrowing cost capitalized (including capital work in progress) during the period amounts to Rs.29.64 Lacs (Previous Year Rs.51.88 Lacs).

9. Deferred Taxation

In view of carried forward losses of earlier years, no provision for deferred tax liability/assets has been provided.

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

I. Enterprises under the common control as the company

- Garg Corporation Limited
- Garg International Pvt Ltd.
- Punjab Coal Enterprises Pvt Ltd.
- Garg Infrastructures Pvt Ltd.
- Roland Impex Pvt Ltd.
- Roland Exports
- Liberty Cements Private Limited

II. Key Management Persons

- Sh. Rajesh Gupta (Managing Director)
- Sh. Sanjay Goel
- Sh. Raj Mittal
- Sh. Sita Ram Singla
- Sh. Suraj Parkash Setia
- Sh. Ajai Kumar Sukhram Singh
- Sh. Rahul Kalia
- Sh. Daljeet Singh Rana

(ii) Disclosure of transactions between the company and related parties during the year and outstanding balances as on March 31, 2010.

(Rs. in Lacs)

Particulars	Enterprises that are under common control as the company		Key management personnel	
	As At 31.03.2010	As At 30.09.2009	As At 31.03.2010	As At 30.09.2009
Commission on Consignment Sale	Nil	Nil	Nil	Nil
Purchases	1800.90	1674.34	Nil	Nil
Sales	1895.58	6022.51	Nil	Nil
Unsecured Loans Repaid	400.00	Nil	Nil	Nil
Director Sitting fees	Nil	Nil	0.27	1.78

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

12. No remuneration has been paid to any managerial personnel during the year under review.

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

14. **Payment to Auditors:-**

(Rs. in Lacs)

Particulars	As At 31.03.2010	As At 30.09.2009
Audit Fees	0.55	1.65
Tax Audit Fees	0.60	1.50
Total	1.15	3.15

15. Cash Credit and Term Loan Facilities raised from State Bank of India, SCB, Miller Ganj, Ludhiana are secured primarily by way of 1st charge on all the current and fixed assets of the company including equitable mortgage of leasehold rights of factory land and building. Both the facilities are further secured by the personal guarantee of the directors.

16. Vehicle loan taken from ICICI Bank Ltd., Kotak Mahindra Bank Ltd and Magma Sharachi Finance Limited are secured by way of hypothecation of the vehicle against which the loan has been taken.

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

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

19. **Additional Information**

a) **Licensed and installed capacity: Annual capacity**

Particulars	Unit	Licensed capacity		Installed capacity	
		As At 31.03.2010	As At 30.09.2009	As At 31.03.2010	As At 30.09.2009
Cotton and Blended Yarn	Spindles	100000	100000	20344	20344
	Rotors	NA	NA	504	504

b) Actual production

Particulars	Unit	As At 31.03.2010	As At 30.09.2009
Cotton and Blended Yarns	MT	1075.343	2680.867
Waste	MT	189.211	342.835
Total		1264.554	3023.702

**c) Closing stock of finished goods and goods traded
(Rs. in Lacs)**

Particulars	Unit	As At 31.03.2010		As At 30.09.2009	
		Qty.	Value	Qty.	Value
Cotton and Blended Yarns	MT/Rs.	507.609	515.30	683.729	690.15
Waste	MT/Rs.	44.695	6.70	31.719	7.14
Polyester Fibre	MT/Rs.	---	---	47.124	17.58
Knitted Cloth	MT/Rs.	382.941	1402.44	189.194	570.81
Cotton	MT/Rs.	---	---	26.04	20.06
Total		935.245	1924.44	977.806	1305.74

**d) Turnover
(Rs. in Lacs)**

Particulars	Unit	As At 31.03.2010		As At 30.09.2009	
		Qty.	Value	Qty.	Value
Cotton and Blended Yarns	MT/Rs.	1339.079	1172.62	2766.393	2878.03
Waste	MT/Rs.	170.535	22.16	163.444	23.18
Cotton	MT/Rs.	0.000	0.00	8721.365	5575.28
Polyester Fibre	MT/Rs.	3479.192	2657.89	2419.402	1611.00
Knitted Cloth	MT/Rs.	388.067	1084.74	553.672	1656.84
Other	--/Rs.	---	15.83	---	14.11
Total		5376.873	4953.24	14624.276	11758.44

**e) CIF value of imports
(Rs. in Lacs)**

Particulars	As At 31.03.2010	As At 30.09.2009
Capital Goods	---	---
Store & Spares	---	4.10

f) Expenditure in Foreign Currency:

NIL

Rs. 4.10 Lacs

**g) Value of raw materials stores and spares consumed
(Rs. in Lacs)**

Particulars	As At 31.03.2010		As At 30.09.2009	
	Import	Indigenous	Import	Indigenous
Raw materials	---	3739.08	---	10755.21
Percentage	---	100%	---	100%
Components, store and spares	---	32.92	4.10	315.47
Percentage	---	100%	1.28%	98.72%

**h) Earning in foreign exchange
(Rs. in Lacs)**

Particulars	As At 31.03.2010	As At 30.09.2009
Export goods calculated on FOB value	22.20	142.07

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

21. Schedules I to XX form an integral part of the accounts.



22. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956

I.	REGISTRATION DETAILS	REGISTRATION NO.	L17119DL1980PLC010217
II.	CAPITAL RAISED DURING THE YEAR (RUPEES IN THOUSANDS)	BALANCE SHEET DATE	31.03.2010
		PUBLIC ISSUE	NIL
		RIGHTS ISSUE	NIL
		BONUS ISSUE	NIL
		PRIVATE PLACEMENT	NIL
III.	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES IN THOUSANDS) SOURCES OF FUNDS	TOTAL LIABILITIES	607239
		TOTAL ASSETS	607239
		PAID-UP CAPITAL	166550
		RESERVES AND SURPLUSES	192783
		SECURED LOANS	304390
		UNSECURED LOANS	100852
		DEFERRED TAX LIABILITY	0
	APPLICATION OF FUNDS	NET FIXED ASSETS	253210
		INVESTMENTS	0
		NET CURRENT ASSETS	287894
		PROFIT & LOSS ACCOUNT	223470
IV.	PERFORMANCE OF COMPANY (RUPEES IN THOUSANDS)	TURNOVER (INCLUDING OTHER INCOME)	496832
		TOTAL EXPENDITURE	475578
		PROFIT/(LOSS) BEFORE TAX	21254
		PROFIT/(LOSS) AFTER TAX	21254
		EARNING PER SHARE IN RUPEES	7.07
		DIVIDEND RATE	NIL
V.	GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)	PRODUCT DESCRIPTION	ITEM CODE NO. (ITC CODE)
		MANUFACTURING OF YARNS	N.A.

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

SD/-
SUMAT GUPTA
PARTNER
M.NO. 086000

SD/- SD/- SD/-
MUKESH SINGH VERMA RAJESH GUPTA RAHUL KALIA
COMPANY SECRETARY MG. DIRECTOR DIRECTOR

PLACE: LUDHIANA
DATED: 28.05.2010

No. Of Shares Held

--	--	--	--	--

I certify that am a member / proxy for the member of the Company

I hereby record my presence at the General Meeting of the Company at the Registered Office of the Company at the Bhairowala, Dist. Solan-171103 on 28.05.2010 at 09:00 AM.

Name of the member / proxy
(in BLOCK Letters)

Signature of member / proxy

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



HIMACHAL FIBRES LIMITED

HIMACHAL FIBRES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

PARTICULARS	A MOUNT (RS.)	
	AS AT 31.03.2010	AS AT 30.09.2009
A. CASH FLOW FROM/USED IN OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	21254384.16	17133559.30
ADJUSTMENTS FOR:		
DEPRECIATION	10141211.00	28409492.00
MISCELLANEOUS EXPENSES WRITTEN OFF	0.00	0.00
INTEREST EXPENSES	19617850.68	48002802.42
INTEREST INCOME	(23121.00)	(723494.00)
DOUBTFUL DEBTS	0.00	0.00
LONG TERM (TRADE) INVESTMENTS IN SUBSIDIARY WRITTEN OFF	0.00	0.00
PROVISION FOR DIMINUTION IN VALUE OF NON-TRADE CURRENT INVESTMENTS	0.00	0.00
LIABILITIES NO LONGER REQUIRED WRITTEN BACK	0.00	35219288.56
PROFIT ON SALE OF CURRENT INVESTMENTS (NON-TRADE)	0.00	0.00
LOSS ON SALE OF NON-TRADE CURRENT INVESTMENTS	0.00	0.00
DIVIDEND FROM NON-TRADE UNQUOTED CURRENT INVESTMENTS	0.00	0.00
LOSS ON SALE OF FIXED ASSETS	0.00	0.00
PROFIT ON SALE OF FIXED ASSETS	0.00	0.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	50990324.84	128041648.28
ADJUSTMENTS FOR:		
(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	23920328.05	(36822296.38)
(INCREASE)/DECREASE IN INVENTORIES	(13574750.17)	(130255150.25)
INCREASE/(DECREASE) IN TRADE PAYABLES AND OTHER LIABILITIES	(39847570.84)	(121274276.91)
CASH GENERATED FROM OPERATIONS	21488331.88	(160310075.26)
INCOME TAX PAID	0.00	102800.00
NET CASH FROM/USED IN OPERATING ACTIVITIES	21488331.88	(160412875.26)
B. CASH FLOW FROM/USED IN INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(7969811.94)	(109367887.06)
SALE OF FIXED ASSETS	0.00	0.00
PURCHASE OF INVESTMENTS	0.00	0.00
SALE OF INVESTMENTS	0.00	0.00
INTEREST RECEIVED	23121.00	723494.00
NET CASH FROM/USED IN INVESTING ACTIVITIES	(7946690.94)	(108644393.06)
C. CASH FLOW FROM/USED IN FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF EQUITY WARRANTS	0.00	15025000.00
PROCEEDS FROM ISSUE OF PREF. SHARES WARRANTS	0.00	120000000.00
PROCEEDS FROM LONG TERM BORROWINGS	20500500.00	52427371.94
REPAYMENT OF LONG TERM BORROWINGS	(6302239.98)	(15450000.00)
CHANGES IN WORKING CAPITAL LOANS/SHORT TERM BORROWINGS	(5190086.29)	139641378.51
DIVIDEND PAID	0.00	0.00
INTEREST PAID	(19617850.68)	(48002802.42)
NET CASH FROM/USED IN FINANCING ACTIVITIES	(10609676.95)	263640948.03
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLANTS	2931963.99	(5416320.29)
OPENING CASH AND CASH EQUIVLANTS	2875405.77	8291726.06
CLOSING CASH AND CASH EQUIVLANTS	5807369.76	2875405.77

ACCOUNTING POLICIES AND NOTES TO

ACCOUNTS

AS PER REPORT OF EVEN DATE ATTACHED

FOR SUMAT GUPTA & CO.

CHARTERED ACCOUNTANTS

FIRM REG. NO. 010288N

XX

SD/-
SUMAT GUPTA
PARTNER
M.NO. 086000

SD/-
MUKESH SINGH VERMA
COMPANY SECRETARY

SD/-
RAJESH GUPTA
MG. DIRECTOR

SD/-
RAHUL KALIA
DIRECTOR

PLACE: LUDHIANA
DATED: 28.05.2010

**HIMACHAL FIBRES LIMITED**

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

Regd. Folio No.

Proxy Form

I / We.....Of.....in the district of
.....being a member/members of the company hereby appoint
.....Of..... in the district
of..... As my/our proxy to vote for
me/us on my/our behalf on the 29th Annual General Meeting of the company to be held on Thursday, 30th
September, 2010 at 01.00 p.m. at the Registered Office of the company situated at Plot No. 43-44, Industrial
Area, Brotiwala, Distt. Solan-174103 and at any Adjournment(s) thereof.

Signed This.....Day of.....2010

Affix
Re. 1.00
Revenue
Stamp

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

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

HIMACHAL FIBRES LIMITED

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

Attendance Slip

29th Annual General Meeting -Thursday, the 30th September, 2010

Regd. Folio No.

No. Of Shares Held

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

I hereby record my presence at the 29th Annual General Meeting of the Company at the Registered Office
of the company situated at Plot No. 43-44, Industrial Area, Brotiwala, Distt. Solan-174103 on Thursday, 30th
September, 2010 at 01.00 p.m.

.....
Name of the member / proxy
(in BLOCK Letters)

.....
Signature of member / proxy

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

Himachal Fibres Limited

www.himachalfibres.com