

ANNUAL REPORT 2014-2015



Hanung

Hanung Toys and Textiles Limited



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Kumar Bansal	Chairman-cum-Managing Director
Mrs. Anju Bansal	Non-Executive Director
Mr. Abhishek Monu Kaushik	Independent Director
Mrs. Deepika Gera	Independent Director

AUDIT COMMITTEE

Mr. Abhishek Monu Kaushik	Chairman
Mr. Ashok Kumar Bansal	Member
Mrs. Deepika Gera	Member

SHARE TRANSFER/INVESTOR GRIEVANCES REDRESSAL COMMITTEE

Mr. Abhishek Monu Kaushik	Chairman
Mr. Ashok Kumar Bansal	Member
Mrs. Deepika Gera	Member

REMUNERATION COMMITTEE

Mr. Abhishek Monu Kaushik	Chairman
Mrs. Deepika Gera	Member
Mr. Ashok Kumar Bansal	Member

COMPANY SECRETARY

Mr. Arvind Kumar Gupta

STATUTORY AUDITORS

M/s. Ravindra Sharma & Associates
Chartered Accountants,
12 1st Floor, Satya Niketan, New Delhi

BANKERS

Punjab National Bank	State Bank of India	Andhra Bank
Oriental Bank of Commerce	Syndicate Bank	Bank of Baroda
Union Bank of India	Central Bank of India	EXIM Bank
Allahabad Bank	Karnataka Bank	Karur vysya Bank
ICICI Bank	Bank of India	UCO Bank
Bank of Maharashtra	DBS Bank	

REGISTRARS AND TRANSFER AGENT

Karvy Computershare Private Limited

Karvy Selenium Tower-B
Plot No. 31-32, Gachibowli Financial District Hyderabad - 500032
Phone : 040 - 67162222, Fax No. : 040 -23001153
Email: einward.ris@karvy.com

CORPORATE OFFICE

108-109, NSEZ, Noida 201305 Uttar Pradesh
Tel: +91 120-4140200, Fax: +91 120 4140270

REGISTERED OFFICE

E-93, 2nd Floor, Greater Kailash Enclave-I, New Delhi - 110048
Tel: +91 11 26241572, Fax: +91 11 26241822

Annual Report 2014-2015

Contents

Notice	2
Directors' Report	10
Corporate Governance	24
Management Discussion & Analysis	33
Auditor's Report	37
Balance Sheet	40
Profit & Loss Statements	41
Cash Flow Statements	42
Notes to the Financial Statements	43
Auditors Report on Consolidated Financial Statement	56
Consolidated Balance Sheet	60
Consolidated Profit and Loss Statements	61
Consolidated Cash Flow Statement	62
Notes to the Consolidated Financial Statements	63

Notice

NOTICE is hereby given that the 25th Annual General Meeting of members of Hanung Toys and Textiles Limited will be held on Friday the 18th September 2015 at 11.30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact, with or without modification(s) as may be permissible, the following businesses:

ORDINARY BUSINESS:-

1. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT The Directors' Report and the Company's Standalone and Consolidated Statements of Profit and Loss for the year ended on 31st March 2015, Balance Sheets as on that date and Cash Flow Statements for the year ended on that date and the Auditors's Reports thereon be and are hereby considered and adopted."

2. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT in terms of section 139 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of M/s Ravindra Sharma & Associates, Chartered Accountant holding firm registration no.006415N, as Statutory Auditors of the Company for the second consecutive year, viz from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting out of their terms of Five consecutive years as approved through general meeting by postal ballot held on 29 January, 2015 be and is hereby ratified.

SPECIAL BUSINESS :-

3. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Pursuant to the Provision of Section, 150, 152 and other applicable provisions of the Companies Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules 2014, Mr. Abhishek Monu Kaushik (DIN 07151357) appointed as an Additional Director of the Company on 9th April 2015 pursuant to the provisions of section 161 of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and being eligible offer himself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act 2013 signifying his intention to propose the candidature of Mr. Abhishek Monu Kaushik for the office of the Director, be and is hereby appointed as a Director of the Company under independent Director category for a period of 5 consecutive years from the date of his appointment.

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Pursuant to the Provision of Section, 150, 152 and other applicable provisions of the Companies Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules 2014, Mrs. Deepika Gera (DIN 00145602) appointed as an Additional Director of the Company on 30th June 2015 pursuant to the provisions of section 161 of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and being eligible offer herself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act 2013 signifying his intention to propose the candidature of Mrs. Deepika Gera for the office of the Director, be and is hereby appointed as a Director of the Company under independent Director category for a period of 5 consecutive years from the date of her appointment.

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Pursuant to the provisions of section 148(3) and other applicable provisions, if any, of the Companies Act 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014 at a remuneration of Rs. 87500/ plus Service Tax payable to M/s Chandra Sharma & Co., Cost Accountants appointed as the Cost Auditors of the Company by the board of directors for the financial year 2015-16 for auditing the Cost Records relating to manufacturers of stuffed toys and home furnishings of the Company.

6. To Consider and, if thought fit, to pass with or without modifications(s) the following resolution as Special Resolution:

In supercession of the earlier resolution passed through postal ballot on 24th July 2014 the following resolution be and is hereby ratified as follow:

"RESOLVED THAT pursuant to the provisions of Section 42 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with the Companies (Prospectus and Allotment of Securities) Rules 2014 including any statutory modifications or re-enactment thereof for the time being in force), and in accordance with provisions of the Memorandum and Articles of Association of the Company, and subject to the applicable rules, regulations, guidelines, notifications or circulars issued by the Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) including Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, (the **"SEBI ICDR Regulations"**), the Stock Exchange(s) where the shares of the Company are listed (including provisions of the listing agreement with them), or any other appropriate / statutory authority and also subject to such approvals, permissions, sanctions and consents as may be necessary and required from the Government of India, the Reserve Bank of India (hereinafter referred to as **"RBI"**) and all other appropriate authorities and institutions, under applicable legislations, rules, regulations, guidelines and contracts for the time being in force, and subject further to such other terms, conditions, stipulations, alterations, amendments, modifications or variations, as may be required, specified or suggested by any of them in granting any such

approvals, consents, permissions, or sanctions, and which may be agreed to by the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee or Directors for the time being authorized by the Board of Directors to exercise the powers conferred on the Board of Directors by this resolution), consent and approval of the tranches, on preferential basis, upto 42,44,000 equity shares of Rs. 10/- each (hereinafter referred to as “Preferential Issue”), at a price calculated in accordance with the SEBI ICDR Regulations and other relevant guidelines/regulations as may be applicable, be offered, issued and allotted, on a preferential allotment of equity shares on such terms and conditions and in such manner as the Board may think fit to the Promoter and Promoter Group:

Sr. No.	Name of the Promoter and Promoter Group	Number of equity shares to be allotted
1.	Praneet Softech Pvt Ltd.	42,44,000
	Total	42,44,000

RESOLVED FURTHER THAT:

- (1) Before allotment, each equity shares holder shall pay an amount equivalent to 100% of the price of the total number of equity shares to be issued in terms of this resolution and SEBI ICDR Regulations.
- (2) The equity shares to be so issued and allotted be subject to the provisions of the Memorandum and Articles of Association of the Company and the provisions of SEBI ICDR Regulations, and shall rank pari-passu with the then existing equity shares and that the equity shares so allotted during the financial year shall be entitled to dividend, if any, declared including other corporate benefits, if any for the financial year in which the allotment has been made and in all the subsequent years.
- (3) The relevant date of the purpose of determining the price of the equity shares in accordance with the SEBI ICDR Regulations is fixed as 23rd May 2014
 Preferential Issue of the equity shares are pursuant to the scheme approved under Corporate Debt Restructuring framework of Reserve Bank of India, the Date of approval of Corporate Debt Restructuring package shall be relevant date.
- (4) The offer, issue and allotment of the Equity shares be made not later than 15 (fifteen) days from the date of shareholders approval (subject to the provision of the SEBI (ICDR) Regulations);
- (5) The Board be and is hereby authorised to take all such acts and comply with all formalities and procedures required to be complied with in relation to the issuance of the Equity shares and the equity shares including filing of the return of allotment with the Registrar of Companies and the necessary documents with other authorities;
- (6) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Equity shares and also shall be entitled to modify or alter any of the terms and conditions, as it may deem expedient, without being required to seek any further consent or approval of the Company in General Meeting, subject however to compliance with the provisions of all applicable law, guidelines, notification, rules and regulations.
- (7) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or any Committee of Directors or any other employee or officer of the Company (as it may consider appropriate) to give effect to the aforesaid resolutions.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or incidental to this resolution and to settle any question, difficulty or doubt that may arise from time to time in regard to the offer, issue and allotment and further to do all such acts, deeds, matters and things and to finalise and execute all documents, papers agreements, deeds and writings as may be necessary, desirable or expedient as it may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such acts, sign all such documents and comply with all formalities and procedures required to be complied with in relation to above mentioned issuance of Preferential allotment of Equity shares including filing of the necessary e-forms with the Registrar of Companies”.

By order of the Board
For Hanung Toys and Textiles Limited

Arvind Kumar Gupta
 Company Secretary

Place : Noida
 Date : August 14, 2015

NOTES: -

1. An Explanatory Statement pursuant to Section 102 of the Companies Act 2013 relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Pursuant to the Provisions of Section 105 of the Companies Act 2013 a person can act as a Proxy on behalf of not more than fifty members holding in aggregate not more than 10% of the total share capital of the Company. Members holding more than 10% of the total share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other 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 later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from 14th Sept. 2015 to 18th Sept. 2015 (both days inclusive).
5. As per the Provisions of the Companies Act 2013, independent directors are required to be appointed for a term of upto five consecutive years and are not liable to retire by rotation. Accordingly resolution proposing appointment of independent Directors are given at item No. 3 & 4.
6. Pursuant to Section 108 of the Companies Act 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members whose name appear in the Register of Members / List of Beneficial Owners as on 11 September 2015 i.e The e-voting period will commence from Monday 14th September 2015 at 9.00 am on and will end at 6.00 pm. on Thursday 17th September 2015. The Company has appointed Mr. Surinder Vashishtha & Associates, practicing company secretary to act as the scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detail procedure on e-voting given hereinafter.

General Information and Instructions relating to e-voting are as under:

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 11-09-2015, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on 14-09-2015, and will end at 6.00 p.m. on 17-09-2015. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through 'Insta Poll'. The Company has appointed Mr. Surinder Vashishtha Practising Company Secretary, to act as the Scrutinizer, to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

Procedure for remote e-voting

- I. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:
 - (a) In case of Members receiving an e-mail from Karvy :
 - (i) Launch an internet browser and open <https://evoting.karvy.com>
 - (ii) Enter the login credentials (i.e. User ID and password). The Event No.+Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering the above details Click on - Login.
 - (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
 - (v) On successful login, the system will prompt you to select the E-Voting Event
 - (vi) Select the EVENT of HANUNG TOYS & TEXTILES LIMITED and click on - Submit .
 - (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
 - (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.

- (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at svacslegal@gmail.com they may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
- (b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip
- (I) INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.
- | EVEN (E-Voting Event Number) | USER ID | PASSWORD |
|------------------------------|---------|----------|
| - | - | - |
- (ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.
- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on 11-09-2015. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 6.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9 a.m. on 14-09-2015 and will end at 6.00 p.m. on 17-09-2015. The e-voting module shall be disabled by Karvy at 6.00 p.m. on the same day.
- VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VIII. Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
- a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399
- Example for NSDL : MYEPWD <SPACE> IN12345612345678
- Example for CDSL : MYEPWD <SPACE> 1402345612345678
- Example for Physical : MYEPWD <SPACE> XXX1234567
- b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c. Member may call Karvy's toll free number 1-800-3454-001
- d. Member may send an e-mail request to evoting@karvy.com
- VI. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

By order of the Board
 For **Hanung Toys and Textiles Limited**

Arvind Kumar Gupta
 Company Secretary

Place : Noida
 Date : August 14, 2015

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT 2013

ITEM 3

Mr. Abhishek Monu Kaushik

Mr. Abhishek Monu Kaushik, (DIN 07151357), 33 years old, a resident Indian national, joined our Company as an Additional Director of the Company on April 9th 2015. He is a practicing Chartered Accountant and has completed his Bachelor Degree from Bareilly University. Mr. Abhishek Monu Kaushik did not hold any equity shares of the Company. He is also the Chairman of Audit Committee and Remuneration Committee of Directors of the Company.

In terms of Section 161(1) of the Companies Act 2013 Mr. Abhishek Monu Kaushik holds office as Additional Director up to the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act 2013 along with the amount of requisite deposit from a member signifying his intention to propose the appointment of Mr. Abhishek Monu Kaushik as a Director.

Mr. Abhishek Monu Kaushik is proposed to be appointed as an independent Director for 5 consecutive years from the date of his appointment. He has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 that he meets the criteria of independence and is hence eligible for appointment as an independent Director. In the opinion of the Board Mr. Abhishek Monu Kaushik fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management.

The Board of Directors is of the opinion that his vast knowledge and experience will be of great value to the Company and hence recommends the Resolution for your approval.

A copy of the letter of appointment issued to Mr. Abhishek Monu Kaushik 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.

ITEM 4

Mrs. Deepika Gera

Mrs. Deepika Gera, age 46 years joined our company as an independent Director on 30th June 2015, She is a Graduate from Jesus & Mary College (Delhi University) and is a member of the Institute of Company Secretaries of India (ICSI) She is a practicing Company Secretary. She holds 5500 equity shares of the Company.

Mrs. Deepika Gera is also Independent Director on the Board of following Companies:

1. Malsi Estates Limited
2. Chem invest Limited
3. Maxopp Investments Limited
4. Malsi Holdings Limited
5. Pier 114 Imports Private Limited

Mrs. Deepika Gera is also an independent member of sexual Harassment committee constituted by M/s Federal Mogul Goetze India Ltd. Under Sexual Harassment at Work place (Prevention, Prohibition and Redressal Act), 2013.

In addition to the above Mrs. Deepika Gera is associated with UNICEF since 2007 and extensively involved in social services at all levels.

None of the Directors of the company are directly or indirectly interested or concerned in this resolution in any way.

ITEM 5

In accordance with the provisions of section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to Audit the cost records of Company, relating to manufacture of Stuffed toys & Home Furnishings.

On the recommendation of the Audit Committee, the Board had approved the appointment of M/s Chandra Sharma & Co. as Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Stuffed toys & Home Furnishings on the remuneration of Rs. 87,500/- plus service tax payable to Cost Auditors.

The appointment and the remuneration of the Cost Auditor is required to be ratified by the members in accordance with the provisions of Section 148(3) of the Act and Rule 14 of the Rules.

The Directors recommend the resolution to the members for their approval.

None of the Directors, Key Managerial Personnel or their relatives are interested in this Resolution.

ITEM 6

The Company passed the special resolution for increase of issued capital by preferential allotment shares to promoters by postal ballot on 24 July 2014. But the stock exchange asked the company to ratify the said resolution by shareholders therefore company is proposing the resolution as special resolution and the shareholders are requested to ratify the resolution.

Section 62 of the Act inter alia provides that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholder of the company in the manner laid down in Section 42 read with the SEBI ICDR Regulations, unless the shareholders in general meeting decided otherwise by way of a special resolution.

The special resolution contained in the Notice, have been proposed under the provisions of Section 42 of the Act, in view of the fact that



the equity shares proposed to be issued by the Company will be offered to persons who may or may not be the existing members. Further, under the Listing Agreement entered with the Stock Exchanges, the Company, in the first instance is required to offer all shares to be issued for subscription, pro-rata to the existing equity shareholders, unless they decided otherwise in a meeting of shareholders.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 42 of the Act, other applicable provisions of the Act, SEBI (ICDR) Regulations as applicable to the Company and subject to the guidelines and clarifications issued by the Government of India, RBI, SEBI and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchange.

The Resolution to be passed relates to the proposal by the Company to issue and allot up to 42,44,000 preferential allotment of equity shares of Rs. 10/- (Rupees ten only) (being par value of Rs. 10 (Rupees ten) each and a premium, to be calculated in accordance with SEBI ICDR Regulation, 2009 and other relevant guidelines, Regulations as may be applicable, to the Promoter and Promoter Group, such issue and allotment of equity shares to the Promoter and Promoter Group will be governed by the provisions of the SEBI ICDR Regulations and also the provisions of other relevant guidelines/ regulations. as per the SEBI (ICDR) Regulations and the equity shares proposed to be allotted to the Promoter and Promoter Group will be locked-in for a period of 3 (three) years as per the SEBI ICDR Regulations.

The consent of the shareholders is being sought pursuant to the provision of Section 42 of Companies Act, 2013 and other applicable provisions of law. Hence, the company proposes a special resolution as mentioned in the accompanying notice.

The issue price of each of the equity shares to be issued to the Promoter and Promoter Group is in accordance with the price calculated in accordance with SEBI ICDR Regulations.

Disclosures as required under the provisions of the SEBI ICDR Regulations

1 Object of the Preferential Issue:

The proceeds of the preferential issue are, subject to all the applicable laws, intended to be utilized by the Company for meeting working capital requirements, capital expenditure and for general corporate purposes.

The Company may also use the proceeds to temporarily invest in creditworthy instruments, including money market mutual funds and deposits with banks and corporates. Such investments would be in accordance with the investment policies approval by the Board from time to time.

2 Intention of the Promoters/ Directors/ Key Management Personnel of the Company to subscribe to the Offer:

The following Promoter and Promoter Group entities intend to subscribe to the Equity shares:

Sr. No.	Name of the Promoter and Promoter Group	Number of equity shares to be allotted
1.	Praneet Softech Pvt Ltd.	42,44,000
Total		42,44,000

3. Shareholding Pattern of the Company before and after the issue and allotment of Securities

Shareholding pattern before and after the allotment (based on the shareholding pattern as on March 31st, 2014.

A –	EQUITY SHARES Category	Pre-Issue Holding			Post Issue Holding	
		No. of Shares	% of Total Paid-up Capital	Allotment of Shares in Preferential issue	No. of Shares	% of Total Paid-up Capital
	Promoters and Promoters Group	14598967	54.93 %	4244000	18842967	61.13%
	Mutual Funds/UTI	0	0			
	Banks, Financial Institutions, Insurance Companiess	0	0			
	Foreign Institutional Investors	77949	0.29%	0	77949	0.25%
	Foreign Financial Institutions/Banks	0	0			
	Bodies Corporate	1984136	7.47%	1984136	6.44%	
	Indian Public	8987876	33.81%	0	8987876	29.16%
	Non-resident Individuals/Overseas/Corporate Bodies	373573	1.41%	0	373573	1.21%
	Others: (NRIs)	0	0	0	0	0
	Trust	0	0	0	0	0
	Clearing Membes	556274	2.09%	0	556274	1.81%
	Hindu Undivided Family (HUF)	0	0	0	0	0
	Foreign Corporate Bodies	0	0	0	0	0
	Total	26578775	100%	4244000	30822775	100%

Notes:

- The proposed preferential allotment of equity shares will not result in any change in the management control. Voting rights shall change according to the change in shareholding pattern mentioned above
- The post-issue shareholding details mentioned hereinabove are calculated only on the basis of allotment of Preferential Issue of equity shares

B – PREFERENCE SHARES : NOT APPLICABLE
4 Time within which allotment shall be completed

The allotment of equity shares as proposed under the special resolution and as set out in the notice will be completed within the period of 15 days from the date of passing of the resolution in accordance with the provisions of the SEBI ICDR Regulations subject to necessary approval from the stock exchanges or such other authorities.

5. Identity of the Proposed Allottees and the Percentage of Post Preferential Issued Capital that may be held by them:

Name of the proposed allottee		Number of equity shares held before the preferential allotment		Number of equity shares held after the preferential allotment	
Category		Number of equity shares Held	Percentage	Number of equity shares Held	Percentage
Praneet Softech Pvt. Ltd.	Promoter Group	4244000	Nil	4244000	13.76%

The proposed preferential allotment of equity shares will not result in any change in the management control of the Company. The following will be shareholding of promoters after allotment of shares.

1.	PRANEET SOFTECH PVT. LTD	4244000	13.77
2.	HANUNG PROCESSORS PVT LTD	3552059	11.52
3.	ASHOK KUMAR BANSAL	2651418	8.60
4.	GLOFIN INVESTMENT AND FINANCE COMPANY PVT LTD	2297526	7.45
5.	ANJU BANSAL	1892482	6.14
6.	ASHOK KUMAR BANSAL (HUF)	1322150	4.29
7.	HANUNG FURNISHINGS PVT LTD	1128276	3.66
8.	C K SOFTWARE PVT LTD	1026690	3.33
9.	HANUNG INFRA AND POWER LIMITED	728366	2.36
TOTAL :		18842967	61.13

Undertaking:

In the event the Company is required to re-compute the price of the equity shares in terms of the provisions of the SEBI ICDR Regulations, the Company undertakes to do so and that in such event, until such time as the amounts payable by the Promoter and Promoter Group on re-computation of the price are paid by the Promoter and Promoter Group, the equity shares issued to them shall remain locked in.

Statutory Auditor Certificate

Copy of the certificate from M/s Ravindra Sharma & Associates, Chartered Accountants, Statutory Auditors of the Company, certifying that the issue of Securities is being made in accordance with the requirements of SEBI ICDR Regulations, 2009.

Pricing of the Equity shares to be allotted to the Promoter and Promoter Group

The equity Shares to be issued and allotted at a price not less than the higher of the following in terms of the SEBI ICDR Regulations:-

- a) the average of the weekly high and low of the closing price of the related shares quoted on the stock exchange during the six months preceding the relevant date

OR

- b) the average of the weekly high and low of the closing price of the related shares quoted on the stock exchange during the two weeks preceding relevant date

The equity shares of the Company are listed at National Stock Exchange and Bombay Stock Exchange. The trading volume in respect of equity shares of the Company during the preceding six months prior to the relevant date are higher at on the National Stock Exchange of India Limited, which is considered for aforesaid computation.

The Statutory Auditors of the Company certified that the issue of the equity shares is being made in accordance with the requirements of SEBI ICDR Regulations, 2009.

Relevant Date

Preferential Issue of the equity shares are pursuant to the scheme approved under Corporate Debt Restructuring framework of Reserve Bank of India, the Date of approval of Corporate Debt Restructuring package shall be relevant date.

Stock Exchange for the purpose of this clause means any of the recognized stock exchanges in which the shares are listed and in which the highest trading volume in respect of shares of the Company has been recorded during the preceding six months prior to the relevant date, in the present case being the National Stock Exchange of India Limited.

The Board believes that such an issue of preferential allotment of equity shares is in the interest of the Company and therefore recommends the resolutions for your approval.

None of the Directors are in any way, concerned or interested in this resolution.

Lock in period:

The aforesaid equity shares of the Company to be issued and allotted on preferential basis shall be locked-in as per provisions of SEBI ICDR Regulations, 2009.

By order of the Board
For **Hanung Toys and Textiles Limited**

Arvind Kumar Gupta
Company Secretary

Place : Noida
Date : August 14, 2015

Directors' Report

Dear Members,

The Directors present the 25th Annual Report of the Company together with the standalone and consolidated audited statements of Financial Accounts of the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS:

The following table gives the financial highlights of your company on a standalone basis according to the Indian Generally Accepted accounting Principles (GAAP)

FINANCIAL RESULT (STANDALONE) (<i>~ in Lacs</i>)		
Particulars	2014-15	2013-14
Net Sale & other Income	13642	50054
Profit / (Loss) Before Interest, Depreciation & Tax	(93314)	(36237)
Financial Overheads	27173	23062
Depreciation	6236	4480
Net Profit/(Loss) Before Tax	(126723)	(63779)
Provision for Tax	--	--
- Current	--	--
- Deferred	--	(11963)
- Tax for earlier years	--	(2237)
Net Profit/(Loss) after Tax	(126723)	(49578)
Appropriations		
Proposed Dividends	Nil	Nil
Provision for Tax for Dividends	Nil	Nil
Surplus carried forwards to Balance Sheet	(126723)	(49578)
Transfer to General Reserve	--	--
Net Surplus carried forwards to Balance Sheet	--	--

FINANCIAL RESULTS (Consolidated)

The following table gives the financial highlights of your company on a consolidated basis according to the Indian Generally Accepted Accounting Principles (GAAP).

FINANCIAL RESULTS (Consolidated) (<i>~ in Lacs</i>)		
Particulars	2014-15	2013-14
Net Sale & other Income	13642	50080
Profit / (Loss) Before Interest, Depreciation & Tax	(91363)	(35326)
Financial Overheads	27174	23063
Depreciation	6237	4482
Net Profit/(Loss) Before Tax	(124774)	(62871)
Provision for Tax	--	--
- Current	--	--
- Deferred	--	(11963)
- Tax for earlier years	--	(2237)
Net Profit/(Loss) after tax before Minority interest	(124774)	(48670)
Minority interest in income/(loss)	--	4
Net Profit / (Loss) after Tax & Minority Interest	(124774)	(48666)
Appropriations		
Proposed Dividends	-	-
Provision for Tax for dividends	-	-
Surplus carried forwards to Balance Sheet	(124774)	(48666)
Transfer to General Reserve	-	-
Net Surplus carried forwards to Balance Sheet	-	-

Erosion of Net Worth and reference to the Board for Industrial and Financial Reconstruction (BIFR)

The operating results have been adversely affected due to adverse market conditions, non receipt of Tuff's subsidy and blockage of substantial funds in slow/ non moving stocks and debtors. The Company faced severe liquidity crunch and huge scarcity in the working capital funds. In order to partially mitigate the working capital

fund scarcity and arrest the further deterioration in the quality of stocks, the Company affected disposal of stocks of slow moving / non moving fabrics and finished goods at market prices, which in most of the cases was well below the cost, resulting in losses. The Company settled its old debtors by allowing their pending debit notes, quality discount and /or taking the material back, which further contributed losses to the Company.

On accumulated losses of the Company exceeding the entire net worth, the Company made a reference with the Board for Industrial and Financial Reconstruction in terms of the provisions of section 15(1) of Sick Industrial Companies (Special Provision) Act 1985, which has since been registered by the Hon'ble BIFR as case No. 54/2015.

OVERVIEW AND REVIEW OF OPERATIONS

The Indian Toys and Textiles Industry witnessed challenging times as a results of low growth led by issues such as high fiscal deficit, high inflation and worsening current account balance. The slowdown in the global growth aggravated the sluggishness in the economy. Apart from the un-favorable demand supply scenario the industry has been also reeling under the pressure of rising manufacturing cost.

The gross sales and other income for the financial year under review were Rs. 13642 lacs as against Rs. 50054 lacs for the previous financial year. During the Year under review the Company has incurred Losses after Tax of Rs 126723 lacs as against the Losses of Rs. 49578 lacs for the previous year.

The Loss of the company has increased due to increase in finance cost and increase in depreciation due to change in method as prescribed by the Companies Act 2013 during the year. The Company expects to improve its working in the next financial year.

DIVIDEND

The Board of Directors has decided not to recommend any dividend due to non availability of profit during the year.

CORPORATE DEBT RESTRUCTURING

The Company had approached its lead banker and lender, i.e., Punjab National Bank for restructuring of its debt under CDR mechanism, and accordingly, the lead banker referred the matter to CDR Empowered Group on 31st July, 2013. The case of the Company was admitted under CDR on 26th September, 2013, and the CDR scheme was discussed in CDR EG meeting held on 21.04.2014, and was approved in the meeting held on 23rd May, 2014 and the same was informed to the Company on 16th June, 2014.

The main features of CDR scheme are as below:

1. Cutoff date is 1st April 2013.
2. Moratorium period will be 2 years and repayment in 8 years.
3. Rate of interest on term loan is reduced to 11% p.a.
4. Rate of interest on working capital and FITL (Funded interest Term Loan) is reduced to 10.50%p.a.
5. Waiver of all liquidity damages and penal interest and penal charges etc.
6. Promoter's contribution Rs.83.68 crores to be brought in within one year.
7. Conversion of interest for initial 24 month into FITL (Funded interest Term Loan) with repayment period of 6 years.

BUSINESS

The Company's main operations consist of Manufacturing of Soft Toys and Home Furnishings.

Directors' Report (Cont..)

EMPLOYEE STRENGTH

The total numbers of permanent employees on the rolls of the company was 448 as on March 31, 2015,

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the **Annexure-B** forming part of the Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure-A forming part of the Annual Report.

Having regard to the provisions of Section 136(1) read with its relevant provisions of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee and free of cost.

CORPORATE GOVERNANCE

Your Company is fully compliant with the Corporate Governance guidelines, as laid out in Clause-49 of the Listing Agreement with the Stock Exchanges. The report on Corporate Governance forms part of the Annual Report.

The statutory auditors of the Company have examined the requirements of Corporate Governance with reference to Clause 49 of the Listing Agreement and have certified the compliance, as required under clause 49 of the Listing Agreement. The certificate in this regard forms part to the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements, the audited consolidated financial statement is provided in the Annual Report.

SUBSIDIARIES

Pursuant to section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's subsidiaries (in Form AOC-1) is attached to the financial statement.

The Annual Accounts of the subsidiary companies and the related detailed information are available at any time to shareholder of the parent company and subsidiary companies and to statutory authorities. On request, these documents will be made available for inspection at the Company's Corporate office.

DIRECTORS

Mr. Abhishek Monu Kaushik was appointed as an additional director (Independent) on 9th April 2015 and Mrs. Deepika Gera appointed as an Additional Director (Independent) on 30th June 2015. These Directors will hold the office till the date of forthcoming Annual General Meeting. A Notice in writing has been received from Members

signifying their intention to propose the appointment of Mr. Abhishek Monu Kaushik and Mrs. Deepika Gera as a Director under independent Director category at the Annual General Meeting to hold office for 5 consecutive years with effect from their appointment without being subject to retirement by rotation.

During the Year Mr. C.S. Batra ceased to be Director with effect from 25th Nov. 2014 and Mr. R.K. Pandey, ceased to be Director with effect from 22nd June 2015,

The Directors wish to place on record the valuable guidance and services rendered by the independent Directors during their tenure as Independent director of the Company.

Mr. Umesh Dhal ceased to be C.F.O with effect from 21st May 2015

Pursuant to Rule 895 (iii) of the Companies (Accounts) Rules 2014 It is reported that other than the above there have been no changes in the Directors or Key Managerial Personnel during the Year.

STATUTORY AUDITOR

M/s Ravindra Sharma & Associates, New Delhi has been appointed as Statutory Auditor in place of M/s AMRG & Associates New Delhi under section 139 (8) of the Companies Act 2013. M/s AMRG & Associates has resigned during the year and M/s Ravindra Sharma & Associates, New Delhi appointed to fill the casual vacancy caused by M/s AMRG & Associates New Delhi.

M/s Ravindra Sharma & Associates, New Delhi, the Statutory Auditor have confirmed their eligibility to the effect that their reappointment would be within the prescribed limits under the Companies Act 2013 and that they are not disqualified for reappointment.

The Report of the Statutory Auditors for the year ended 31st March 2015 does not contain any qualification, reservation or adverse remark.

AUDITORS QUALIFICATION SYSTEM ON ACCOUNTS

Notice to the accounts, as referred in the auditor's report, are self-explanatory and consistently followed and therefore do not call to any further comments and explanations.

COST AUDITOR

In terms of the provisions of The Companies Act, The Board of Directors of your company have on the recommendation of the Audit Committee, Appointed M/s Chandra Sharma & Co. Vaishali, Ghaziabad as Cost Auditor to conduct the cost audit of your company for the financial year ending 31st March 2016 subject to the approval of the Central Government.

The Audit Committee has received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the company.

COMPLIANCE UNDER COMPANIES ACT, 2013

Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, your Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

EXTRACT OF ANNUAL RETURN

In Accordance with Section 92(3) of the Companies Act 2013 read with Rules 12(1) of Companies (Management and Administration) Rules 2014 an extract of the Annual Return in Form MGT-9 is attached herewith as **Annexure-E**.

Directors' Report (Cont..)

BOARD MEETING HELD DURING THE YEAR

During the year, 17 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached as **Annexure-C** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To The best of our knowledge and belief and according to the information and explanation obtained by us, your Directors make the following statements in the terms of section 134(3)(c) of the Companies Act, 2013:

1. in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
2. for the financial year ended March 31, 2015, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2015.
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the annual financial statements have been prepared on a going concern basis.
5. that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
6. that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of M/s NG & Associates, New Delhi Company Secretary in practice to conduct the Secretarial Audit of the Company for the financial year ended on 31st March 2015. The Secretarial Audit Report (in Form MR-3) is attached as **Annexure-D** to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report, highlighting the Performance and Prospects of the Company's energy and environment segments including details of subsidiaries catering to the respective business, is attached.

LISTING OF STOCK EXCHANGES

The company's equity shares are listed on two stock exchanges- National Stock Exchange of India Ltd (NSE), and Bombay Stock Exchange Ltd (BSE).

PUBLIC DEPOSITS

The Company had no unpaid / unclaimed deposit(s) as on March 31, 2015. During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. It has not accepted any fixed deposits during the year.

CODE OF CONDUCT COMPLIANCE

Pursuant to clause 49 of the Listing agreement entered with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, the declaration signed by the Managing Director affirming compliance with the code of Conduct by the Director's and senior management personnel, for the financial year 2014-2015 is annexed and forms part of the Directors and Corporate Governance Report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The particulars prescribed under Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are furnished in **Annexure A** to this Report.

CAUTIONARY STATEMENT

Statements made in the Report, including those stated under the caption "Management Discussion and Analysis" describing the Company's plans, projections and explanations may constitute "forwards looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

REGISTRAR AND SHARE TRANSFER AGENT

M/s Karvy Computershare Private Limited, Hyderabad, is the Registrar and Share Transfer Agent of the Company. Details of the depository system and listing shares are given in a part of the "Additional Shareholders Information", which forms a part of the Corporate Governance Report and is attached with the Annual Accounts.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere thanks to the Company's clients, vendors, investors, and bankers for their continued support to the Company during the year. The Directors wish to place on record their appreciation of the contributions made by employees at all levels.

We thank the Government of India, State Government and other Government agencies for their support and look forward to their continued support in future.

By order of the Board
For Hanung Toys and Textiles Limited

Place : Noida
 Date : August 14, 2015

Ashok Kumar Bansal
 Chairman-cum-Managing Director



Annexure 'A' to the Directors' Report

Additional information as required under Section 134 of the Companies Act 2013 read with rule 8 (3) of the Companies account rules 2014

A. CONSERVATION OF ENERGY

- (a) 1. Energy efficient lighting system in place e.g. CFL I FTL fittings are being used in all offices I sites.
2. Energy efficient lighting system is designed for the commercial projects.
3. Parallel operations of lifts is being carried out to achieve energy conservation.
4. Effective preventive and predictive maintenance system is in place for maintaining all energy intensive equipments i.e. DG sets for energy generation etc.
5. Fuel metering system is in place to track the consumption of fuel.
- (b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**
The Company thrives to construct energy efficient structures which use natural lighting in their plant & offices.
- (c) **Impact of measures for reduction of energy consumption I Energy Conservation-**
As the Company is primarily engaged in the manufacturing and the impact of the measures at (a) and (b) above for reduction of energy consumption cannot be quantified.
- (d) **Total Energy consumption and Energy consumption per unit of production as prescribed in Form 'A'-**

FORM A
(See rule 2)

(Rs. In Lacs)

S.No.	Particulars	2014-15	2013-14
1.	Electricity		
	Purchase (Units in lacs)	118.26	168.86
	Total Amount (Rs. In lacs)	682.18	915.12
	Rate / Unit (Rs.)	5.77	5.42
2.	Own Generation Through Diesel Genset (Units in Lacs)		
	Purchase (Units in lacs)	7.19	11.37
	Total Amount (Rs. In lacs)	132.04	198.79
	Rate / Unit (Rs.)	18.36	17.48

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form 'B' of the Annexure.

FORM-B

1. Research & Development (R & D)

- a. Specific area in which (R & D) : With the Objective of better productivity and yield and
- b. Benefits derived as a result of : optimum cost effective-
above R & D : ness the Company has
been

c. Future Plan of Action

: adopting various techniques, developed by in-house R & D department from time to time.

d. Expenditure on R & D

- i. Capital : The R & D activity of the
ii. Recurring Company forms part of the
iii. Total project cost and has not been
iv. Total R & D Expenditure quantified separately.
as a percentage

2. Technology absorption, adoption and innovation.

- a. Efforts in brief made : Not Applicable
towards Technology
absorption, adoption
and innovation.
- b. Benefits derives as
result of the above
efforts e.g. product
improvement, cost
reduction, production
development, import
substitution etc.

3. In case of imported technology imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished

- I. Technology imported
II. Year of Import
III. Has technology fully absorbed areas where this has not taken place, reasons thereof and plan of action.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to exports, initiative taken to increase expots, developments of new exports markets for products and services and export plans:

During the year along with addition of several new customers we have also further diversified our customer base by exploring the African and the Austrilian continent in addition to the existing USA and Europe.

2. Total Foreign Exchange used and earned in Rs. :

Total Foreign Exchange used	: 986.84 Lacs
Total Foreign Exchange earned	: 2726.28 Lacs

By order of the Board
For Hanung Toys and Textiles limited

Place : Noida
Date : August 14, 2015
Ashok Kumar Bansal
Chairman cum Managing Director



Annexure 'B' to the Directors' Report

Information as per Section 197 (12) of the Companies Act 2013, read with Companies (Particulars of Disclosures of Report of Board of Directors) Rules 2014 forming part of the Directors' Report for the year ended March 31, 2015.

There is no person who falls under this category.

By order of the Board
For Hanung Toys and Textiles Limited

Place : Noida
Date : August 14, 2015

Ashok Kumar Bansal
Chairman cum Managing Director

Annexure-E of the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS

1. CIN	: L74999DL1990PLC041722
2. Registration Date	: 10/10/1990
3. Name of the Company	: HANUNG TOYS AND TEXTILES LIMITED
4. Category/Sub-category of the Company	: PUBLIC LIMITED COMPANY
5. Address of the registered office & contact details	: E-93, Second floor, G.K. Enclave, Part-I New Delhi-110048
6. Whether listed Company	: YES
7. Name, address & contact details of the Registrar & Transfer Agent, if any.	Contact Officer : B. Srinivas Deputy Manager Karvy Computershare Private Limited Karvy Selenium Tower-B Plot No. 31-32, Gachibowli Financial District Hyderabad - 500032 Phone : 040 - 67162222, Fax No. : 040 -23001153 Email: einward.ris@karvy.com Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPLE 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 the main products/ services	NIC Code of the Product / services	% to total turnover of the Company
1	Stuff Toys		10.07
2	Home Furnishing		89.93



Category Code	Category of shareholders	No. of Shares held at beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual/HUF	4541900	0	4541900	17.09	4543900	0	4543900	14.74	2.35
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions/ Bank	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	8666217	1390850	10057067	37.84	10055067	4244000	14299067	46.39	-8.55
	Sub Total A(1)	13208117	1390850	14598967	54.93	14598967	4244000	18842967	61.13	- 6.21
(2)	FOREIGN									
(a)	Individuals(NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total A(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=(A1)+(A2)	13208117	1390850	14598967	54.93	14598967	4244000	18842967	61.13	-6.21
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions/ Bank	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government/State Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	77949	0	77949	0.29	0	0	0	0.00	0.29
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total B(1)	77949	0	77949	0.29	0	0	0	0.00	0.29
(2)	Non-Institutions									
(a)	Bodies Corporate	1984036	100	1984136	7.47	1845495	100	1845595	5.99	1.48
(b)	Individuals									
(i)	Individual holding nominal share capital upto Rs. 1 lakh	7165758	3638	7169396	26.97	7545900	17471	7563371	24.54	2.44
(ii)	Individual holding nominal share capital in excess of Rs. 1 Lakh	1818480	0	1818480	6.84	2106476	11500	2117976	6.87	-0.03
(c)	Others									
	CLEARING MEMBERS	556274	0	556274	2.09	88998	0	88998	0.29	1.80
	NON RESIDENT INDIANS	373573	0	373573	1.41	363868	0	363868	1.18	0.23
(d)	Qualified foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total B(2)	11898121	3738	11901859	44.78	11950737	29071	11979808	38.87	5.91
	Total B=(B1+B2)	11976070	3738	11979808	45.07	11950737	29071	11979808	38.87	6.21
	Total (A+B)	25184187	1394588	26578775	100	26549704	4273071	30822775	100	0.00
(C)	Share held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C)	25184187	1394588	26578775	100.00	26549704	4273071	30822775	100.00	



ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at beginning of the year			Shareholding at the end of the year			% change in shareholding 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	Hanung Processors pvt. Ltd.	3552059	13.36		3552059	11.52		69.64
2	Ashok Kumar Bansal	2649418	9.97		2651418	8.60		
3	Ashok Kumar Bansal (HUF)	1322150	4.97		1322150	4.29		
4	Anju Bansal	1892482	7.12		1892482	6.14		
5	Glofin Investment & Finance Co. Pvt. Ltd.	2297526	8.64		2297526	7.45	1600000	
6	Hanung Furnishing Pvt. Ltd.	1128276	4.25		1128276	3.66		
7	C.K. Software Pvt. Ltd.	1026690	3.86		1026690	3.33		
8	Hanung Infra & Power Ltd.	728366	2.74		728366	2.36		
9	Abhinav Bansal	2000	0.01		Nil	Nil		
10	Praneet Softech Pvt. Ltd.	Nil	Nil		4244000	13.77		

iii) Change in Promoters' Shareholding during the year

Sl. No.	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative shareholding During the year(01-04-2014 to 31-03-2015)	
						No. of Shares	% of total shares of the Company
1	14598967	54.93	5/08/2014	4244000 (+)	Allotment to Praneet Softech Pvt. Ltd.	18842967	61.13
2	18842967	61.13	31/03/2015	1600000 (-)*	Pledge		

(1) The Increase in Promoters' shareholding from 14598967 to 18842967 is due to allotment of 42,44,000 eq. shares to Praneet Softech Pvt. Ltd. (Promoter Group Co.)

(2) * 1600000 eq. shares were pledge

iv) Shareholding pattern of top ten shareholders (other than Directors and Promoters)

Sl No.	Date		Name of Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of shares of the company	No. of shares	during the year
1		Opening Balance	BINAL SEVANTILAL KORADIA	149600	0.56	149600	0.56
	16/05/2014	Sale		149600	0.56	0	0.00
	31/03/2015	Closing Balance			0.00	0	0.00
2		Opening Balance	SHAILESH KANTILAL DIORA	101724	0.38	101724	0.38
	23/05/2014	Sale		5000	0.02	96724	0.36
	30/05/2014	Sale		10000	0.04	86724	0.33
	13/06/2014	Sale		2767	0.01	83957	0.32
	30/06/2014	Sale		5965	0.02	77992	0.29
	18/07/2014	Purchase		291	0.00	78283	0.29
	08/08/2014	Purchase		5000	0.02	83283	0.31
	15/08/2014	Purchase		7000	0.03	90283	0.34
	22/08/2014	Purchase		10000	0.04	100283	0.38
	29/08/2014	Sale		100283	0.38	0	0.00
	10/10/2014	Purchase		132680	0.50	132680	0.502



SI No.	Date		Name of Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of shares of the company	No. of shares	during the year
	8/11/2014	Sale		2000	0.01	130680	0.42
	31/03/2015	Closing Balance			0.00	130680	0.42
3		Opening Balance	KARVY STOCK BROKING LTD(BSE)	100000	0.38	100000	0.38
	04/04/2014	Sale		20000	0.08	80000	0.30
	31/03/2015	Closing Balance			0.00	80000	0.26
4		Opening Balance	SHAKUNTLA GUPTA	88000	0.33	88000	0.33
	31/03/2015	Closing Balance			0.00	88000	0.29
5		Opening Balance	SHRI PARASRAM HOLDINGS PVT.LTD.	85009	0.32	85009	0.32
	04/04/2014	Purchase		8004	0.03	93013	0.35
	11/04/2014	Purchase		202	0.00	93215	0.35
	18/04/2014	Purchase		2400	0.01	95615	0.36
	25/04/2014	Sale		75	0.00	95540	0.36
	02/05/2014	Sale		627	0.00	94913	0.36
	09/05/2014	Purchase		1720	0.01	96633	0.36
	16/05/2014	Sale		3998	0.02	92635	0.35
	23/05/2014	Sale		4522	0.02	88113	0.33
	30/05/2014	Purchase		1001	0.00	89114	0.34
	06/06/2014	Purchase		180	0.00	89294	0.34
	13/06/2014	Purchase		8404	0.03	97698	0.37
	20/06/2014	Sale		1355	0.01	96343	0.36
	30/06/2014	Sale		3177	0.01	93166	0.35
	04/07/2014	Purchase		90	0.00	93256	0.35
	11/07/2014	Sale		1233	0.00	92023	0.35
	18/07/2014	Purchase		2235	0.01	94258	0.35
	25/07/2014	Sale		200	0.00	94058	0.35
	01/08/2014	Purchase		500	0.00	94558	0.36
	08/08/2014	Sale		1237	0.00	93321	0.35
	15/08/2014	Purchase		269	0.00	93590	0.35
	22/08/2014	Purchase		700	0.00	94290	0.35
	29/08/2014	Purchase		1350	0.01	95640	0.36
	05/09/2014	Sale		750	0.00	94890	0.36
	12/09/2014	Sale		1475	0.01	93415	0.35
	19/09/2014	Purchase		990	0.00	94405	0.36
	30/09/2014	Purchase		615	0.00	95020	0.36
	17/10/2014	Sale		205	0.00	94815	0.36
	24/10/2014	Purchase		145	0.00	94960	0.36
	31/10/2014	Sale		2400	0.01	92560	0.35
	07/11/2014	Sale		282	0.00	92278	0.35
	14/11/2014	Sale		688	0.00	91590	0.30
	21/11/2014	Purchase		6930	0.02	98520	0.32
	28/11/2014	Sale		1755	0.01	96765	0.31
	19/12/2014	Purchase		800	0.00	97565	0.32
	31/12/2014	Purchase		725	0.00	98290	0.32
	09/01/2015	Sale		5670	0.02	92620	0.30
	16/01/2015	Sale		2948	0.01	89672	0.29
	23/01/2015	Sale		357	0.00	89315	0.29
	30/01/2015	Sale		135	0.00	89180	0.29



SI No.	Date		Name of Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of shares of the company	No. of shares	during the year
	06/02/2015	Sale		650	0.00	88530	0.29
	13/02/2015	Sale		800	0.00	87730	0.28
	20/02/2015	Purchase		350	0.00	88080	0.29
	27/02/2015	Purchase		40	0.00	88120	0.29
	06/03/2015	Purchase		382	0.00	88502	0.29
	13/03/2015	Sale		1891	0.01	86611	0.28
	20/03/2015	Purchase		481	0.00	87092	0.28
	27/03/2015	Sale		180	0.00	86912	0.28
	31/03/2015	Purchase		355	0.00	87267	0.28
	31/03/2015	Closing Balance			0.00	87267	0.28
6		Opening Balance	S MADHU KUMAR	77985	0.29	77985	0.29
	29/08/2014	Sale		77985	0.29	0	0.00
	10/10/2014	Purchase		77985	0.29	77985	0.29
	31/03/2015	Closing Balance			0.00	77985	0.25
7		Opening Balance	BRANDES INSTITUTIONAL EQUITY TRUST	77949	0.29	77949	0.29
	11/07/2014	Sale		8826	0.03	69123	0.26
	18/07/2014	Sale		14734	0.06	54389	0.20
	06/02/2015	Sale		17345	0.06	37044	0.12
	13/02/2015	Sale		37044	0.12	0	0.00
	31/03/2015	Closing Balance			0.00	0	0.00
8		Opening Balance	BONANZA PORTFOLIO LTD	73896	0.28	73896	0.28
	04/04/2014	Sale		6454	0.02	67442	0.25
	11/04/2014	Sale		407	0.00	67035	0.25
	18/04/2014	Purchase		1135	0.00	68170	0.26
	25/04/2014	Sale		1400	0.01	66770	0.25
	02/05/2014	Sale		210	0.00	66560	0.25
	09/05/2014	Sale		4050	0.02	62510	0.24
	16/05/2014	Purchase		345	0.00	62855	0.24
	23/05/2014	Sale		7162	0.03	55693	0.21
	30/05/2014	Sale		104	0.00	55589	0.21
	06/06/2014	Purchase		7880	0.03	63469	0.24
	13/06/2014	Purchase		4765	0.02	68234	0.26
	20/06/2014	Sale		12625	0.05	55609	0.21
	30/06/2014	Purchase		459	0.00	56068	0.21
	04/07/2014	Purchase		2350	0.01	58418	0.22
	11/07/2014	Purchase		7930	0.03	66348	0.25
	18/07/2014	Sale		241	0.00	66107	0.25
	25/07/2014	Sale		1535	0.01	64572	0.24
	01/08/2014	Sale		460	0.00	64112	0.24
	08/08/2014	Sale		310	0.00	63802	0.24
	15/08/2014	Sale		1400	0.01	62402	0.23
	22/08/2014	Purchase		2800	0.01	65202	0.25
	29/08/2014	Purchase		1050	0.00	66252	0.25
	05/09/2014	Sale		2150	0.01	64102	0.24
	12/09/2014	Purchase		2081	0.01	66183	0.25
	19/09/2014	Sale		165	0.00	66018	0.25



SI No.	Date		Name of Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of shares of the company	No. of shares	during the year
	30/09/2014	Purchase		800	0.00	66818	0.25
	03/10/2014	Purchase		500	0.00	67318	0.25
	10/10/2014	Purchase		551	0.00	67869	0.26
	17/10/2014	Sale		950	0.00	66919	0.25
	24/10/2014	Sale		200	0.00	66719	0.25
	07/11/2014	Purchase		3075	0.01	69794	0.26
	14/11/2014	Sale		2106	0.01	67688	0.22
	21/11/2014	Sale		2130	0.01	65558	0.21
	28/11/2014	Purchase		400	0.00	65958	0.21
	05/12/2014	Purchase		400	0.00	66358	0.22
	12/12/2014	Sale		2395	0.01	63963	0.21
	19/12/2014	Sale		800	0.00	63163	0.20
	02/01/2015	Sale		600	0.00	62563	0.20
	09/01/2015	Sale		6885	0.02	55678	0.18
	16/01/2015	Sale		2010	0.01	53668	0.17
	23/01/2015	Purchase		45	0.00	53713	0.17
	30/01/2015	Purchase		810	0.00	54523	0.18
	06/02/2015	Purchase		850	0.00	55373	0.18
	13/02/2015	Sale		740	0.00	54633	0.18
	20/02/2015	Sale		650	0.00	53983	0.18
	27/02/2015	Purchase		5650	0.02	59633	0.19
	06/03/2015	Purchase		130	0.00	59763	0.19
	13/03/2015	Purchase		450	0.00	60213	0.20
	20/03/2015	Purchase		1350	0.00	61563	0.20
	27/03/2015	Sale		1975	0.01	59588	0.19
	31/03/2015	Sale		602	0.00	58986	0.19
	31/03/2015	Closing Balance			0.00	58986	0.19
9		Opening Balance	HDFC SECURITIES LTD	68656	0.26	68656	0.26
	04/04/2014	Sale		61034	0.23	7622	0.03
	11/04/2014	Purchase		25276	0.10	32898	0.12
	18/04/2014	Sale		24369	0.09	8529	0.03
	25/04/2014	Sale		58	0.00	8471	0.03
	02/05/2014	Sale		4771	0.02	3700	0.01
	09/05/2014	Purchase		47580	0.18	51280	0.19
	16/05/2014	Sale		36904	0.14	14376	0.05
	23/05/2014	Purchase		7181	0.03	21557	0.08
	30/05/2014	Sale		10554	0.04	11003	0.04
	06/06/2014	Purchase		27834	0.10	38837	0.15
	13/06/2014	Sale		28456	0.11	10381	0.04
	20/06/2014	Purchase		11396	0.04	21777	0.08
	30/06/2014	Sale		16307	0.06	5470	0.02
	04/07/2014	Sale		3018	0.01	2452	0.01
	11/07/2014	Sale		1002	0.00	1450	0.01
	18/07/2014	Purchase		1173	0.00	2623	0.01
	25/07/2014	Sale		2373	0.01	250	0.00
	01/08/2014	Purchase		1925	0.01	2175	0.01
	08/08/2014	Purchase		7140	0.03	9315	0.04



SI No.	Date		Name of Share Holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of shares of the company	No. of shares	during the year
	15/08/2014	Sale		4900	0.02	4415	0.02
	22/08/2014	Sale		2673	0.01	1742	0.01
	29/08/2014	Purchase		6231	0.02	7973	0.03
	05/09/2014	Sale		5165	0.02	2808	0.01
	12/09/2014	Sale		910	0.00	1898	0.01
	19/09/2014	Purchase		859	0.00	2757	0.01
	30/09/2014	Sale		667	0.00	2090	0.01
	03/10/2014	Purchase		310	0.00	2400	0.01
	10/10/2014	Sale		1666	0.01	734	0.00
	17/10/2014	Sale		534	0.00	200	0.00
	24/10/2014	Sale		25	0.00	175	0.00
	31/10/2014	Purchase		2175	0.01	2350	0.01
	07/11/2014	Sale		1290	0.00	1060	0.00
	14/11/2014	Sale		274	0.00	786	0.00
	21/11/2014	Purchase		714	0.00	1500	0.00
	28/11/2014	Purchase		4002	0.01	5502	0.02
	05/12/2014	Sale		4625	0.02	877	0.00
	12/12/2014	Purchase		418	0.00	1295	0.00
	19/12/2014	Sale		135	0.00	1160	0.00
	31/12/2014	Sale		1160	0.00	0	0.00
	02/01/2015	Purchase		2015	0.01	2015	0.01
	09/01/2015	Purchase		19011	0.06	21026	0.07
	16/01/2015	Sale		17768	0.06	3258	0.01
	23/01/2015	Sale		223	0.00	3035	0.01
	30/01/2015	Sale		1210	0.00	1825	0.01
	06/02/2015	Purchase		4365	0.01	6190	0.02
	13/02/2015	Sale		5947	0.02	243	0.00
	20/02/2015	Purchase		7245	0.02	7488	0.02
	27/02/2015	Sale		6838	0.02	650	0.00
	06/03/2015	Purchase		1157	0.00	1807	0.01
	13/03/2015	Sale		457	0.00	1350	0.00
	20/03/2015	Sale		1100	0.00	250	0.00
	27/03/2015	Purchase		1000	0.00	1250	0.00
	31/03/2015	Purchase		6840	0.02	8090	0.03
	31/03/2015	Closing Balance			0.00	8090	0.03
10		Opening Balance	TCG STOCK BROKING LIMITED	60000	0.23	60000	0.23
	04/07/2014	Sale		60000	0.23	0	0.00
	31/03/2015	Closing Balance			0.00	0	0.00

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding During the year(01-04-2014 to 31-03-2015)	
		No. of shares at beginning	% of total shares of the company				No. of Shares	% of total shares of the company
1	Mr. Ashok Kumar Bansal	2649418	9.97		2000 (+) Transfer		2651418	8.60
2	Mrs. Anju Bansal	1892482	7.12				1892482	6.14

V. INDEBTEDNESS

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

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits Indebtedness	Total
Indebtedness at the beginning of the financial year				
i. Principle Amount	2,295.29	-	-	2,295.29
ii. Interest due but not paid		-	-	
iii. interest accrued but not due	1.46	-	-	1.46
Total (i+ii+iii)	2,296.75	-	-	2,296.75
Change in Indebtedness during the financial year				
Addition	849.07	-	-	849.07
Reduction	573.01	-	-	573.01
Net Change	276.06	-	-	276.06
Indebtedness at the end of the financial year				
i. Principle Amount	2,567.65	-	-	2,567.65
ii. Interest due but not paid	3.71	-	-	3.71
iii. Interest accrued but not due	1.45	-	-	1.45
Total (i+ii+iii)	2,572.81	-	-	2,572.81

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONEL**A. Remuneration to Managing Director, Whole-time Directors and/ or Manager**

(In Rs.)

Sl. No.	Particulars of Remuneration	Name of MD	Name of WTD Manager	Total
		NIL	NIL	NIL
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites U/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary U/s 17(3) Income-tax Act, 1961	No Remuneration has been paid to the Managing Director and other Directors during the last year 2014-15 except sitting fees for attended the board meeting		
2.	Stock Option			
3.	Sweat Equity			
4.	Commission -as % of profit			
5.	Others Medical Reimbursement Total (A) Ceiling as per the Act			



B. Remuneration to other Directors:

(In Rs.)

Sl. No.	Particulars of Remuneration	Name of Director		Total
		R.K. Pandey	Chandra Shekhar Batra	Amount
1	Independent Directors Fee for attending board /committee meetings Commission Others Total(1)	75000 75000	50000 50000	125000
2	Other Non-executive Directors Fee for attending board /committee meetings Others	Anju Bansal 80000		
	Total (2)	80000		80000
	Total (B)=(1+2)	205000		205000
	Overall Ceiling as per the Act			
	Total Managerial Remuneration (A+B)			

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD

(In Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Person		
		Company Secretary	CFO	Total Amount
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary u/s 17(3) Income-tax Act,1961	624000	840000	1464000
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission-as % of profit	-	-	-
5	Others	-	-	-
	Total	624000	840000	1464000

Report on Corporate Governance

Annexure-C to the Directors' Report

(A) CORPORATE GOVERNANCE PHILOSOPHY

We stand committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value to the stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication increasing long-term shareholder value, keeping in view the interests of the company's stakeholders.

(B) BOARD COMPOSITION AND PARTICULARS OF DIRECTORS

The Composition of the Board of Directors of the Company is governed by the provisions of the Companies Act 2013, the Articles of Association of the Company and clause 49 of Listing Agreement with the Stock Exchanges. The Board has a current strength of Four directors with a combination of executive and non-executive directors. Shri Ashok Kumar Bansal is Chairman-cum-Managing Director of the

Company and Smt. Anju Bansal, Non-Executive Director, Mr. Abhishek Monu Kaushik, and Mrs. Deepika Gera are Independent Directors, who constitute 50% of the Board's composition.

The Directors of the Company are eminent personalities with varied knowledge and experience in manufacturing, marketing, finance, banking, legal, management and commercial administration. The Board meets as often as required being not less than 4 times in a year.

(a) Number of Board Meetings held and the dates of the Board Meetings

The Board meets at least once in a quarter and 17th meetings were held during the financial year 2014-2015 on 30th April 2014, 19th May 2014, 30th May 2014, 16th June 2014, 28th June 2014, 22nd July 2014, 05th August 2014, 26th August 2014, 04th September 2014, 30th September 2014, 14th November 2014, 20th November 2014, 25th November 2014, 03rd December 2014, 18th December 2014, 20th January 2015, 14th February 2015.

S. No.	Name of Director	Executive/ Non-Executive	No. of other Directorship*	Committee* Member/ Chairman	No. of Board Meeting attended	Attendance at the last A.G.M.
1.	Mr. Ashok Kumar Bansal	Promoter / Executive	8	3	17	YES
2.	Mrs. Anju Bansal	Non-Executive	8	Nil	16	YES
3.	Mr. Chander Shekher Batra	Non-Executive & Independent	12	3 as Member 3 as Chairman	10	NO
4.	Mr. R.K. Pandey	Non-Executive & Independent	7	1 as Member 1 as Chairman	15	YES

* Excluding foreign companies

During the year Mr. C.S. Batra ceased to be Director (Independent) with effect from 25th Nov. 2014 and Mr. R.K. Pandey, ceased to be Director (Independent) with effect from 22nd June 2015

Mr. Abhishek Monu Kaushik appointed as an addition director (Independent) on 9th April 2015 and Mrs. Deepika Gera appointed as an Additional Director (Independent) on 30th June 2015.

None of the non-executive, independent Directors have any pecuniary relationship or transactions with Company or its Group nor hold any shares in the Company except Mrs. Anju Bansal who hold 189 2482 equity shares and Mrs. Deepika Gera who holds 5500 equity shares.

(b) Availability of Information to the Members of the Board

The Board has complete access to any information within the Company and to any of our employees. At meetings of the Board, it invites the auditors and managers who can provide additional insights into the items being discussed. The information supplied to the Board meetings include:

- Minutes of Audit Committee and Share Transfer / Investor Grievances Redressal Committee, as well as abstracts of circular resolutions passed.
- General Notice of interest of directors.
- Annual / quarterly budgets, capital budgets and updates.

- Quarterly / half yearly / annual financial results.
- Materially important litigations, show cause notices, demand, prosecution and penalty notices.
- Details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

(c) Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between us and our directors, management or relatives of directors except for those disclosed in the financial statements for the year ended on March 31 2015.

(d) Institutionalized Decision Making Process

With a view to institutionalize all corporate affairs and set up systems and procedures for advance planning

for matters requiring discussion/ decisions by the Board, the Company has defined guidelines for the meetings of the Board and Committees thereof. These Guidelines seek to systematize the decision making process at the meetings of the Board / Committees in an informed and efficient manner.

(e) Information to Board

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda Papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

(f) Recording Minutes of Proceedings at Board and Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The finalized minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that meeting.

(g) Post Meeting Follow-up Mechanism

The Guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. Action taken report on the decisions of the previous meetings(s) is placed at the immediately succeeding meeting of the Board/ Committee for noting by the Board/Committee.

(C) BOARD COMMITTEES

Presently, the Board has three committees: the Audit Committee, Share Transfer / Investor Grievances Redressal Committee and Remuneration Committee. The Audit Committee consists one Executive Director and Two Independent Directors and Chairman of Audit Committee is Independent Director, whereas Share Transfer / Investor Grievances Redressal Committee consist of one executive director and two non-executive independent directors. Normally, the committees meet four times in a year, once in each quarter. The minutes of these committee meetings are submitted to the Board for approval / confirmation.

(i) Audit Committee

The Audit Committee comprises three directors, namely:

Mr. Abhishek Monu Kaushik become Chairman of the Committee in place of R.K. Pandey, who has resigned on 22th June 2015.

Mr. Ashok Kumar Bansal

Mrs Deepika Gera in place of Chander Shekher Batra (Resigned on 25th Nov. 2014)

Each member of the Audit Committee is able to read

and understand fundamental financial statements as required under clause 49 of the Listing agreement. The Chairman of the Audit Committee is a financial expert, as specified under clause 49 of the Listing Agreement.

Mr. Abhishek Monu Kaushik is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Audit Committee.

The primary objective of the Audit Committee is to monitor and provide supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, the head of internal audit team and the statutory auditors and notes the process and safeguards employed by them.

The principal functions of the committee are:

- Oversight (supervision, direction and control) 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.
- Discussion with the Auditors periodically about the internal control systems and the scope of audit including observations of the Auditors.
- Review of the quarterly and annual financial statements before submission to the Board focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft report.
 - Significant adjustments arising out of audit.
 - Going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions, transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of company at large.
 - Ensure compliance of internal control systems.
 - Investigation into any of the afore-stated matters or as may be referred to by the Board.
 - Review of the Auditors' Report on the Financial Statements and to seek clarifications thereon, if required, from the Auditors.
 - Review of weaknesses in Internal Controls, if any and make recommendations relating thereto to the Board so as to ensure compliance of internal control systems.
 - To act as a link between the Statutory and the Internal Audit Team and the Board of Directors.
 - Any other matter which the Board of Directors may at its discretion assign to the Committee from time to time.

Audit Committee Attendance:

Six Audit Committee meetings were held during the financial year 2014-15, 30th May 2014, 05th August 2014, 30th September 2014, 14th November 2014, 19th November 2014, 14th February 2015.

Name	No. of Meeting held	Attended
Mr. R.K. Pandey	6	6
Mr. Ashok Kumar Bansal	6	6
Mr. Chander Shekher Batra	4	4

Mr. Abhishek Monu Kaushik become Chairman of the Committee in place of Mr. R.K. Pandey, who has resigned on 22th June 2015.

Mrs Deepika Gera appointed in place of Mr. Chander Shekher Batra who has resigned on 25th Nov. 2014.

(ii) Share Transfer / Investor Grievances Redressal Committee:

The Share Transfer / Investor Grievances Redressal Committee are headed by an Independent director and consist of the following directors:

Members	Designation
Mr. Abhishek Monu Kaushik	Chairman
Mr. Ashok Kumar Bansal	Member
Mrs. Deepika Gera	Member

Mr. Abhishek Monu Kaushik appointed in place of Mr. Chandra Shekher Batra who has since resigned.

Mr. Arvind Kumar Gupta, Company secretary is the Compliance Officer for the Committee.

The Committee has the mandate to review and redress the shareholder grievances viz. non-receipt of refund orders, transfer and transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc., and redressal thereof.

Twelve Share Transfer / Investor Grievances Redressal Committee meetings were held during the financial year 2014-15.

Name and No. of Meetings Held / Attended

Name	No. of Meeting held	Attended
Mr. Chander Shekher Batra	12	11
Mr. Ashok Kumar Bansal	12	12
Mrs. Anju Bansal	12	12

Mrs Deepika Gera has been appointed Member of the Committee in place of Mrs. Anju Bansal

(iii) Remuneration Committee

The Remuneration Committee consists of three members, all of whom are Non-Executive Independent Directors.

Members	Designation	Meeting held on January 24, 2014
Mr. Abhishek Monu Kaushik	Chairman	Present
(Mr. R.K. Pandey resigned from The Board)		
Mr. Ashok Kumar Bansal	Member	Present
Mrs. Deepika Gera	Member	Present
(Mr. Chander Shekher Batra resigned from the Board)		

Mr. Arvind Kumar Gupta, Company Secretary is the Compliance Officer for the Committee.

(D) Remuneration of Directors

The following directors have been paid Salary and / or sitting fee at the rate of Rs. 5,000 for attending each meeting of the Board for 2014-2015 as per details below:

(Rs. in lacs)

S. No	Name	Salary	Sitting Fees	Total
1.	Mr. Ashok Kumar Bansal	Nil	--	
2.	Mrs. Anju Bansal		80,000	80,000
3.	Mr. R.K. Pandey	--	75,000	75,000
4.	Mr. Chander Shekher Batra	--	50,000	50,000
	Total		205000	205000

During the year Mr. C.S. Batra ceased to be Director (Independent) with effect from 25th Nov. 2014 and Mr. R.K. Pandey, ceased to be Director (Independent) with effect from 22nd June 2015

Mr. Abhishek Monu Kaushik appointed as an addition director (Independent) on 9th April 2015 and Mrs. Deepika Gera appointed as an Additional Director (Independent) on 30th June 2015.

(E) Code of Business Conduct and Ethics for Directors and Senior Management

In terms of Clause 49 of the Listing Agreement, the Company had adopted a code of conduct for the Board of Directors and senior management personnel of the Company. The Code has been circulated to all the members of the Board and senior management personnel and the compliance of the same is affirmed annually. The declaration signed by the Managing Director of the Company forms part of this report.

Declaration by the Managing Director

This is to confirm that the Company has adopted a code of conduct for its Board members and the senior management personnel.

I confirm that the Company has, in respect of the financial year ended March 31, 2015, received from the senior management personnel of the Company and the members of the Board, a declaration of compliance with the code of conduct as applicable to them.

Place : Noida

Ashok Kumar Bansal

Date : August 14, 2015 Chairman cum Managing Director

(F) Investor Complaint Status

The following table shows the nature of complaints / correspondence received from the shareholders / investors during the financial year 2014-15, all of which have been resolved and at the end of year, there were no complaints pending unresolved/ unattended as on March 31, 2015

S. No.	Source	No. of Complaints		
		Received	Resolved	Pending
1.	Direct	51	51	Nil
2.	SEBI	2	2	Nil
3.	Stock Exchange	1	1	Nil
4.	Investor Association	Nil	Nil	Nil
	TOTAL	54	54	Nil

(G) GENERAL BODY MEETINGS AND EXTRA ORDINARY GENERAL MEETINGS

Details of last Annual General Meetings and Extra Ordinary General Meetings of the Company are detailed below:

ANNUAL GENERAL MEETINGS

Year	Venue / Location	Day, Date & Time
2012	Air Force Auditorium, Subroto Park, New Delhi -10	Monday, Sep. 17, 2012 04.00 P.M.
2013	Air Force Auditorium, Subroto Park, New Delhi -10	Wednesday, Sep.18, 2013 11.00 P.M.
2014	Air Force Auditorium, Subroto Park, New Delhi -10	Friday, Oct. 31st, 2014 11.00 P.M.

EXTRA ORDINARY GENERAL MEETINGS

During the year 2014-2015, No Extra ordinary General Meeting was held.

Annual General Meeting held on October 31, 2014:

- There was two Special Resolution passed by the Shareholders

(H) POSTAL BALLOTS

For the year ended March 31, 2015 There was special resolution passed through Postal Ballots

(I) CEO/CFO CERTIFICATION

In accordance with the requirement of Corporate Governance Clause 49 (V) of the listing agreement, the Board of Directors of the Company have been furnished with the requisite certificate from the CEO /CFO of the Company.

(J) DISCLOSURES

- (i) Disclosures on Materially Significant Related Party Transactions

The related party transactions during the year ended March 31, 2015 have been listed in the notes to the accounts. Shareholders may please refer the same.

- (ii) Details of non-compliance by the Company and penalties and strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any member related to capital markets.

There has been no non-compliance of any legal

requirements nor have there been any strictures imposed by any stock exchange or SEBI or ROC etc. on any matters relating to the capital market since the date of listing of shares on the stock exchanges.

(K) MEANS OF COMMUNICATION

The quarterly / half yearly unaudited financial results are generally published in Mint and Rashtriya Shara, Business Standard (English & Hindi). These results are also posted on the Company's website at www.hanung.com.

Other information like shareholding pattern (quarterly), Corporate Governance Report, Memorandum, Annual Reports etc. are also posted on our website as soon as they are released / published.

(L) DISCLOSURE REGARDING APPOINTMENT / REAPPOINTMENT OF DIRECTORS

According to the Articles of Association, one third of the directors retires by rotation and, if eligible, offers themselves for re-appointment at the Annual General Meeting of shareholders. Mr. R.K Pandey and Mr. Chander Shekhar Batra have resigned, before the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring directors.

The detailed resumes of the directors being appointed / reappointed at the Annual General Meeting are given below:-

(a) Mr. Abhishek Monu Kaushik

Mr. Abhishek Monu Kaushik, 33 years, a resident Indian national, joined our Company as an Additional Director of the Company on April 9th 2015. He is a practicing Chartered Accountant and has completed his Bachelor Degree from Bareilly University. Mr. Abhishek Monu Kaushik did not hold any equity shares of the Company. He is also the Chairman of Audit Committee and Remuneration Committee of Directors of the Company.

(b) Mrs. Deepika Gera

Mrs. Deepika Gera, age 46 years joined our company as an independent Director on 30th June 2015, She is a Graduate from Jesus & Mary College (Delhi University) and is a member of the Institute of Company Secretaries of India (ICSI) She is a practicing Company Secretary. She holds 5500 equity shares of the Company.

Deepika Gera is also Independent Director on the Board of following Companies:

- Malsi Estates Limited
- Cheminvest Limited
- Maxopp Investments Limited
- Malsi Holdings Limited
- Pier 114 Imports Private Limited

Deepika Gera is also an independent member of sexual Harassment committee constituted by M/s Federal Mogul Goetze India Ltd. Under Sexual Harassment at Work place (Prevention, Prohibition and Redressal Act), 2013.

In addition to the above Deepika Gera is associated with UNICEF since 2007 and extensively involved in social services at all levels.

(M) MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis is given separately in the Annual Report.

(N) COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

Clause 49 of the Listing Agreement requires us to obtain a certificate from either the Auditors or Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated

in the Clause and annex the certificate with the Directors' Report. We have obtained a certificate to this effect and the same is given in this Annual Report.

The Clause further states that the non-mandatory requirements may be implemented as per the Company's discretion. However, the disclosure of compliance of mandatory requirements and non-compliance of non-mandatory requirements shall be made in the section on Corporate Governance in the Annual Report. The status / extent of compliance of non mandatory requirements is as follows:-

S.No.	Non Mandatory Provision	Status
1.	Maintenance of Chairman's Office	Not Applicable as Chairman is executive Managing Director of the Company
2.	Independent Directors tenure not to exceed nine	Not adopted
3.	Remuneration Committee	Already constituted. Details given elsewhere in this report.
4.	Shareholders rights: Half yearly financial performance and summary of significant events may be sent to each household of shareholders	The said information is available on Company's website
5.	Audit qualifications: Company may move towards regime of unqualified financial statements.	Adopted
6.	Training of Board Members	All Board members are experts in their respective fields and are well aware of Company's business model and risk profile.
7.	Mechanism for evaluating non-executive Board Members	Not adopted

(O) General Shareholders' Information
(i) Annual General Meeting

Day, date and time : Friday,
18th September 2015,
AT 11.30 A.M.
Venue : Air Force Auditorium,
Subroto Park,
New Delhi-110010

Annual General Meeting from 14th September .2015 to 18th September 2015 (both days inclusive).

(v) Listing on Stock Exchanges

The Company's equity shares are listed at BSE / NSE and Addresses of the Stock Exchanges are as follows:-

Bombay Stock Exchange Limited (BSE)

Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001, Maharashtra
Phones : 91 - 22 - 22721233 / 34
Fax : 91- 22 - 22723677 / 22722082

National Stock Exchange of India Limited (NSE)

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Bandra (E),
MUMBAI – 400 051, Maharashtra
Phones : 91 -22 - 26538100,
Fax : 91 - 22 - 26598237/ 38

The Stock Code of the Company's shares

BSE – 532770
NSE – HANUNG

The ISIN for the Company's Equity Shares in De-mat Form

INE648H01013

Depository Connectivity

NSDL and CDSL

(ii) Shareholding of Non-Executive Directors:-

None of the Non-Executive Director holds any shares of the Company except Mrs. Anju Bansal who hold 1892482 equity shares and Mrs. Deepika Gera who hold 5500 equity shares.

(iii) Financial Calendar

Indicative calendar of events for the financial year 2014-2015 excluding Extraordinary General Meetings, if any, is as under:

First Quarter Financial : August, 2015
Results (June 2015)
Second Quarter Financial Results : November, 2015
(September 2015)
Third Quarter Financial Results : February, 2016
(December 2015)
Fourth Quarter / Audited Financial: May, 2016
Results (March 2016)
AGM for Financial year ended : September 30,
2016

(iv) Book Closure

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of

- (vi) Listing Fee : Paid for both the above exchanges for the year 2015-16.
- (vii) Registered Office : E-93, 2nd Floor, Greater Kailash Enclave, Part-I, New Delhi-110048
Phones : 91 - 11- 26241572
Fax : 91 - 11 - 26241822
Email : investor@hanung.com

(viii) **Corporate Identification Number**
L74999DL1990PLC041722

(ix) Stock Market Data

- (a) Monthly high and low quotations along with volume of shares traded at BSE and NSE during July 2014 to July 2015 are as follows:-

**STOCK MARKET DATA
MONTHLY HIGH AND LOW ALONG WITH VOLUME OF
SHARES**

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
	(Rs.)	(Rs.)	(Nos.)	(Rs.)	(Rs.)	(Nos.)
July' 14	37.90	27.00	391929	36.70	27.55	1069902
August' 14	29.50	22.10	304647	28.50	22.65	780330
September' 14	26.80	20.25	289224	25.85	20.80	635553
October' 14	22.00	18.60	164025	21.95	11.95	282257
November' 14	25.05	19.95	316171	23.90	20.10	570814
December' 14	21.10	16.10	238370	20.60	16.80	501365
January' 15	28.15	18.00	1664119	26.20	18.95	4258037
February' 15	24.10	19.50	394274	22.65	19.95	1126936
March' 15	20.40	13.80	437645	19.55	14.15	1308969
April' 15	23.75	16.60	1118829	22.45	17.35	2869345
May' 15	19.60	6.80	2254630	19.35	7.10	5635542
June' 15	9.97	7.55	947003	9.35	7.55	1617685
July' 15	11.09	7.55	782617	10.90	7.90	1590030

(b) Comparison of Hanung Toys and Textiles Limited scrip movement with Bombay Stock Exchange (BSE) Index.



(c) Market Capitalization

The market capitalization of the company as on March 31, 2015 is Rs.5779 Lacs on National Stock Exchange and Rs. 5825 lacs on Bombay Stock Exchange Ltd.

(x) Shareholding Pattern

Names of shareholders holding more than 1% with number of shares as on March 31, 2015.

SN	NAME OF SHAREHOLDERS	HOLDING
1.	Praneet Softech Pvt. Ltd	4244000
2.	Ashok Kumar Bansal	2651418
3.	Glofin Investment And Finance Company Pvt Ltd	2297526
4.	Hanung Processors Pvt Ltd	1952059
5.	Anju Bansal	1892482
6.	Hanung Processors Pvt Ltd	1600000
7.	Ashok Kumar Bansal (huf)	1322150
8.	Hanung Furnishings Pvt Ltd	1128276
9.	C K Software Pvt Ltd	1026690
10.	Hanung Infra And Power Limited	728366

(xi) Distribution of Shareholding as on March 31, 2015

S.No.	Category % of Cases % of Amount	No. of Cases Amount
1	1-5000 86.60 7.96	22886 24543140.00
2.	5001- 10000 6.67 4.68	1762 14414110.00
3	10001- 20000 3.25 4.21	860 12986410.00
4	20001- 30000 1.15 2.57	305 7911360.00
5	30001- 40000 0.58 1.79	154 5525540.00
6	40001- 50000 0.50 2.02	131 6214270.00
7	50001- 100000 0.69 4.22	182 13013920.00
8	100001& Above 0.56 72.55	148 223619000.00
	Total: 100.00 100.00	26428 308227750.00

(xii) Share Transfer Process

The Company's shares being in compulsory demat form are transferable through the depository system. The shares in physical form are processed by the

Registrar and Transfer Agents and approved by the Share Transfer / Investor Grievances Redressal Committee. Share transfer process is reviewed by the Board on a periodical basis.

(xiii) Dematerialization of Shares

The equity shares of the company are available under dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading of the Company's shares for all investors is compulsorily carried out in dematerialized form. Approximately 86.13% equity shares have been dematerialised as on March 31, 2015. Trading in equity shares of the Company is permitted only in dematerialised form as per the notification issued by the Securities and Exchange Board of India (SEBI).

(xiv) Unclaimed dividend

The unclaimed dividend, if any, which remain unclaimed for seven years is transferred to Investor Education and Protection Fund established by the Central Government under of the Companies Act, 2013.

(xv) ECS Mandate

To service the Investors better, the Company requests all shareholders who hold shares in dematerialized form to update their bank particulars with their respective depositories immediately. Shareholders holding shares in the physical form may kindly forward the bank particulars to our Registrars to the address mentioned below.

(xvi) Locations of Manufacturing Facilities

The Company has many manufacturing facilities in various places as under:-

- Plot No. 108-109, NSEZ, Phase -II, Noida-201305 (U.P.)
- Plot No. 129-E, NSEZ, Phase-II, Noida-201305 (U.P.)
- B-7, Hosiery Complex, Phase-II, Noida-201305 (U.P.)
- A-21, Hosiery Complex, Phase-II, Noida-201305 (U.P.)
- Khasra No. 265, Village Lakeshari, Sikanderpur near Bagwanpur, Roorkee, Dist. Haridwar, Uttarakhand-247661.
- K-2-A & B, First Floor, Shree Arihant Compound, Village Koper, Taluka, Bhiwadi-421302 District Thane (Maharashtra)..

(xvii) The Company and Registrar and Transfer Agent's Address for Correspondence Company:

For all grievance redressal and any query on Annual Report

Secretarial Department

Hanung Toys and Textiles Limited
108-109, NSEZ, Noida-201305 (U.P.)
Phone: 91-120-4140200,
Fax: 91-120-4140270
Email: ak.gupta@hanung.com,
investor@hanung.com
Website: www.hanung.com

REGISTRAR AND TRANSFER AGENTS

**Investor Correspondence for Shares held in Physical
& Demat Form**

Karvy Computershare Private Limited

Unit: Hanung Toys & Textiles Limited
Karvy Selenium Tower-B
Plot No. 31-32, Gachibowli Financial
District Hyderabad - 500032
Phone : 040 - 67162222, Fax No. : 040 -23001153
Email: einward.ris@karvy.com

for **Hanung Toys and Textiles Limited**

Place : Noida
Date : August 14, 2015

(Ashok Kumar Bansal)
Chairman cum Managing Director

Auditors' Certificate on Corporate Governance

To
The Members of
Hanung Toys and Textiles Limited

1. we have examined the compliance with the conditions of Corporate Governance by **Hanung Toys and textiles Limited** ("the Company"), for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of condition of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor is this certificate an expression of opinion on the financial statements of the Company.
3. 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 Corporate Governance as stipulated in the above mentioned Listing Agreements.
4. We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ravindra Sharma & Associates
Chartered Accountants

(CA Ravindra Sharma)
Partner

Membership No.: 085271

Place : Noida
Date : 14.08.2015

CEO/CFO CERTIFICATION

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (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 volatile 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 disclosed wherever applicable to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) 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 : Noida
Date : 14.08.2015

(Ashok Kumar Bansal)
Chairman-cum-Managing Director

Management Discussion and Analysis

OVERVIEW

Your company is engaged in the manufacturing of Stuffed Toys /Plush Toys and Home Furnishings. Since incorporation in 1990, your company has continued to do well. In the initial formative years, company gained immensely from its technical tie-up/ collaboration with South Korean company, Hanung Industrial Company Limited, as they helped in establishing well known Korean manufacturing practices and quality systems. After initial five years of collaboration, we have since been independently operating our manufacturing.

Our production units consist of toys manufacturing facility, home furnishing production facility and textile processing facility located at Noida, Roorkee & Bhiwandi.

Our toys manufacturing units are established in the Noida Special Economic Zone (NSEZ) wherein the benefits of duty free imports and single window clearance for imports/exports are available.

INTERNATIONAL MARKETING

Our major overseas markets were in Europe, USA, Latin America and Australia. Our customers were large importers/ whole sellers who in turn service the respective retailers in their country. Our products were sold in over 30 countries. Our products were available with the leading, Tier One, top most retailers in the world. This includes some of the Finest International Brands, serviced and supplied by us. During last year we were not able to serve the abovesaid segments due to paucity of working capital.

Our client list includes a mix of large retailers, importers, distributors and wholesalers, we have upped the ante on style and quality to find the best and most innovation products. Our Economics of scale coupled with sustained Margins due to forward and backward Integration gives us a competition advantage, thereby giving us wider reach and less dependence on any particular trade channel.

During last year we were not able to serve the abovesaid segments due to paucity of working capital. Infact we need to work on Job Work basis for other exporters and domestic buyers.

DOMESTIC MARKET

Our products have wide acceptability in the domestic market. Our domestic brands -- Play-n-Pets and Splash are available with all major retailers. A well established distribution network spreads across various towns. Our products are sold through a number of outlets. In the Stuffed Toys /Plush Toys category, our company is the market leader & has major share of the market.

Inspite of having such leadership and market acceptance, due to tight cash flow we could not explore and utilize this opportunity.

OPPORTUNITIES

The Company has huge home furnishings production capacity and toys production capacity. For the purpose to exploit this

huge capacity, we need to augment our working capital requirements whether internally or externally.

THREATS & RISK MITIGANTS

Global scenario is still in recession. The business environment is very challenging, as customers are cutting down on inventory level & making pricing competitive.

The currency fluctuation is another risk; the country has been facing in view of the turbulence in global economy.

The challenges are considerable in managing costs and retaining market share. The Company recognizes these challenges and has initiated steps to reduce waste, increase productivity and create a sustainable marketing strategy. Your company has tried to retain the Customers by efficient inter-personal relationship management and by offering assurances to serve them better in near future.

We are escalating productivity standard at low operative cost with the help of Modern Technology & Automated Machinery. This in turn is helping us in offering great value products to our customer at competitive pricing.

OPERATING RESULTS / FINANCIAL HIGHLIGHTS

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and generally accepted accounting principles (GAAP) in India. The management accepts the responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements.

During the year, the Company has achieved Gross Revenue of Rs. (13642) lakhs Loss before tax was at Rs. (126723) lakhs and net Loss after tax also stood at Rs.(126723) lakhs.

Earnings per equity share (face value Rs.10/-) during the year under review in Rs.(411.13) against last year in Rs. (142.53).

Some of the key performance indications are given below:

(Rs. in lakhs)

Particulars	2015	2014
Gross revenue	13642	50054
Profit before tax (PBT)	(126723)	(63779)
Ratio of PBT to Gross revenue (%)	--	--
Profit after Tax (PAT)	(126723)	(495780)
Ratio of PAT to Gross revenue	--	--
Earnings per Share (EPS) (Rs.)	(411.13)	(142.53)

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUANCY

The Company is committed to maintaining an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has an internal control department to monitor, review and update internal controls on an ongoing basis. The Company has put in place a well defined organization structure, authority levels and internal guidelines for conducting business transactions.

The Company has an Internal Audit Department to monitor and review all transactions independently to get higher level of efficiency. It reports directly to the Audit Committee, on quarterly basis. The Audit Department conducts audit of all key business areas as per the pre-drawn audit plan. All significant audit observations and follow up actions are reported to the Audit Committee along Internal Audit reports and management's responses/replies. The minutes of Audit Committee are reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

The Audit Committee periodically reviews audit plans, observations and recommendations of the internal audit department as well as external auditors with reference to significant risk areas and adequacy of internal controls.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable

higher performance orientation, speed, skill and competency development, talent management and human asset refreshal are corner stones for the success of any organization.

As in the past, the industrial relations continue to remain cordial at all factories / units of the Company. The Company had 448 employees as on March 31, 2015 as against 1350 employees as on March 31, 2014

CAUTION STATEMENT

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

for **Hanung Toys and Textiles Limited**

Place : Noida
Date : August 14, 2015

(Ashok Kumar Bansal)

Chairman cum Managing Director

Secretarial Audit Report

Annexure-D to the Directors' Report

(For the period 01.04.2014 to 31.03.2015)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
 The Members,
M/s Hanung Toys and Textiles Limited,
 E-93, 2nd Floor, Greater Kailash Enclave-I,
 New Delhi-110048

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Hanung Toys and Textiles 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. I wish to state that the Company's Management is responsible for preparation and maintenance of secretarial records and ensuring compliance with applicable laws and regulations.

Based on my verification of the 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, and authorized representatives during the conduct of secretarial audit, I, hereby report that in my opinion, the Company has, during the audit period ended on 31st March, 2015, 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s Hanung Toys and Textiles Limited ("The Company")** for the period ended on 31st March, 2015 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 thereunder 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') to the extent applicable to the Company:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) 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;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- g) The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
- h) The Memorandum and Articles of Association.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India (Not Applicable as not notified during the period under review.)
- b) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules,

Regulations, Guidelines, Standards, Listing Agreements to the extent applicable mentioned above.

2. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956, the Companies Act, 2013 (Acts) as notified by Ministry of Corporate Affairs, the Rules made under and the Memorandum and Articles of Association of the Company, with regard to:
 - a) maintenance of statutory registers and making necessary entries therein;
 - b) closure of the Register of Members;
 - c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
 - d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
 - e) notice of Board meetings and Committee meetings of Directors;
 - f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - g) the 24th Annual General Meeting held on 30th October, 2014;
 - h) maintenance of minutes of proceedings of General



Meetings and of the Board and its Committee meetings;.

- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director;
- k) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
- l) appointment and remuneration of Auditors and Cost Auditors;
- m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) borrowings and registration, modification and satisfaction of charges wherever applicable;
- o) investment of the Company's funds including investments and loans to others;
- p) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- q) Directors' report;
- r) Contracts, common seal, registered office and publication of name of the Company; and
- s) Generally, all other applicable provisions of the Act and the Rules made under the Act.

3. I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act; and
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing

Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.
- 4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
- 5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- 6. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.
- 7. I further report that:
 - a) the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited;
 - b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- 8. I further report that the on account of full erosion of Company's net worth, the Company has filed application for registration under Sick Industrial Companies (Special Provisions) Act, 1985.
- 9. I further report that based on the information received, representation made, 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.

For **N.G. & Associates**,
Company Secretaries

Neha Goyal
Proprietor

Place: Delhi
Date : 14th August, 2015

CP No.9024
Membership No. A21878

Independent Auditors' Report

To,
The Members,
M/s Hanung Toys and Textiles Limited,

1) Report on the Financial Statements

We have audited the accompanying financial statements of **HANUNG TOYS AND TEXTILES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

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

3) Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and to the operating effectiveness of such control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management/Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

5) Emphasis of Matter

Without qualifying our opinion, we draw attention to note no. 3.1 to the financial statement. We report that the Company has incurred a net loss of Rs. 126,722.84 Lacs during the year ended March 31, 2015 and the accumulated losses of the Company as at March 31, 2015 amount to Rs. 147,888.29 Lacs leading to erosion of its entire net worth. The current liabilities of the Company as at the same date exceed its current assets by Rs. 16,123.94 Lacs. These conditions indicate the existence of a uncertainty and cast significant doubt about the Company's ability to continue as a going concern, which is dependent on the Company being supported by its lenders and achieving a profitable level and state of operation.

6) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements- Also refer Note 14.1, 14.2, 30.1 to 30.8 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standard.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company .

For **RAVINDRA SHARMA & ASSOCIATES**
Chartered Accountants(CA)

(Ravindra Sharma)

Partner

Membership No.: 085271

Date : May 30, 2015

Place : Noida

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of Hanung Toys and Textiles Limited ("the Company") for the year ended March 31, 2015

- 1) In respect of fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us and according to the practice of the Company, all the fixed assets have been physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, discrepancies noticed, if any, on physical verification have been adjusted in the books of accounts.
- 2) In respect of inventory:
 - a) As explained to us, the inventory was physically verified during the year by the Management and independent Auditors appointed by bank at reasonable interval during the year.
 - b) In our opinion and according to the information and explanation provided to us, the procedure and frequency of verification of inventories carried out by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, the observation of Stock Auditors and discrepancies noticed on physical verification as compared to book records have been properly dealt with in the books of account for the year ended March 31, 2015.
- 3) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and accordingly, the provisions of clauses (iii) of paragraph 3 of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instances of continuing failure to correct any weaknesses in the internal controls have been noticed.
- 5) According to the information & explanation given to us, the Company has not accepted any deposits and accordingly, the provision of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- 6) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the

prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7) According to the information & explanation given to us and on the basis of our examination of the records of the Company, in respect of statutory dues;

- a) The Company has not been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with appropriate authorities during the year. Details of the outstanding statutory dues as at March 31, 2015 have been given in the note no. 7.1 of the financial statements. According to the information and explanation given by the Company, there are some undisputed amounts payable in respect of Employee's state insurance, Employee's provident fund, Tax deducted at source, Sales Tax of Rs. 96.81 lacs, Rs. 224.50 lacs, Rs. 24.00 lacs and Rs. 29.75 lacs respectively, which were outstanding, as at March 31, 2015, for a period of more than six months from the date they became payable.
- b) According to information and explanation given to us and the records of the Company examined by us, there are no dues of wealth tax, service tax, sales tax, duty of custom and duty of excise which have not been deposited on account of any dispute. The particular of dues of income tax as at March 31, 2015 which has not been deposited on account of any dispute, are as follow-

Name of the status	Nature of dues	Amount Rs. in lacs	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax including interest, as applicable	334.17	Assessment Year 2006-07	Income-tax Appellate Tribunal
Income Tax Act, 1961	Income tax including interest, as applicable	440.44	Assessment Year 2009-10	Income-tax Appellate Tribunal
Income Tax Act, 1961	Income tax including interest, as applicable	196.23	Assessment Year 2010-11	Appellate Authority –up to Commissioner's level

- c) According to information and explanation given to us and the records of the Company examined by us, there are no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 1956 (1 of 1956) and rules made there under.
- 8) The Company have accumulated losses at the end of the financial year are in excess of 50% of its net worth. The Company has net loss of Rs. 1267.23 Crores and has incurred cash loss of Rs. 1204.87 Crores during the financial year covered by our audit and a net loss of Rs. 495.78 Crores in the immediately preceding financial year.
- 9) Based on our audit procedures performed and based on the information and explanations given by the management, we are of the opinion that, the Company had defaulted in repayment of dues to financial institution and banks. The Company had approached its lead banker for restructuring of its debt under CDR mechanism. The Restructuring scheme has been approved by the CDR cell in the meeting held on 23rd May, 2014 and the same was informed to the Company on 16th June, 2014. The Master Restructuring Agreement has been prepared and signed by the consortium member banks (except Edelweiss ARC, assignee of SBI) and the other lenders/banks had restructured the accounts as per the approved CDR scheme, which restructuring is continuing as on the Balance Sheet date. Apart from the above, the balance as on March 31, 2015 of Central Bank of India, State Bank of India, Bank of Maharashtra, Karur Vysa Bank and Union Bank of India is as per books of account for want of confirmation thereof from these banks. We further report that during the financial year covered by our audit most of the banks have classified the accounts of the Company either Sub-Standard or NPA. The Company had not issued any debenture during the year and hence, there is no default as such to be reported.
- 10) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provision of clause (x) of paragraph 3 of the Order is not applicable to the Company.
- 11) Based on our audit procedures and on the information given by the management, we report that the Company has not obtained any term loans during the year. However, term loans obtained in earlier years had been applied for the purpose for which they were obtained.
- 12) To the best of our knowledge and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on the Company or no fraud by the Company has been noticed or reported during the year.

For **RAVINDRA SHARMA & ASSOCIATES**
Chartered Accountants(CA)

(Ravindra Sharma)
Partner

Membership No.: 085271

Date : May 30, 2015
Place : Noida

Balance Sheet as at 31st March, 2015



HANUNG

Annual Report 2014-15

(₹ in Lacs)

PARTICULARS	Notes	As At 31.03.2015	As At 31.03.2014
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	3,082.28	2,657.88
Reserves & Surplus	3	(107,006.97)	19,180.28
Forfeited - Convertible Share warrants (Partly paidup)		767.91	767.91
Non - Current Liabilities			
Long - term borrowings	4	170,682.37	142,507.73
Current Liabilities			
Short - term borrowings	5	86,082.93	87,021.54
Trade Payable	6	1,542.14	3,743.27
Other current liabilities	7	1,265.64	900.49
Short - term provisions	8	195.56	275.27
Total		156,611.86	257,054.37
ASSETS			
Non - Current Assets			
Fixed Assets	9		
Tangible Assets		68,845.74	75,487.30
Intangible Assets		-	4.16
Capital Work in Progress		413.13	403.09
Non -current Investments	10	290.15	383.62
Deferred tax assets (Net)		10,522.20	10,522.20
Long - term loans and advances	11	2,484.95	2,999.80
Other non- current assets	12	1,093.36	1,093.36
Current Assets			
Inventories	13	65,619.67	131,595.38
Trade Receivables	14	3,172.57	30,798.16
Cash and Cash equivalents	15	923.87	442.47
Short - term loans and advances	16	3,231.30	3,313.11
Other current assets	17	14.92	11.72
Total		156,611.86	257,054.37

Significant Accounting Policies and Notes on Accounts

1 To 37

As per our report attached

For and on behalf of the Board of Directors

For Ravindra Sharma & Associates

Chartered Accountants
FRN- 006415N

(CA Ravindra Sharma)

Partner
Membership No : 085271

Place : Noida

Date : May 30, 2015

Ashok Kumar Bansal

Chairman cum Managing Director

Anju Bansal

Non Executive Director

Arvind Kumar Gupta

Company Secretary

Statement of Profit and Loss for the Year Ended on March 31, 2015



HANUNG

Annual Report 2014-15

(₹ in Lacs)

PARTICULARS	Notes	2014-15	2013-14
Revenue from operations	18	13,579.42	49,849.85
Other Income	19	62.65	203.95
Total Revenue (I+II)		13,642.07	50,053.80
EXPENSES:			
Cost of materials consumed	20	62,898.89	56,141.43
Changes in inventories of finished goods, work-in-progress and Stock -in -Trade	21	25,488.85	5,717.63
Employee benefits expenses	22	657.95	1,349.11
Finance Costs	23	27,173.40	23,062.33
Depreciation and amortization expense	9	6,235.62	4,480.06
Other expenses	24	13,008.39	11,386.52
Total expenses		135,463.10	102,137.08
Profit before Tax and Extraordinary items		(121,821.03)	(52,083.28)
Extraordinary Items		4,901.81	11,695.57
Profit before Tax after Extraordinary items		(126,722.84)	(63,778.85)
Tax expenses :			
(1) Current Tax		-	-
(1) Deferred Tax		-	(11,963.20)
(2) Tax for earlier year		-	(2,237.46)
Profit after Tax for the year		(126,722.84)	(49,578.19)
Earnings per equity share:			
(1) Basic		(414.95)	(142.53)
Significant Accounting Policies and Notes on Account	1 to 37		

As per our report attached

For and on behalf of the Board of Directors

For Ravindra Sharma & Associates
Chartered Accountants
FRN-006415N

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Non Executive Director

(CA Ravindra Sharma)
Partner
Membership No : 085271

Place : Noida
Date : May 30, 2015

Arvind Kumar Gupta
Company Secretary

Cash Flow Statement for the Year ended 2014-15



HANUNG

Annual Report 2014-15

(₹ in Lacs)		
PARTICULARS	2013-15	2013-14
A CASH FLOW FROM OPERATIVE ACTIVITIES		
Profit before tax	(121,821.03)	(52,083.28)
Adjustments for :		
Depreciation	6,235.62	4,480.07
Interest and finance charges	27,173.40	23,062.33
Interest income	(9.36)	(113.60)
Dividend Income	(0.13)	(0.13)
Operating profit before working capital changes	(88,421.50)	(24,654.61)
Adjustments for changes in working capital :		
Inventories (Increase) / Decrease	65,975.71	13,283.80
Debtors (Increase) / Decrease	27,625.59	24,211.30
Advances (Increase) / Decrease	593.46	506.29
Current Liabilities & Provisions Increase / (Decrease)	(1,850.56)	(49,367.42)
Cash generated from operations	3,922.70	(36,020.64)
Income tax (paid) / refund for earlier years	-	2,237.46
Income tax (paid) / refund	(65.13)	(3,141.37)
Extra Ordinary Items	(4,901.81)	(11,695.57)
Net Cash from Operating Activities	(1,044.24)	(48,620.12)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for asset acquisition	(10.04)	(5,178.04)
Proceeds on sale of fixed assets	410.10	439.78
Sale / redemption of investments	93.47	1,912.92
Dividend received	0.13	0.13
Net cash flow used in investing activities	(550.58)	(51,445.33)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital / Share Application Money	424.40	-
Share Premium Raised	535.59	-
Capital Subsidy	-	722.33
Long term borrowing (net) Increase / (Decrease)	27,236.03	69,186.54
Interest and finance charges paid - net	(27,164.04)	(22,948.73)
Net cash flow from financing activities	481.40	(4,485.19)
Net cash inflow / (outflow)	481.40	(4,485.19)
Opening cash and cash equivalents	442.47	4,927.66
Closing cash and cash equivalents	923.87	442.47
Net increase / (decrease) in cash equivalents	481.40	(4,485.19)

As per our report attached

For Ravindra Sharma & Associates
Chartered Accountants
FRN-006415N

(CA Ravindra Sharma)
Partner
Membership No : 085271

For and on behalf of the Board of Directors

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Non Executive Director

Place : Noida
Date : May 30, 2015

Arvind Kumar Gupta
Company Secretary

Notes to the Financial Statements

1 Significant Accounting Policies

1.1 Basis for Preparation of Financial Statements

The financial statements have been prepared on the historical cost convention and based on the Generally Accepted Accounting Principles (GAAP) and the Accounting Standards as referred under section 133 of the Companies Act, 2013 read with rules 7 of the Companies (Accounts) Rules, 2014, which have been adopted by the Company and disclosures are made in accordance with the requirements of Schedule III of the Companies Act, 2013 and according to Indian Accounting Standards. In case of any deviations from applicable Accounting Standards, the same have been specified/disclosed wherever applicable.

1.2 Use of estimates

The preparation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and results of operations during the reported period. Although, these estimates are based upon management's best knowledge of current events and actions, whereas actual results could differ from these estimates.

1.3 Fixed Assets

Fixed assets are stated at costs, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule-II. Accordingly the unamortized carrying value is being depreciated/ amortized over the revised/ remaining useful lives.

1.4 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset including goodwill, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit & Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

1.5 Investments

Investments are valued at costs unless there is a permanent fall in their value as at the date of Balance Sheet.

1.6 Inventories

Inventories are valued at lower of cost or the net realizable value.

Finished goods and stock-in-process include conversion and other costs incurred in bringing the inventories to their present location and condition.

1.7 Revenue Recognition

Sales are inclusive of excise duty / customs duty and net of trade discounts. Export sales include goods invoiced against

confirmed orders and cleared from excise and customs authorities.

Revenue from job work is accounted as and when on work being accepted by the customer.

Dividend income on investments is accounted for when the right to receive the payment is established.

Export incentives receivable on exports made during the year, are recognized as income.

1.8 Employee Benefits

Provisions for gratuity and leave encashment, which are in the nature of defined benefit plans, are provided as per the Payment of Gratuity Act, as at the balance sheet date and include 413 employees who have left the organization in the last financial year, there gratuity amounting to Rs.122.45 lacs is yet to be paid. Contributions to provident fund, which are defined contribution scheme, are charged to the Statement of Profit and Loss when incurred. The Company has further obligations beyond its monthly contributions to this fund amounting to Rs. 369.58 Lacs.

1.9 Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of assets are capitalized as part of the cost of such asset up to the date of completion. Other borrowing costs are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit & Loss.

1.10 Research and Development

Revenue expenditure on Research & Development is included under the natural heads of expenditure. Capital expenditure on Research & Development is treated in the same manner as expenditure on other fixed assets.

1.11 Lease

Leases where the Lessor retains substantially all the risks and rewards of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognized as expenses in the Statement of Profit and Loss as per the terms of the lease.

1.12 Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting year computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing difference between the income accounted in financial statements and taxable income for the year, and quantified using tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

1.13 Government Grants

Where grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Project capital subsidy credited to capital reserve. Other government grants or subsidies including export incentives are credited to the Statement of Profit and Loss or deducted from related expenses.

1.14 Provision, Contingent Liabilities

Liabilities though contingent, are provided for if there are reasonable prospects of such liabilities maturing. The other Contingent Liabilities, which are not acknowledged as debt, are disclosed by way of a note to the financial statements, but claims of frivolous nature are ignored. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

1.15 Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current Assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The Gain / loss is recognized in the Statement of Profit & Loss, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

1.16 Recoverability of receivables is estimated based on the legal advice in the matter.

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
2 SHARE CAPITAL		
Authorised Share Capital 40000000 (Pr. Yr. 40000000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
Issued, Subscribed & Paid Up Capital	3,082.28	2,657.88
Total	3,082.28	2,657.88

2.1 Issued, Subscribed and Paid up Capital

30822775 (Pr. Yr. 26578775) Equity Shares of Rs. 10/- each fully paid up.

Of the above 4244000 Equity Shares allotted to Praneet Softech Pvt. Ltd. (promoters group company) on 05.08.2014 as per the CDR condition to induct promoters contribution;

5117330 (Pr. Yr. 5117330) Equity Shares allotted as fully paid up by way of Bonus Shares on 15.01.1996, 31.03.1997 and 30.08.2005; 7147835 (Pr. Yr. 7147835) Equity Shares allotted on 29.03.1994 and 31.10.2005 as fully paid up pursuant to a contract without payment being received in cash.

2.2 Equity Shares carry voting rights at the General Meeting of the Company and are entitled to dividend and to participate in surplus, if any, in the event of winding up.

2.3 Reconciliation of number of Shares

	Equity Shares of ₹ 10 each	₹ in lacs
Outstanding as at March 31, 2014	26578775	2,657.88
Issued and Allotted during the year	4244000	424.40
Outstanding as at March 31, 2015	30822775	3,082.28

2.4 Shareholders holding equity shares of more than 5% shares in the company

Sr. No.	Name of Equity Shareholders	As on 31st March, 2015		As on 31st March, 2014	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1	Hanung Processors Pvt. Ltd.	3552059	11.52	3552059	13.36
2	Praneet Softech Pvt. Ltd.	4244000	13.77	-	-
3	Ashok Kumar Bansal	2651418	8.60	2651418	9.97
4	Hanung Furnishings Pvt. Ltd.	1128276	3.66	1128276	4.25
5	Anju Bansal	1892482	6.14	1892482	7.12
6	Glofin Investment and Finance Company Pvt. Ltd.*	2297526	7.45	2297526	8.64
	TOTAL	15765761	51.14	11521761	43.34

*16,00,000 shares are pledged for corporate purposes.



(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
3 RESERVE AND SURPLUS		
Share Premium		
Balance as per last year	12,691.65	12,691.65
Add : Addition during the year	535.59	-
Total (i)	13,227.24	12,691.65
General Reserve		
Balance as per last year	27,654.08	26,931.75
Add : Capital subsidy	-	722.33
Total (ii)	27,654.08	27,654.08
Surplus as per Profit & Loss Account		
Balance as per last year	(21,165.45)	27,794.91
Add : Surplus brought from Profit & Loss A/c	(126,722.84)	(49,578.19)
Less : Proposed Dividend on Equity Share	-	(531.58)
Less : Tax on Dividend	-	(86.25)
Total (iii)	(147,888.29)	(21,165.45)
Total (i+ii+iii)	(107,006.97)	19,180.28

- 3.1** The operating results have been adversely affected due to adverse market conditions, non receipt of Tuff's subsidy and blockage of substantial funds in slow/ non moving stocks and debtors. The Company faced severe liquidity crunch and huge scarcity in the working capital funds. In order to partially mitigate the working capital fund scarcity and arrest the further deterioration in the quality of stocks, the Company affected disposal of stocks of slow moving / non moving fabrics and finished goods at market prices, which in most of the cases was well below their cost, resulting in losses. The Company settled its old debtors by allowing their pending debit notes, quality discount and/or taking the material back, which further contributed losses to the Company.

On accumulated losses of the Company exceeding the entire net worth, the Company made a Reference with the Board for Industrial and Financial Reconstruction in terms of the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act 1985, which has since been registered by the Hon'ble BIFR as Case No. 54/2015.

4 LONG TERM BORROWINGS

SECURED

Term Loans - from Banks

Rupee Loans	149,598.76	122,249.32
Foreign Currency Loan	21,071.11	20,215.41
Vehicle Loan	12.50	43.00
Total	170,682.37	142,507.73

- 4.1** The foreign currency loans include USD 30 Million borrowed from ICICI Bank, which was restructured and repayment of this loan shall commence from June 30, 2015, and an amount of USD 5 million borrowed from DBS Bank (outstanding as on March 31, 2015 is USD 3.82 million), which is under restructuring, details whereof are awaited, The agreement with DBS Bank provides UK jurisdiction.

- 4.2** The Company had approached its lead banker and lender, i.e., Punjab National Bank for restructuring of its debt under CDR mechanism, and accordingly, the lead banker referred the matter to CDR Empowered Group on 31st July, 2013. The case of the Company was admitted under CDR on 26th September, 2013, and the CDR scheme was discussed in CDR EG meeting held on 21.04.2014, and was approved in the meeting held on 23rd May, 2014 and the same was informed to the Company on 16th June, 2014.

- 4.3** The main features of CDR scheme are as below:

1. Cutoff date is 1st April 2014.
2. Moratorium period will be 2 years and repayment in 8 years.
3. Rate of interest on term loan is reduced to 11% p.a.
4. Rate of interest on working capital and FITL (Funded interest Term Loan) is reduced to 10.50% p.a.
5. Waiver of all liquidity damages and penal interest and penal charges etc.
6. Promoter's contribution of Rs.83.68 Crores to be brought in within one year.
7. Conversion of interest for initial 24 month into FITL (Funded interest Term Loan) with repayment period of 6 years.

- 4.4** The Term Loan, WCTL and FITL are secured against first pari-passu charge with other banks on present and future fixed assets of the Company, other than those exclusively financed by any other banks / financial institutions and second pari-passu charge with other banks on all present and future current assets of the Company, and personal guarantee of 2 of its Directors (Sh. A.K. Bansal and Smt.

Anju Bansal) and corporate guarantee of associate concerns / entities. The loans are collaterally secured by equitable mortgage of land and building of associate concerns / others on pari-passu basis with other member banks. The charges on assets of the Company and registered in favour of lenders will be modified on execution of documentation in relation to CDR restructuring.

- 4.5 The repayment of the Term Loan, WCTL, and FITL shall start from the 01.04.2015 as provided in the CDR scheme.
- 4.6 A lender of the Company has initiated action for recall of facilities after the Balance Sheet date and another lender has initiated recovery action under Securitisation and Recovery of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) in respect of its dues also after the Balance Sheet date. The Company is contesting the actions of the said lenders and has reserved right to advise amount of claim for losses suffered by the Company as a result of various inactions of the lenders and non fulfillment of obligations by the lenders.
- 4.7 Vehicle Loan from banks for purchase of vehicle is secured by hypothecation of specific vehicle. The loans are repayable, in monthly installments.

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
5 SHORT TERM BORROWINGS		
SECURED		
Working Capital Loans - from Banks		
Rupee Loans	86,082.93	86,681.76
Foreign Currency Loan	-	-
Deposit from promoters	-	339.78
Total	86,082.93	87,021.54
5.1 Working Capital loans comprising Export Packing Credit, FDBP etc. from Banks, secured by hypothecation of stocks, book debts, bills and personal / corporate guarantee of whole time directors / Group Company / others. The borrowings (fund and non-fund based) are also collaterally secured by immovable properties owned by directors and associate concerns / others. The loans are collaterally secured by way of equitable mortgage on second pari-passu charge basis with other banks on all present and future fixed assets of the Company.		
6 TRADE PAYABLE		
Micro, Small and Medium Enterprises	3.59	7.18
Others	1,538.55	3,736.09
Total	1,542.14	3,743.27
6.1 Based on the information available with the Company regarding the status of suppliers as defined under MSMED Act, 2006, there was no principle amount overdue and no interest was payable to the Micro Small and Medium Enterprises on March 31, 2015 as per the terms of contract.		
7 OTHER CURRENT LIABILITIES		
Unpaid application money received by the company for allotment of securities and due for refund	0.72	0.72
Unclaimed Dividend	6.79	6.80
Creditors for Capital Expenditure	0.05	0.73
Other Current Liabilities	1,258.08	892.24
Total	1,265.64	900.49
7.1 The other current liabilities as on March 31, 2015 includes outstanding statutory dues of Rs. 466.54 Lacs (Rs. 33.55 Lacs, Rs. 107.92 lacs, Rs. 268.64 lacs, Rs. 1.59 lacs, Rs. 0.55 lacs and Rs. 54.28 Lacs, on account of TDS, ESIC, PF, Service Tax, Professional Tax and Sales Tax respectively).		
8 SHORT TERM PROVISIONS		
Provision for Gratuity Leave Encashment	224.12	238.70
Other Provisions	(28.56)	36.57
Total	195.56	275.27

NOTE - 9 - DEPRECIATION
Tangible Assets

(₹ in Lacs)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 31.03.2014	ADDITIONS	DELETIONS	AS AT 31.03.2015	AS AT 31.03.2014	FOR THE YEAR	ON DELETIONS	UPTO 31.03.2015	AS AT 31.03.2015	AS AT 31.03.2014
1	Land	2,707.10	-	-	2,707.10	-	-	-	-	2,707.10	2,707.10
2	Building	14,540.44	-	-	14,540.44	1,714.41	216.55	-	1,930.96	12,609.48	12,826.03
3	Plant & Machinery	76,883.81	-	475.41	76,408.40	17,841.50	5,770.85	139.86	23,472.49	52,935.91	59,042.31
4	Furniture & Fixture	1,075.20	-	-	1,075.20	353.59	193.47	-	547.06	528.14	721.61
5	Vehicle	410.74	-	144.22	266.52	220.49	50.59	69.67	201.41	65.11	190.25
	TOTAL :	95,617.29	-	619.63	94,997.66	20,129.99	6,231.46	209.53	26,151.92	68,845.74	75,487.30
	PREVIOUS YEAR	90,534.57	5,589.29	506.57	95,617.29	15,720.87	4,475.91	66.79	20,129.99		
Capital Work in Progress (including Advances & Pre-operative Expenses)											
										413.13	403.09
										69,258.87	75,890.39

Intangible Assets

(₹ in Lacs)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 31.03.2014	ADDITIONS	DELETIONS	AS AT 31.03.2015	AS AT 31.03.2014	FOR THE YEAR	ON DELETIONS	UPTO 31.03.2015	AS AT 31.03.2015	AS AT 31.03.2014
1	Royalty	8.32	-	-	8.32	4.16	4.16	-	8.32	-	4.16
	TOTAL	8.32	-	-	8.32	4.16	4.16	-	8.32	-	4.16

9.1 Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortized carrying value is being depreciated/amortized over the revised/ remaining useful lives. The written down value of Fixed Assets whose life have expired as at 1st April 2014 have been charged fully to the Statement of Profit and Loss during the year.

9.2 The deletion of Plant & Machinery consists items taken out of use and scrapped and deletion of Vehicles consists items in use by employees withdrawn on their severance.





(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
10 NON-CURRENT INVESTMENTS		
In Equity Share of Associates Companies- Unquoted, Fully Paid		
Hanung Infra & Power Ltd.	198.50	198.50
1985000 (Pr.Yr. 1985000) Equity Shares of ₹ 10/- Each		
Hanung Retail Ltd.	91.65	91.65
916540 (Pr.Yr.916540) Equity Shares of ₹ 10/- Each		
In Equity Share of Subsidiary Companies- Unquoted, Fully Paid		
Cody Direct Corp. USA	1,871.51	1,882.92
Hanung (Shanghai) Ltd.	69.82	69.82
Provision for impairment in value of investment	(1,941.33)	(1,882.92)
In Equity Share of Other Companies- Unquoted, Fully Paid		
Pilani Investments Industries Corporation Ltd.	-	18.65
500 Equity Shares of Rs. 10/- Each		
In Mutual Fund - Quoted fully paid up		
L144G SBI Infrastructure Funds - I – Growth	-	5.00
Total	290.15	383.62
Aggregate market value of quoted investment	-	3.83
Aggregate value of unquoted investment	290.15	359.97

10.1 The Company has made a provision in its books of account in respect of diminution in loss of value of its investment in Cody Direct Corp., USA, accounted as part of General Expenses forming part of Other Expenses appearing in the Statement of Profit and Loss during the year. This investee company has since dissolved w.e.f. 28/02/2015 and the Certificate of Dissolution issued by the State of Wyoming, US on 03/03/2015. The value of investment has been reduced with the amount of provision on account of diminution in the value of investment and will be written-off after Reserve Bank of India has accorded its approval.

10.2 The Company has provided for possible loss in value of its investment in Hanung Shanghai Ltd., China as this company is under winding up and the amount of Rs. 69.82 lacs is likely to be non recoverable, and therefore, is included in general expenses in Statement of Profit and Loss in the current period.

11 LONG TERM LOANS AND ADVANCES

MAT Receivable	2,404.00	2,404.00
State Capital Subsidy	30.00	30.00
Other Loans and Advances	50.95	565.80
Total	2,484.95	2,999.80

11.1 The Company had sold its shares held in Brookmann Home Ltd., U.K., to Brookmann Holding Ltd., Hongkong, on 10.05.2011 and the balance amount receivable is Rs. 515.51 lacs. Payment has not been forthcoming and the Company is taking legal advice from its counsel for initiating actions for recovery of the amount. The Company has made a provision of Rs. 515.51 lacs in respect of the aforesaid amount which is included as part of General Expenses forming part of Other Expenses appearing in the Statement of Profit and Loss in the current period.

12 OTHER NON-CURRENT ASSETS

Income Tax receivable	1,093.36	1,093.36
Total	1,093.36	1,093.36

12.1 The Company had filed a petition with Hon'ble Income tax Settlement Commission on 19.02.2014 in respect of income for the years ended March 31, 2011 to March 31, 2013, which was admitted vide its order dated 29.04.2014. The Company had discharged due and admitted liability of income tax.



(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
13 INVENTORIES		
Raw materials	25,667.88	66,153.43
Raw materials in Transit	28.56	29.87
Stock - in – process	7,684.62	24,613.03
Finished Goods	32,238.61	40,799.05
Total	65,619.67	131,595.38
14 TRADE RECEIVABLES		
(Unsecured and considered good)		
More than Six Months	2,390.39	28,880.50
Others	782.18	1,917.66
Total	3,172.57	30,798.16
14.1 The Company has filed recovery suits against certain debtors, namely, Frontline Fashions Exports India Pvt. Ltd. for Rs. 50 lacs, V and S International Pvt. Ltd. for Rs. 10.90 lacs (out of which Rs. 8.80 lacs has been received and balance is yet receivable), Vastra International for Rs. 18.73 lacs and Gulati Exports House for Rs. 209.24 lacs (since settled in February 2013 for Rs. 150 lacs out of which Rs. 81.50 lacs has been received as per agreed schedule of payment and balance is yet receivable).		
14.2 The Company had filed a claim with ECGC for Rs. 367.25 lacs (\$ 6.14 lacs) relating to non-payment by its customer, namely, Extreme Linen LLC, USA, which was rejected by ECGC. The Company is of the view that the claim was incorrectly rejected, and has filed a recovery suit against ECGC for the said amount of claim.		
14.3 The Management considers its debtors are good and recoverable except those outstanding from Elite Home Product, Inc. (a USA company) which is outstanding for more than Two years and may not be fully realizable.		
15 CASH AND CASH EQUIVALENT		
Balance with Scheduled Banks	689.42	23.20
Cash in hand	108.31	262.60
Fixed Deposits with Banks	126.14	156.67
Total	923.87	442.47
15.1 Fixed deposits with banks include the deposits pledged with banks for bank guarantee and letter of credits.		
16 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Security Deposits	168.02	146.08
Prepaid Expenses	9.65	35.94
Export Incentive Receivable	215.43	255.98
Export Incentive Receivable	2,838.47	2,868.84
Other Advances	(0.27)	6.27
Total	3,231.30	3,313.11
17 OTHER CURRENT ASSETS		
Interest Accrued on FDRs	14.92	11.72
Total	14.92	11.72



(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
18 REVENUE FROM OPERATIONS		
SALE OF PRODUCTS		
Export Sales	2,726.28	21,072.76
Inland Sales	7,814.88	26,035.69
Export Incentives	123.40	661.18
Other Operating Revenue	2,944.46	2,113.51
	<hr/>	<hr/>
Revenue from Operations	13,609.02	49,883.14
Less: Excise Duties	29.60	33.29
	<hr/>	<hr/>
Revenue from Operations (Net)	13,579.42	49,849.85
	<hr/>	<hr/>
19 OTHER INCOME		
Bank Interest	9.36	113.60
Dividend Income	0.13	0.13
Other non-operating Income	53.16	90.22
	<hr/>	<hr/>
Total	62.65	203.95
	<hr/>	<hr/>
20 COST OF MATERIAL CONSUMED		
Raw Materials including packing materials consumed		
Opening Stock	66,153.43	72,927.23
Add : Purchases	22,413.34	49,367.63
	<hr/>	<hr/>
Total	88,566.77	122,294.86
	<hr/>	<hr/>
Less : Closing Stock	25,667.88	66,153.43
	<hr/>	<hr/>
Total	62,898.89	56,141.43
	<hr/>	<hr/>
20.1 The Company's revenue has suffered losses in the current year due to non / delayed implementation of debt restructuring as per terms of CDR sanction and consequential non availability of funds for its operations. The Company could not meet its contractual obligations towards its customers and suffered penalties and damages due to non-servicing of contracted business, and the Company had to accede to claims of customers for extra ordinarily high amounts of rebates and discounts.		
21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock		
Finished Goods	40,799.05	34,215.94
Work - in - progress	24,613.03	36,913.77
	<hr/>	<hr/>
Sub total (i)	65,412.08	71,129.71
	<hr/>	<hr/>
Closing Stock		
Finished Goods	32,238.61	40,799.05
Work - in - progress	7,684.62	24,613.03
	<hr/>	<hr/>
Sub total (ii)	39,923.23	65,412.08
	<hr/>	<hr/>
Total (i - ii)	25,488.85	5,717.63
	<hr/>	<hr/>
22 EMPLOYEE BENEFITS EXPENSES		
Directors' Remuneration	2.25	2.80
Salaries, Wages & Allowances	515.90	1,006.96
Contribution to Provident Fund and Other Funds	95.58	223.21
Employees Welfare expenses	44.22	116.14
	<hr/>	<hr/>
Total	657.95	1,349.11
	<hr/>	<hr/>

22.1 Establishment Overheads include payments and provisions of remuneration to whole-time directors of Rs. Nil (previous year Rs. Nil) and directors' sitting fee of Rs. 2.25 Lacs (previous year Rs. 2.80 Lacs). The management has decided not to pay remuneration to the directors due losses incurred during the current financial year.

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
23 Finance Cost		
Interest Expenses	26,938.76	21,911.04
Other Borrowing Costs	234.64	1,151.29
Total	27,173.40	23,062.33
24 Other expenses		
Consumable of Stores & Spares	40.87	74.85
Design & Testing Charges	29.66	4.01
Direct Wages	939.58	1,366.81
Factory Rent	68.87	94.09
Freight Inward	65.32	138.80
Job Work Charges	103.77	180.39
Power & Fuel	1,463.08	1,754.10
Business Promotion	10.83	28.34
Cellular & Telephone Expenses	10.08	14.68
Courier, Postage and Telegram	5.84	24.46
ECGC Premium	119.08	542.08
Insurance Charges	64.84	133.61
General Expenses	7,984.77	1,878.60
Printing and Stationery	14.27	24.48
Professional & Legal Charges	135.48	134.78
Payment to Auditors	2.50	2.50
Rent, Rates & Taxes	46.55	33.39
Repairs to building	9.45	33.95
Repairs to machinery	97.50	182.94
Repairs others	29.60	73.11
Security Watch and Ward Expenses	56.10	90.60
Local Conveyance	8.79	22.94
Travelling expenses	26.99	25.07
Advertisement and Publicity	3.66	4.75
Net loss on foreign currency transaction and translation	592.79	2,741.49
Freight and Forwarding	151.61	509.47
Rebate, Discount and Commission	926.51	1,272.23
Total	13,008.39	11,386.52
25 Extra ordinary items.		
The extra ordinary items include claims raised by customers of the Company in respect of supplies made during earlier years, and to the extent admitted by the Company.		
26 Remuneration to Auditors		
Audit Fees	2.50	2.50
Total	2.50	2.50



- 27 The Company has de-recognized deferred tax asset (DTA) of Rs. 5284 Lacs as the earnings of the Company are expected to stabilize after debt restructuring is implemented by all the lenders in its entirety, and that during such pendency the Company following Accounting Standard 22, is unable to estimate with certainty its ability to absorb the amount of losses against future taxable income and the tax savings are therefore, not quantifiable.

28 Foreign Currency Transactions

28.1 Value of imports on CIF basis

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
Raw Materials	331.79	17,815.41
28.2 Expenditure in foreign currency		
Machinery	-	13.66
Raw Materials	327.65	17,788.14
Travelling expenses	6.87	0.66
Others	652.32	1,022.68
Total	986.84	18,825.14

28.3 Earnings in foreign exchange (on FOB basis)

Stuff Toys etc.	966.13	9,495.56
Sheet Set, Duvet, Curtain etc.	1,760.15	11,577.20
Total	2,726.28	21,072.76

29 Value of Imported and indigenous raw materials, stores and spares purchased with their percentages

	₹ in Lacs	%	₹ in Lacs	%
Imported	327.65	1.46	17,788.14	36.03
Indigenous	22,085.69	98.54	31,579.49	63.97
Total	22,413.34	100.00	49,367.63	100.00

30 Contingent Liabilities and commitments

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
Bank Guarantees	6.02	5.46
Capital Commitments	-	2,472.83
Income Tax under dispute	970.84	970.84
Claim against company not acknowledged as debts	2,216.37	2,216.37

- 30.1 Suvidha Cooling Towers Pvt. Ltd. filed a civil suit in Karkardooma Court, Delhi for recovery of Rs. 8.00 Lacs including interest. . Since, the claim of the supplier is disputed by the Company, based on the legal advice in the matter, the Company does not consider it necessary to make any provision to this affect in its books of account.

- 30.2 Certain transactions between Standard Chartered Bank and the Company, considered void ab initio by the Company, are subject matter of suit filed by the Company against the said Bank before the Hon'ble Bombay High Court. The Company has claimed the refund of the amount of Rs. 3,666.38 lacs, including amounts paid to the said Bank along with cost, charges and interest incurred by the Company thereon as quantified in the said suit, and a declaration to the effect that no further payments are required to be made to the said Bank. In line with the claim filed by the Company, the latter has reversed the amount of payment due to Standard Chartered Bank in the books of account. The Hon'ble Bombay High Court has issued notice to parties in the matter of above suit, and subsequently the said Bank has filed an Original Application before the Hon'ble Debt Recovery Tribunal-II, Delhi for recovery of its claim amounting to Rs. 2,216.37 lacs.

- 30.3** The Company had taken a Short Term Revolving Loan from SICOM Ltd. against amounts accrued on account of Company's entitlement to receive interest subsidy under Technology Upgradation Fund (TUF's as available to Textile industry) and against export incentive pending release by the appropriate authorities. The Company had given a Power of Attorney to SICOM Ltd. to recover the amount directly from the concerned agencies, and therefore, and in this manner the borrowings from SICOM Ltd. would stand completely repaid.

SICOM Ltd. had filed a petition for winding-up of the Company before the Hon'ble High Court of Delhi for recovery of loan amount, and by way of interim orders dated 24.04.2014, the Hon'ble High Court of Delhi restrained the Company from selling, transferring, encumbering or in any manner alienating any of its immovable assets and also from selling of movable assets except in the normal course of business.

SICOM Ltd. filed a complaint u/s 138 R/w section 141 of the Negotiable Instrument Act, 1881 in the Court of Metropolitan Magistrate, Patiala House Court, Delhi, in respect of dishonor of 3 nos. cheques aggregating to Rs. 1500 lacs, being part of the amount of claim of SICOM referred above. The aforesaid cheques had been given by the Company to SICOM Ltd. as security and were not expected to be presented for encashment.

SICOM Ltd. filed an Original Application (O.A.) before Hon'ble Debt Recovery Tribunal-I, Delhi for recovery of its claim amounting to Rs. 1575.35 lacs in respect of Short Term Revolving Loan against export incentive receivable by the Company. The Hon'ble DRT vide its order dated 20.12.2013 has directed that in future all amounts recoverable by the Company be received and deposited in an escrow account in the name of the Company established with HDFC Bank and also by way of its interim order dated 27.02.2014 restrained the Company from dealing in any manner in respect of certain properties belonging to the Company as specified in the order.

- 30.4** UCO Bank filed a complaint u/s 138 R/w section 141 of the Negotiable Instrument Act, 1881 in the Court of Metropolitan Magistrate, Dwarka Court, Delhi, in respect of dishonor of a cheque of Rs. 300 lacs issued by the Company for payment of its liability towards letter of credit availed by the Company over and above the sanctioned limit. Part of the aforesaid outstanding towards UCO Bank has since been paid and the balance amount has been restructured as part of restructuring carried out by the CDR Forum, and has accordingly, been accounted for in the books of account of the Company and reflected in financial statements.
- 30.5** Notice from Tehsildar, Noida, UP, received by the Company against an outstanding amount on account of electricity dues relating to electric connection at property B-8,9,10 phase-II, Noida, UP, owned by the Company. The aforesaid amount was not informed to the knowledge of the Company at the time that the Company purchased this property. The Company is taking appropriate legal steps against the said recovery. For reasons that the recovery amount is disputed by the Company, no provision is considered necessary to be made in the books of account.
- 30.6** Certain transactions between Hongkong & Shanghai Banking Corp. and the Company, considered void ab initio by the Company, are subject matter of suit filed by the Company against the said Bank before the Hon'ble Bombay High Court. The Company has claimed the refund of the amount of Rs. 1022.45 lacs, including amounts paid to the said Bank along with cost, charges and interest incurred by the Company thereon as quantified in the above suit, and has sought a declaration from the Hon'ble Court to the effect that no further payments are required to be made to the said Bank.
- 30.7** The Citi Bank NA has claimed Rs. 196.32 lacs against the forex transaction which are considered void ab initio by the Company. Since, the claim by the bank is disputed; the Company has not made any provision in respect thereof in its books of account.
- 30.8** A Deed of guarantee executed by the Company in favour of Tata Capital Financial Services Ltd. against loan taken by an Associate of the Company did not take effect as the application of the Company made to the Central Government for grant of approval under the Companies Act, 1956 could not be processed as the provisions of Companies Act, 2013 were notified.

31 Segment Information

The Company is principally engaged in the business of Toys and Home Furnishings. Accordingly there are two reportable segments as per Accounting Standard (AS 17) issued by the Institute of Chartered Accountant of India on 'Segment Reporting', which have been disclosed below.



Particulars	Stuff Toys		Home Furnishings		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
I. Primary Segment Business						
A Segment Revenue						
Sales to External Customers excluding Export Benefits	1,367.53	9,868.40	9,144.03	37,240.05	10,511.56	47,108.45
Other Income including Export Benefits	1.23	155.81	3,129.27	2,822.81	3,130.50	2,978.62
Total Segment Revenue	1,368.76	10,024.21	12,273.30	40,062.86	13,642.06	50,087.07
B Segment Result						
Profit before Financial Overheads, Income Tax and exceptional Items	(25,033.41)	1,850.22	(69,614.22)	(30,871.17)	(94,647.63)	(29,020.95)
Less : Interest and Finance Charges	3,735.88	6,304.37	23,437.52	16,757.96	27,173.40	23,062.33
Profit before Income Tax and exceptional Items	(28,769.29)	(4,454.15)	(93,051.74)	(47,629.13)	(121,821.03)	(52,083.28)
Less : Exceptional Items (Prior Period Expenses / Income)	1,967.63	8,125.55	2,934.18	3,570.02	4,901.81	11,695.57
Profit before Tax	(30,736.92)	(12,579.70)	(95,985.92)	(51,199.15)	(126,722.84)	(63,778.85)
Provision for Current Tax	-	-	-	-	-	(2,237.46)
Provision for Deferred Tax	-	-	-	-	-	(11,963.20)
Profit after Tax	(30,736.92)	(12,579.70)	(95,985.92)	(51,199.15)	(126,722.84)	(49,578.19)
C Segment Assets						
Carrying Amount Allocated	5,013.66	7,898.58	63,832.08	67,592.88	68,845.74	75,491.46
Unallocated Assets	-	-	-	-	87,766.12	181,562.91
Total Assets	5,013.66	7,898.58	63,832.08	67,592.88	156,611.86	257,054.37
D Segment Liabilities						
Carrying Amount Allocated	545.45	385.93	720.19	479.50	1,265.64	865.43
Unallocated Liabilities	-	-	-	-	258,503.00	233,582.87
Total Liabilities	545.45	385.93	720.19	479.50	259,768.64	234,448.30
E Cost of Fixed Assets Acquired						
Allocated Fixed Assets Acquired	-	547.12	-	5,042.17	-	5,589.29
Unallocated Fixed Assets	-	-	-	-	-	-
Total Fixed Assets acquired	-	547.12	-	5,042.17	-	5,589.29
F Depreciation / Amortization						
Allocated	1,429.99	584.41	4,805.63	3,895.65	6,235.62	4,480.06
Unallocated	-	-	-	-	-	-
II Secondary Segment - Geographical						
Export Revenues	966.13	9,495.56	1,760.15	11,577.20	2,726.28	21,072.76
Domestic Revenues	401.40	372.84	7,383.88	25,662.85	7,785.28	26,035.69
Total	1,367.53	9,868.40	9,144.03	37,240.05	10,511.56	47,108.45

The Company's operating facilities are located in India

32 Related Party Transactions

As per AS-18, the Company's related parties and transactions with them are disclosed below

32.1 Related Parties

- | | |
|------------------------------|--|
| (a) Subsidiary Company | 1 Hanung (Shanghai) Ltd. |
| | 2 Cody Direct Corp. |
| (b) Associate Companies | 1 Hanung Furnishings Pvt. Ltd. |
| | 2 Hanung Processors Pvt. Ltd. |
| | 3 Praneet Softech Pvt. Ltd. |
| | 4 C K Software Pvt. Ltd. |
| | 5 Abhinav International Pvt. Ltd. |
| | 6 Hanung Retail Ltd. |
| | 7 Hanung Infra & Power Ltd. |
| | 8 Glofin Investment & Finance Co. Pvt. Ltd. |
| (c) Key Management Personnel | 1 Mr. Ashok Kumar Bansal
(Chairman & Managing Director) |
| | 2 Mrs. Anju Bansal (Non Executive Director) |
| | 3 Mr. Arvind Kumar Gupta |
| | 4 Mr. K Ravindaran |

33 Transactions with Related Parties

(₹ in Lac)

Sl.No.	Nature of Transaction	Subsidiary Companies		Associate Companies		Key Management Personnel	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
1	Purchase of Goods & Services	Nil	2.77	9.12	9.12	0.36	0.36
2	Sale of Goods & Services	Nil	Nil	Nil	Nil	Nil	Nil
3	Advance Outstanding / Receivable	Nil	Nil	8.00	30.00	Nil	Nil
4	Managerial Remuneration	Nil	Nil	Nil	Nil	16.43	32.66
5	Dividend	Nil	Nil	Nil	Nil	Nil	Nil
6	Subscription to share capital	Nil	69.82	Nil	Nil	Nil	Nil

34 Earning Per Equity Share

Basic Earning Per Share	31.03.2015	31.03.2014
Profit after tax as per Profit and loss account (In Rs. Lacs)	(126,722.84)	(37,882.62)
Weighted Average Number of Equity Shares Outstanding as at the end of the year	29357723	26578775
Basic Earning per Share (Face Value Rs.10/-)	(414.95)	(142.53)

35 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2015.

36 Debtors, Loans & Advances and Creditors in some cases are subject to reconciliation and confirmation.

37 Comparative figures for the previous year have been regrouped, recast and re-arranged wherever necessary.

As per our report attached

For and on behalf of the Board of Directors

For RAVINDRA SHARMA & ASSOCIATES

Chartered Accountants

(CA Ravindra Sharma)

Partner

Membership No : 085271

Place : Noida

Date : May 30, 2015

Ashok Kumar Bansal

Chairman cum Managing Director

Anju Bansal

Non Executive Director

Arvind Kumar Gupta

Company Secretary

Consolidated Independent Auditors' Report

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HANUNG TOYS AND TEXTILES LTD. AND ITS SUBSIDIARY

To
 The Members of
HANUNG TOYS AND TEXTILES LTD

1.) Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HANUNG TOYS AND TEXTILES LIMITED** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2.) Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3.) Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4.) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

5.) Other Matter

We did not audit the financial statements/ financial information of the subsidiaries viz., Cody Direct Corp. and Hanung (Shanghai) Ltd. whose financial statements/ financial information reflect total assets (net) of Rs. 0.01 lacs as at March 31, 2015, total revenue (net) of Rs. 0.00 lacs and net cash flows amounting to Rs. 0.00 lacs for the year ended on that date, as considered in the consolidated financial statements.

The unaudited financial statements/ financial information as approved by the Board of Director of Group Company have been furnished to us by the Management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of the said subsidiaries, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements/ financial information, which however, are not material to the Group.

Our report is not qualified in respect of other matters.

6.) Emphasis of matter

Without qualifying our opinion, we draw attention to note no. 3.1 to the consolidated financial statement. We report that the Company has incurred consolidated net loss of Rs. 124,774.34 Lacs during the year ended March 31, 2015 and the consolidated accumulated losses of the Company as at March 31, 2015 amount to Rs. 148,132.04 Lacs leading to erosion of entire net worth of the group. The consolidated current liabilities of the Company as at the same date exceed its current assets by Rs. 15,912.52 Lacs. These conditions indicate the existence of a uncertainty and cast significant doubt about the Company's ability to continue as a going concern, which is dependent on the Company being supported by its lenders and achieving a profitable level and state of operation

7.) Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, based on the comments in the auditors' reports of the Holding Company, subsidiary companies and associate companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii) 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 purpose of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2015, taken on record by the Board of Directors of the Holding Company and on the reports of the statutory auditors of its subsidiary companies and associate companies, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - Refer Note No. 14.1, 14.2, 30.1 to 30.8 to the consolidated financial statements.
 - ii) The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, incorporated in India.

For **RAVINDRA SHARMA & ASSOCIATES**
 Chartered Accountants

(CA Ravindra Sharma)
 Partner
 Membership No.: 085271

Date : May 30, 2015
 Place : Noida

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the consolidated financial statement of Hanung Toys and Textiles Limited ("the Company") for the year ended March 31, 2015)

- 1) In respect of fixed assets of the Holding Company and its Subsidiary Companies:
 - a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us and according to the practice of the respective entities, all the fixed assets have been physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the respective entities and the nature of its assets. According to the information and explanations given to us, discrepancies noticed, if any, on physical verification have been adjusted in the books of accounts.
- 2) In respect of inventories of the Holding Company and its Subsidiary Companies:
 - a) As explained to us, the inventory was physically verified during the year by the Management of the respective entities and independent Auditors appointed by bank at reasonable interval during the year.
 - b) In our opinion and according to the information and explanation provided to us, the procedure and frequency of verification of inventories carried out by the management of the respective entities is reasonable and adequate in relation to the size of the respective entities and nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, the observation of Stock Auditors and discrepancies noticed on physical verification as compared to book records have been properly dealt with in the books of account for the year ended March 31, 2015.
- 3) According to the information and explanations given to us and on the basis of our examination of the books of account, the Holding Company and its subsidiary companies have not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and accordingly, the provisions of clauses (iii) of paragraph 3 of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Holding Company and its subsidiary companies and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instances of continuing failure to correct any weaknesses in the internal controls have been noticed.
- 5) According to the information & explanation given to us, the Holding Company and its subsidiary companies have not accepted any deposits and accordingly, the provision of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- 6) We have broadly reviewed the cost records maintained by the Holding Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) According to the information & explanation given to us and on the basis of our examination of the records of the Company, in respect of statutory dues of the Holding Company and its subsidiary companies;
 - a) The Holding Company has not been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with appropriate authorities during the year. Details of the outstanding statutory dues as at March 31, 2015 have been given in the note no. 7.1 of the consolidated financial statements. According to the information and explanation given by the Holding Company, there are some undisputed amounts payable in respect of Employee's state insurance, Employee's provident fund, Tax deducted at source, Sales Tax of Rs. 96.81 lacs, Rs. 224.50 lacs, Rs. 24.00 lacs and Rs. 29.75 lacs respectively, which were outstanding, as at March 31, 2015, for a period of more than six months from the date they became payable.
 - b) According to information and explanation given to us and the records of the Holding Company examined by us, there are no dues of wealth tax, service tax, sales tax, duty of custom and duty of excise which have not been deposited on account of any dispute. The particular of dues of income tax as at March 31, 2015 which has not been deposited on account of any dispute, are as follow-

Name of the statute	Nature of dues	Amount Rs. in lacs	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax including interest, as applicable	334.17	Assessment Year 2006-07	Income-tax Appellate Tribunal
Income Tax Act, 1961	Income tax including interest, as applicable	440.44	Assessment Year 2009-10	Income-tax Appellate Tribunal
Income Tax Act, 1961	Income tax including interest, as applicable	196.23	Assessment Year 2010-11	Appellate Authority –up to Commissioner's level

- c) According to information and explanation given to us and the records of the Holding Company examined by us, there are no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 1956 (1 of 1956) and rules made there under.
- 8) The Group Company have accumulated losses at the end of the financial year are in excess of 50% of its net worth. The Company has net loss of Rs. 1247.74 Crores and has incurred cash loss of Rs. 1185.37 Crores during the financial year covered by our audit and a net loss of Rs. 486.66 Crores in the immediately preceding financial year.
- 9) Based on our audit procedures performed and based on the information and explanations given by the management, we are of the opinion that, the Holding Company had defaulted in repayment of dues to financial institution and banks. The Holding Company had approached its lead banker for restructuring of its debt under CDR mechanism. The Restructuring scheme has been approved by the CDR cell in the meeting held on 23rd May, 2014 and the same was informed to the Holding Company on 16th June, 2014. The Master Restructuring Agreement has been prepared and signed by the consortium member banks (except Edelweiss ARC, assignee of SBI) and the other lenders/banks had restructured the accounts as per the approved CDR scheme, which restructuring is continuing as on the Balance Sheet date. Apart from the above, the balance as on March 31, 2015 of Central Bank of India, State Bank of India, Bank of Maharashtra, Karur Vysa Bank and Union Bank of India is as per books of account for want of confirmation thereof from these banks. We further report that during the financial year covered by our audit most of the banks have classified the accounts of the Holding Company either Sub-Standard or NPA. The Holding Company had not issued any debenture during the year and hence, there is no default as such to be reported.
- 10) According to the information and explanations given to us, the Holding Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provision of clause (x) of paragraph 3 of the Order is not applicable to the Company.
- 11) Based on our audit procedures and on the information given by the management of respective entities, we report that the respective entities have not obtained any term loans during the year. However, term loans obtained in earlier years had been applied for the purpose for which they were obtained..
- 12) To the best of our knowledge and according to the information and explanations given to us, and considering the size and nature of the consolidated operations of the Holding Company and its subsidiary companies, no fraud of material significance on the Holding Company and its subsidiary companies or no fraud by the Holding Company and its subsidiary companies have been noticed or reported during the year.

For **RAVINDRA SHARMA & ASSOCIATES**
Chartered Accountants

(CA Ravindra Sharma)
Partner

Membership No.: 085271

Date : May 30, 2015
Place : Noida

Consolidated Balance Sheet as at 31st March, 2015



HANUNG

Annual Report 2014-15

(₹ in Lacs)

PARTICULARS	Notes	As At 31.03.2015	As At 31.03.2014
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	3,082.28	2,657.88
Reserves & Surplus	3	(106,806.51)	17,334.37
Convertible Share warrants (Partly paidup) - Forfeited		767.91	767.91
Minority Interest		10.96	6.98
Non - Current Liabilities			
Long - term borrowings	4	170,682.37	142,507.73
Deferred tax liabilities (Net)		-	-
BRANCH/ DIVISION		(0.00)	(0.00)
Current Liabilities			
Short - term borrowings	5	86,082.93	87,021.54
Trade Payable	6	1,542.14	3,778.32
Other current liabilities	7	1,265.64	865.43
Short - term provisions	8	195.56	275.27
Total		156,823.28	255,215.43
ASSETS			
Non - Current Assets			
Fixed Assets	9		
Tangible Assets		68,845.74	75,488.45
Intangible Assets		-	4.16
Capital Work in Progress		413.13	403.09
Non -current Investments	10	290.15	313.80
Deferred tax assets (Net)		10,522.20	10,522.20
Long - term loans and advances	11	2,484.95	2,999.80
Other non-current assets	12	1,093.36	1,093.36
Current Assets			
Inventories	13	65,619.67	131,595.38
Trade Receivables	14	3,383.98	29,007.34
Cash and Cash equivalents	15	923.88	463.02
Short - term loans and advances	16	3,231.30	3,313.11
Other current assets	17	14.92	11.72
Total		156,823.28	255,215.43
Significant Accounting Policies and Notes on Accounts	1 To 37		

As per our report attached

For and on behalf of the Board of Directors

For Ravindra Sharma & Associates
Chartered Accountants
FRN-006415N

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Non Executive Director

(CA Ravindra Sharma)
Partner
Membership No : 085271

Place : Noida
Date : May 30, 2015

Arvind Kumar Gupta
Company Secretary

Statement of Consolidated Profit and Loss for the Year Ended on March 31, 2015



HANUNG

Annual Report 2014-15

(₹ in Lacs)

PARTICULARS	Notes	2014-15	2013-14
Revenue from operations	18	13,579.42	49,876.24
Other Income	19	62.65	203.97
Total Revenue (I+II)		13,642.07	50,080.21
EXPENSES:			
Cost of materials consumed	20	62,898.89	56,026.96
Changes in inventories of finished goods, work -in -progress and Stock -in -Trade	21	25,488.85	5,830.92
Employee benefits expenses	22	657.95	1,349.11
Finance Costs	23	27,173.62	23,062.83
Depreciation and amortization expense	9	6,237.06	4,481.61
Other expenses	24	13,118.92	12,506.03
Total expenses		135,575.29	103,257.46
Profit before Tax extraordinary items and tax		(121,933.22)	(53,177.25)
Extraordinary items		2,841.17	9,693.34
Profit before Tax after extraordinary items and tax		(124,774.39)	(62,870.59)
Tax expenses :			
(1) Current Tax		-	-
(2) Deferred Tax		-	(11,963.20)
(3) Tax for earlier year		-	(2,237.46)
Profit for the year (before adjustment for Minority Interest)		(124,774.39)	(48,669.93)
Less : Minority Interest in income / (loss)		0.05	3.63
Profit for the year (after adjustment for Minority Interest)		(124,774.34)	(48,666.30)
Earnings per equity share:			
(1) Basic		(415.34)	(146.65)

Significant Accounting Policies and Notes on Accounts

1 To 37

As per our report attached

For and on behalf of the Board of Directors

For Ravindra Sharma & Associates
Chartered Accountants
FRN-006415N

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Non Executive Director

(CA Ravindra Sharma)
Partner
Membership No : 085271

Place : Noida
Date : May 30, 2015

Arvind Kumar Gupta
Company Secretary

Consolidated Cash Flow Statement For the Year 2014-2015



HANUNG

Annual Report 2014-15

(₹ in Lacs)

PARTICULARS	2014-15	2013-14
A CASH FLOW FROM OPERATIVE ACTIVITIES		
Profit before tax	(121,933.22)	(53,177.25)
Adjustments for :		
Depreciation	6,237.06	4,481.61
Interest and finance charges	27,173.62	23,062.83
Interest income	(9.36)	(113.62)
Dividend Income	(0.13)	(0.13)
Operating profit before working capital changes	(88,532.03)	(25,746.56)
Adjustments for changes in working capital :		
Inventories (Increase) / Decrease	65,975.71	13,397.09
Debtors (Increase) / Decrease	25,623.36	24,232.58
Advances (Increase) / Decrease	593.46	569.03
Current Liabilities & Provisions Increase / (Decrease)	(1,850.55)	(49,378.05)
Cash generated from operations	1,809.95	(36,925.91)
Income tax (paid) / refund for earlier years	-	2,237.46
Income tax (paid) / refund	(65.13)	(2,590.13)
Extra Ordinary Items	(2,841.17)	(9,693.34)
Net Cash from Operating Activities	(1,096.35)	(46,971.92)
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for asset acquisition	(10.32)	(5,178.62)
Proceeds on sale of fixed assets	410.10	439.78
Sale / redemption of investments	23.65	30.00
Dividend received	0.13	0.13
Net cash flow used in investing activities	(672.79)	(51,680.63)
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital / Share Application Money	424.40	-
Capital Reserve	97.87	218.77
Minority Interest	4.02	5.46
Share Premium Raised	535.59	-
Capital Subsidy	-	722.33
Long term borrowing (net) Increase / (Decrease)	27,236.03	69,186.54
Interest and finance charges paid - net	(27,164.26)	(22,949.21)
Dividend paid and tax thereon	-	-
Net cash flow from financing activities	460.86	(4,496.74)
Net cash inflow / (outflow)	460.86	(4,496.74)
Opening cash and cash equivalents	463.02	4,959.76
Closing cash and cash equivalents	923.88	463.02
Net increase / (decrease) in cash equivalents	460.86	(4,496.74)

This is the Cash Flow Statement refer to in our report of even date.

As per our report attached

For and on behalf of the Board of Directors

For Ravindra Sharma & Associates
Chartered Accountants
FRN-006415N

Ashok Kumar Bansal
Chairman cum Managing Director

Anju Bansal
Non Executive Director

(CA Ravindra Sharma)
Partner
Membership No : 085271
Place : Noida
Date : May 30, 2015

Arvind Kumar Gupta
Company Secretary

Notes to the Consolidated Financial Statements

1 Significant Accounting Policies

1.1 Basis for Preparation of Financial Statements

The consolidated financial statements have been prepared on the historical cost convention and based on the Generally Accepted Accounting Principles (GAAP) and the Accounting Standards as referred under section 133 of the Companies Act, 2013 read with rules 7 of the Companies (Accounts) Rules, 2014, which have been adopted by the group and disclosures are made in accordance with the requirements of Schedule III of the Companies Act, 2013 and according to Indian Accounting Standards. In case of any deviations from applicable Accounting Standards, the same have been specified/disclosed wherever applicable.

1.2 Principle of Consolidation

The consolidated financial statements relate to of Hanung Toys and Textiles Limited and its subsidiary. The consolidated financial statements (drawn up to the same reporting date as of the company), have been prepared on the following basis.

- a) The financial statements of the company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un realized profit or losses, as per Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by Company (Accounting Standards) Rules 2006.
- b) The excess of cost to the company of its investment in subsidiary company over its share of equity of the subsidiary company at the dates, on which the investments are made, is recognized as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the company, it is recognized as "Capital Reserve" and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- c) Consolidated Financial Statement have been prepared using uniform accounting policies for like transaction & other events in similar circumstances, however in case of depreciation it was not practicable to use uniform accounting policy
- d) As per Accounting Standard Interpretation (ASI) 15 on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and / or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

1.3 Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial

statements and results of operations during the reported period. Although, these estimates are based upon management's best knowledge of current events and actions, whereas actual results could differ from these estimates.

1.4 Fixed Assets

Fixed assets are stated at costs, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortized carrying value is being depreciated/ amortized over the revised/ remaining useful lives.

1.5 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset including goodwill, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit & Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

1.6 Investments

Investments are valued at costs unless there is a permanent fall in their value as at the date of Balance Sheet.

1.7 Inventories

Inventories are valued at lower of cost or the net realizable value.

Finished goods and stock-in-process include conversion and other costs incurred in bringing the inventories to their present location and condition.

1.8 Revenue Recognition

Sales are inclusive of excise duty / customs duty and net of trade discounts. Export sales include goods invoiced against confirmed orders and cleared from excise and customs authorities.

Revenue from job work is accounted as and when on work being accepted by the customer.

Dividend income on investments is accounted for when the right to receive the payment is established.

Export incentives receivable on exports made during the year, are recognized as income.

1.9 Employee Benefits

Provisions for gratuity and leave encashment, which are in the nature of defined benefit plans, are provided as per the Payment of Gratuity Act, as at the balance sheet date and include 413 employees who have left the organization in the last financial year, there gratuity amounting to Rs.122.45 lacs is yet to be paid. Contributions to provident fund, which are defined contribution scheme, are charged to the Statement of Profit and Loss when incurred. The Company has further obligations beyond its monthly contributions to this fund amounting to Rs. 369.58 Lacs.

1.10 Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of assets are capitalized as part of the cost of such asset up to the date of completion. Other borrowing costs are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit & Loss.

1.11 Research and Development

Revenue expenditure on Research & Development is included under the natural heads of expenditure. Capital expenditure on Research & Development is treated in the same manner as expenditure on other fixed assets.

1.12 Lease

Leases where the Lessor retains substantially all the risks and rewards of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognized as expenses in the Statement of Profit and Loss as per the terms of the lease.

1.13 Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting year computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing difference between the income accounted in financial statements and taxable income for the year, and quantified using tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

1.14 Government Grants

Where grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Project

capital subsidy credited to capital reserve. Other government grants or subsidies including export incentives are credited to the Statement of Profit and Loss or deducted from related expenses.

1.15 Provision, Contingent Liabilities

Liabilities though contingent, are provided for if there are reasonable prospects of such liabilities maturing. The other Contingent Liabilities, which are not acknowledged as debt, are disclosed by way of a note to the financial statements, but claims of frivolous nature are ignored. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

1.16 Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current Assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The Gain / loss is recognized in the Statement of Profit & Loss, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

1.17 Recoverability of receivables is estimated based on the legal advice in the matter.

1.18 The particulars of the subsidiary company considered in the consolidated financial statements are-

Name	Hanung (Shanghai) Ltd.	Cody Direct Corp.
Country of Incorporation	China	USA
Ownership as at 31.03.2015	100%	99.52%
Ownership as on 31.03.2014	100%	99.52%

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
2 SHARE CAPITAL		
Authorised Share Capital 40000000 (Pr. Yr. 40000000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
Issued, Subscribed & Paid Up Capital	3,082.28	2,657.88
Total	3,082.28	2,657.88

2.1 30822775 (Pr. Yr. 26578775) Equity Shares of Rs. 10/- each fully paid up.

Of the above 4244000 Equity Shares allotted to Praneet Softech Pvt. Ltd. (promoters group company) on 05.08.2014 as per the CDR condition to induct promoters contribution;

5117330 (Pr. Yr. 5117330) Equity Shares allotted as fully paid up by way of Bonus Shares on 15.01.1996, 31.03.1997 and 30.08.2005;

7147835 (Pr. Yr. 7147835) Equity Shares allotted on 29.03.1994 and 31.10.2005 as fully paid up pursuant to a contract without payment being received in cash.

2.2 Equity Shares carry voting rights at the General Meeting of the Company and are entitled to dividend and to participate in surplus, if any, in the event of winding up.



PARTICULARS	As At 31.03.2015	As At 31.03.2014
-------------	------------------	------------------

2.3 Reconciliation of number of Shares

	Equity Shares of ₹ 10 each	₹ in lacs
Outstanding as at March 31, 2014	26578775	2657.88
Issued and Allotted during the year	4244000	424.40
Outstanding as at March 31, 2015	30822775	3082.28

2.4 Share holding more than 5% shares in the company

Sr. No.	Name of Equity Shareholders	As on 31st March, 2015		As on 31st March, 2014	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1	Hanung Processors Pvt. Ltd.	3552059	11.52	3552059	13.36
2	Praneet Softech Pvt. Ltd.	4244000	13.77	-	-
3	Ashok Kumar Bansal	2651418	8.60	2651418	9.97
4	Hanung Furnishings Pvt. Ltd.	1128276	3.66	1128276	4.25
5	Anju Bansal	1892482	6.14	1892482	7.12
6	Glofin Investment and Finance Company Pvt. Ltd.*	2297526	7.45	2297526	8.64
	TOTAL	15765761	51.14	11521761	43.34

*16,00,000 shares are pledged for corporate purposes

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
-------------	------------------	------------------

3 RESERVE AND SURPLUS**Share Premium**

Balance as per last year	12,691.65	12,691.65
Add : Addition during the year	535.59	-
Total (i)	13,227.24	12,691.65

General Reserve

Balance as per last year	27,654.08	26,931.75
Add : Capital subsidy	-	722.33
Add : Amount transferred from Profit & Loss A/c	27,654.08	27,654.08
Total (ii)	27,654.08	26,931.75

Capital Reserve

Balance as per last year	346.34	127.57
Add : Addition during the year	97.87	218.77
Total (iii)	444.21	346.34

Profit & Loss Account

Balance as per last year	(23,357.70)	24,690.77
Add : Surplus brought from Profit & Loss A/c	(124,774.34)	(48,666.30)
Less : Proposed Dividend on Equity Share	-	(531.58)
Less : Tax on Dividend	-	(86.25)
Total (iv)	(148,132.04)	(23,357.70)

Total (i+ii+iii+iv)	(106,806.51)	17,334.37
----------------------------	---------------------	------------------

3.1 Erosion of Net Worth and reference to the Board for Industrial and Financial Reconstruction (BIFR)

The operating results have been adversely affected due to adverse market conditions, non receipt of Tuff's subsidy and blockage of substantial funds in slow/ non moving stocks and debtors. The Company faced severe liquidity crunch and huge scarcity in the working capital funds. In order to partially mitigate the working capital fund scarcity and arrest the further deterioration in the quality of stocks, the Company affected disposal of stocks of slow moving / non moving fabrics and finished goods at market prices, which in most of the cases was well below their cost, resulting in losses. The Company settled its old debtors by allowing their pending debit notes, quality discount and/or taking the material back, which further contributed losses to the Company.



On accumulated losses of the Company exceeding the entire net worth, the Company made a Reference with the Board for Industrial and Financial Reconstruction in terms of the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act 1985, which has since been registered by the Hon'ble BIFR as Case No. 54/2015.

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
4 LONG TERM BORROWINGS		
SECURED		
Term Loans - from Banks		
Rupee Loans	149,598.76	122,249.32
Foreign Currency Loan	21,071.11	20,215.41
Vehicle Loan	12.50	43.00
Total	170,682.37	142,507.73

- 4.1** The foreign currency loans include USD 30 Million borrowed from ICICI Bank, which was restructured and repayment of this loan shall commence from June 30, 2015, and an amount of USD 5 million borrowed from DBS Bank (outstanding as on March 31, 2015 is USD 3.82 million), which is under restructuring, details whereof are awaited, The agreement with DBS Bank provides UK jurisdiction.
- 4.2** The Company had approached its lead banker and lender, i.e., Punjab National Bank for restructuring of its debt under CDR mechanism, and accordingly, the lead banker referred the matter to CDR Empowered Group on 31st July, 2013. The case of the Company was admitted under CDR on 26th September, 2013, and the CDR scheme was discussed in CDR EG meeting held on 21.04.2014, and was approved in the meeting held on 23rd May, 2014 and the same was informed to the Company on 16th June, 2014.
- 4.3** The main features of CDR scheme are as below:
1. Cutoff date is 1st April 2014.
 2. Moratorium period will be 2 years and repayment in 8 years.
 3. Rate of interest on term loan is reduced to 11% p.a.
 4. Rate of interest on working capital and FITL (Funded interest Term Loan) is reduced to 10.50% p.a.
 5. Waiver of all liquidity damages and penal interest and penal charges etc.
 6. Promoter's contribution of Rs.83.68 Crores to be brought in within one year.
 7. Conversion of interest for initial 24 month into FITL (Funded interest Term Loan) with repayment period of 6 years.
- 4.4** The Term Loan, WCTL and FITL are secured against first pari-passu charge with other banks on present and future fixed assets of the Company, other than those exclusively financed by any other banks / financial institutions and second pari-passu charge with other banks on all present and future current assets of the Company, and personal guarantee of 2 of its Directors (Sh. A.K. Bansal and Smt. Anju Bansal) and corporate guarantee of associate concerns / entities. The loans are collaterally secured by equitable mortgage of land and building of associate concerns / others on pari-passu basis with other member banks. The charges on assets of the Company and registered in favour of lenders will be modified on execution of documentation in relation to CDR restructuring.
- 4.5** The repayment of the Term Loan, WCTL, and FITL shall start from the 01.04.2015 as provided in the CDR scheme.
- 4.6** A lender of the Company has initiated action for recall of facilities after the Balance Sheet date and another lender has initiated recovery action under Securitisation and Recovery of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) in respect of its dues also after the Balance Sheet date. The Company is contesting the actions of the said lenders and has reserved right to advise amount of claim for losses suffered by the Company as a result of various inactions of the lenders and non fulfillment of obligations by the lenders.
- 4.7** Vehicle Loan from banks for purchase of vehicle is secured by hypothecation of specific vehicle. The loans are repayable, in monthly installments.

5 SHORT TERM BORROWINGS

SECURED

Working Capital Loans - from Banks

Rupee Loans	86,082.93	86,681.76
Deposit from promoters	-	339.78
Total	86,082.93	87,021.54



- 5.1** Working Capital loans comprising Export Packing Credit, FDBP etc. from Banks, secured by hypothecation of stocks, book debts, bills and personal / corporate guarantee of whole time directors / Group Company / others. The borrowings (fund and non-fund based) are also collaterally secured by immovable properties owned by directors and associate concerns / others. The loans are collaterally secured by way of equitable mortgage on second pari-passu charge basis with other banks on all present and future fixed assets of the Company.

(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
6 TRADE PAYABLE		
Micro, Small and Medium Enterprises	3.59	7.18
Others	1,538.55	3,771.14
Total	1,542.14	3,778.32

- 6.1** Based on the information available with the Company regarding the status of suppliers as defined under MSMED Act, 2006, there was no principle amount overdue and no interest was payable to the Micro Small and Medium Enterprises on March 31, 2015 as per the terms of contract.

7 OTHER CURRENT LIABILITIES

Unpaid application money received by the company for allotment of securities and due for refund	0.72	0.72
Unclaimed Dividend	6.79	6.80
Creditors for Capital Expenditure	0.05	(34.33)
Other Current Liabilities	1,258.08	892.24
Total	1,265.64	865.43

- 7.1** The other current liabilities as on March 31, 2015 includes outstanding statutory dues of Rs. 466.54 Lacs (Rs. 33.55 Lacs, Rs. 107.92 lacs, Rs. 268.64 lacs, Rs. 1.59 lacs, Rs. 0.55 lacs and Rs. 54.28 Lacs, on account of TDS, ESIC, PF, Service Tax, Professional Tax and Sales Tax respectively).

8 SHORT TERM PROVISIONS

Provision for Gratuity Leave Encashment	224.12	238.70
Other Provisions	(28.56)	36.57
Total	195.56	275.27

NOTE - 9 - DEPRECIATION
Tangible Assets

(₹ in Lacs)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 31.03.2014	ADDITIONS	DELETIONS	AS AT 31.03.2015	AS AT 31.03.2014	FOR THE YEAR	ON DELETIONS	UPTO 31.03.2015	AS AT 31.03.2015	AS AT 31.03.2014
1	Land	2,707.10	-	-	2,707.10	-	-	-	-	2,707.10	2,707.10
2	Building	14,540.44	-	-	14,540.44	1,714.41	216.55	-	1,930.96	12,609.48	12,826.03
3	Plant & Machinery	76,883.81	-	475.41	76,408.40	17,841.50	5,770.85	139.86	23,472.49	52,935.91	59,042.31
4	Furniture & Fixture	1,081.48	0.28	-	1,081.76	358.71	194.91	-	553.62	528.14	722.77
5	Vehicle	410.74	-	144.22	266.52	220.49	50.59	69.67	201.41	65.11	190.25
	TOTAL :	95,623.57	0.28	619.63	95,004.22	20,135.11	6,232.90	209.53	26,158.48	68,845.74	75,488.46
	PREVIOUS YEAR :	90,540.26	5,589.88	506.57	95,623.57	15,724.45	4,477.45	66.79	20,135.11		
	Capital Work in Progress (including Advances & Pre-operative Expenses)										
										413.13	403.09
										69,258.87	75,891.55

Intangible Assets

(₹ in Lacs)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 31.03.2014	ADDITIONS	DELETIONS	AS AT 31.03.2015	AS AT 31.03.2014	FOR THE YEAR	ON DELETIONS	UPTO 31.03.2015	AS AT 31.03.2015	AS AT 31.03.2014
1	Royalty	8.32	-	-	8.32	4.16	4.16	-	8.32	-	4.16
	TOTAL :	8.32	-	-	8.32	4.16	4.16	-	8.32	-	4.16

9.1 Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II. Accordingly, the unamortized carrying value is being depreciated/ amortized over the revised/ remaining useful lives. The written down value of Fixed Assets whose life have expired as at 1st April 2014 have been charged fully to the Statement of Profit and Loss during the year.

9.2 The deletion of Plant & Machinery consists items taken out of use and scrapped and deletion of Vehicles consists items in use by employees withdrawn on their severance.





(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
10 NON-CURRENT INVESTMENTS		
In Equity Share of Associates Companies- Unquoted, Fully Paid		
Hanung Infra & Power Ltd.	198.50	198.50
1985000 (Pr.Yr. 1985000) Equity Shares of ₹ 10/- Each		
Hanung Retail Ltd.	91.65	91.65
916540 (Pr.Yr.916540) Equity Shares of ₹ 10/- Each		
In Equity Share of Other Companies- Unquoted, Fully Paid		
Pilani Investments Industries Corporation Ltd.	-	18.65
500 Equity Shares of ₹ 10/- Each		
In Mutual Fund - Quoted fully paid up		
L144G SBI Infrastructure Funds - I – Growth	-	5.00
(50000.00 Units of ₹ 10/- Each)		
Total	290.15	313.80
Aggregate market value of quoted investment	-	3.83
Aggregate market value of unquoted investment	290.15	290.15
11 LONG TERM LOANS AND ADVANCES		
MAT Receivable	2,404.00	2,404.00
State Capital Subsidy	30.00	30.00
Other Loans and Advances	50.95	565.80
Total	2,484.95	2,999.80
11.1 The Company had sold its shares held in Brookmann Home Ltd., U.K., to Brookmann Holding Ltd., Hongkong, on 10.05.2011 and the balance amount receivable is Rs. 515.51 lacs. Payment has not been forthcoming and the Company is taking legal advice from its counsel for initiating actions for recovery of the amount. The Company has made a provision of Rs. 515.51 lacs in respect of the aforesaid amount which is included as part of General Expenses forming part of Other Expenses appearing in the Statement of Profit and Loss in the current period.		
12 OTHER NON-CURRENT ASSETS		
Income Tax receivable	1,093.36	1,093.36
Total	1,093.36	1,093.36
12.1 The Company had filed a petition with Hon'ble Income tax Settlement Commission on 19.02.2014 in respect of income for the years ended March 31, 2011 to March 31, 2013, which was admitted vide its order dated 29.04.2014. The Company had discharged due and admitted liability of income tax.		
13 INVENTORIES		
Raw materials	25,667.88	66,153.43
Raw materials in Transit	28.56	29.87
Stock - in – process	7,684.62	24,613.03
Finished Goods	32,238.61	40,799.05
Total	65,619.67	131,595.38



(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
14 TRADE RECEIVABLES		
(Unsecured and considered good)		
More than Six Months	2,390.39	28,880.50
Others	993.59	126.84
Total	3,383.98	29,007.34
14.1 The Company has filed recovery suits against certain debtors, namely, Frontline Fashions Exports India Pvt. Ltd. for Rs. 50 lacs, V and S International Pvt. Ltd. for Rs. 10.90 lacs (out of which Rs. 8.80 lacs has been received and balance is yet receivable), Vastra International for Rs. 18.73 lacs and Gulati Exports House for Rs. 209.24 lacs (since settled in February 2013 for Rs. 150 lacs out of which Rs. 81.50 lacs has been received as per agreed schedule of payment and balance is yet receivable).		
14.2 The Company had filed a claim with ECGC for Rs. 367.25 lacs (\$ 6.14 lacs) relating to non-payment by its customer, namely, Extreme Linen LLC, USA, which was rejected by ECGC. The Company is of the view that the claim was incorrectly rejected, and has filed a recovery suit against ECGC for the said amount of claim.		
14.3 The Management considers its debtors are good and recoverable except those outstanding from Elite Home Product, Inc. (a USA company) which is outstanding for more than Two years and may not be fully realizable.		
15 CASH AND CASH EQUIVALENT		
Balance with Scheduled Banks	689.43	43.75
Cash in hand	108.31	262.60
Fixed Deposits with Banks	126.14	156.67
Total	923.88	463.02
15.1 Fixed deposits with banks include the deposits pledged with banks for bank guarantee and letter of credits etc.		
16 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Security Deposits	168.02	146.08
Prepaid Expenses	9.65	35.94
Export Incentive Receivable	215.43	255.98
Capital and Interest Subsidy (Tuff)	2,838.47	2,868.84
Other Advances	(0.27)	6.27
Total	3,231.30	3,313.11
17 OTHER CURRENT ASSETS		
Interest Accrued on FDRs	14.92	11.72
Total	14.92	11.72
18 REVENUE FROM OPERATIONS		
SALE OF PRODUCTS		
Export Sales	2,726.28	21,099.15
Inland Sales	7,814.88	26,035.69
Export Incentives	123.40	661.18
Other Operating Revenue	2,944.46	2,113.51
Revenue from Operations	13,609.02	49,909.53
Less: Excise Duties	29.60	33.29
Revenue from Operations (Net)	13,579.42	49,876.24



(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
19 OTHER INCOME		
Bank Interest	9.36	113.62
Dividend Income	0.13	0.13
Other non-operating Income	53.16	90.22
Total	62.65	203.97
20 COST OF MATERIAL CONSUMED		
Raw Materials including packing materials consumed		
Opening Stock	66,153.43	72,927.23
Add : Purchases	22,413.34	49,253.16
	88,566.77	122,180.39
Less : Closing Stock	25,667.88	66,153.43
Total	62,898.89	56,026.96
21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock		
Finished Goods	40,799.05	34,329.23
Work - in - progress	24,613.03	36,913.77
Sub total (i)	65,412.08	71,243.00
Closing Stock		
Finished Goods	32,238.61	40,799.05
Work - in - progress	7,684.62	24,613.03
Sub total (ii)	39,923.23	65,412.08
Total (i - ii)	25,488.85	5,830.92
22 EMPLOYEE BENEFITS EXPENSES		
Directors' Remuneration	2.25	2.80
Salaries , Wages & Allowances	515.90	1,006.96
Contribution to Provident Fund and Other Funds	95.58	223.21
Employees Welfare expenses	44.22	116.14
Total	657.95	1,349.11
22.1 Establishment Overheads include payments and provisions of remuneration to whole-time directors of Rs. Nil (previous year Rs. Nil) and directors' sitting fee of Rs. 2.25 Lacs (previous year Rs. 2.80 Lacs). The management has decided not to pay remuneration to the directors due losses incurred during the current financial year.		
23 FINANCE COST		
Interest Expenses	26,938.98	21,911.54
Other Borrowing Costs	234.64	1,151.29
Total	27,173.62	23,062.83



(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
24 OTHER EXPENSES		
Consumable of Stores & Spares	40.87	74.85
Design & Testing Charges	29.66	4.01
Direct Wages	939.58	1,366.81
Factory Rent	68.87	106.45
Freight Inward	65.32	141.86
Job Work Charges	103.77	180.39
Power & Fuel	1,463.08	1,754.10
Business Promotion	10.83	28.34
Cellular & Telephone Expenses	10.08	15.12
Courier, Postage and Telegram	5.84	24.83
ECGC Premium	119.08	542.08
Insurance Charges	64.84	134.31
General Expenses	7,984.77	2,639.12
Printing and Stationery	14.27	25.72
Professional & Legal Charges	141.71	134.78
Payment to Auditors	6.24	6.08
Rent, Rates & Taxes	46.55	37.81
Repairs to building	9.45	33.95
Repairs to machinery	97.50	182.94
Repairs others	29.60	73.11
Security Watch and Ward Expenses	56.10	90.60
Local Conveyance	8.79	22.94
Travelling expenses	26.99	26.92
Advertisement and Publicity	3.66	4.75
Net loss on foreign currency transaction and translation	693.35	3,070.98
Freight and Forwarding	151.61	509.47
Rebate, Discount and Commission	926.51	1,273.71
Total	13,118.92	12,506.03

25 EXTRA ORDINARY ITEMS

The extra ordinary item includes an amount of ₹ 12722.16 lacs relating to foreign exchange transaction.

26 REMUNERATION TO AUDITORS

Audit Fees	2.50	2.50
Total	2.50	2.50

- 27** The Company has de-recognized deferred tax asset (DTA) of Rs. 5284 Lacs as the earnings of the Company are expected to stabilize after debt restructuring is implemented by all the lenders in its entirety, and that during such pendency the Company following Accounting Standard 22, is unable to estimate with certainty its ability to absorb the amount of losses against future taxable income and the tax savings are therefore, not quantifiable.



(₹ in Lacs)

PARTICULARS	As At 31.03.2015	As At 31.03.2014
-------------	------------------	------------------

28 FOREIGN CURRENCY TRANSACTIONS**28.1 Value of imports on CIF basis**

Raw Materials	331.79	17,815.41
---------------	--------	-----------

28.2 Expenditure in foreign currency

Machinery	-	13.66
Raw Materials	327.65	17,788.14
Travelling expenses	6.87	0.66
Others	652.32	1,022.68
Total	986.84	18,825.14

28.3 Earnings in foreign exchange (on FOB basis)

Stuff Toys etc.	966.13	9,495.56
Sheet Set, Duvet, Curtain etc.	1,760.15	11,577.20
Total	2,726.28	21,072.76

29 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES PURCHASED WITH THEIR PERCENTAGES

	₹ in Lacs	%	₹ in Lacs	%
Imported	327.65	1.46	17,788.14	36.03
Indigenous	22,085.69	98.54	31,579.49	63.97
Total	22,413.34	100.00	49,367.63	100.00

30 CONTINGENT LIABILITIES AND COMMITMENTS

Bank Guarantees	6.02	5.46
Capital Commitments	-	2,472.83
Income Tax under Dispute	970.84	970.84
Claim against company not acknowledged as debts	2,216.37	2,216.37

30.1 Suvridha Cooling Towers Pvt. Ltd. filed a civil suit in Karkardooma Court, Delhi for recovery of Rs. 8.00 Lacs including interest. . Since, the claim of the supplier is disputed by the Company, based on the legal advice in the matter, the Company does not consider it necessary to make any provision to this affect in its books of account.

30.2 Certain transactions between Standard Chartered Bank and the Company, considered void ab initio by the Company, are subject matter of suit filed by the Company against the said Bank before the Hon'ble Bombay High Court. The Company has claimed the refund of the amount of Rs. 3,666.38 lacs, including amounts paid to the said Bank along with cost, charges and interest incurred by the Company thereon as quantified in the said suit, and a declaration to the effect that no further payments are required to be made to the said Bank. In line with the claim filed by the Company, the latter has reversed the amount of payment due to Standard Chartered Bank in the books of account. The Hon'ble Bombay High Court has issued notice to parties in the matter of above suit, and subsequently the said Bank has filed an Original Application before the Hon'ble Debt Recovery Tribunal-II, Delhi for recovery of its claim amounting to Rs. 2,216.37 lacs.

30.3 The Company had taken a Short Term Revolving Loan from SICOM Ltd. against amounts accrued on account of Company's entitlement to receive interest subsidy under Technology Upgradation Fund (TUF's as available to Textile industry) and against export incentive pending release by the appropriate authorities. The Company had given a Power of Attorney to SICOM Ltd. to recover the amount directly from the concerned agencies, and therefore, and in this manner the borrowings from SICOM Ltd. would stand completely repaid.

SICOM Ltd. had filed a petition for winding-up of the Company before the Hon'ble High Court of Delhi for recovery of loan amount, and by way of interim orders dated 24.04.2014, the Hon'ble High Court of Delhi restrained the Company from selling, transferring, encumbering or in any manner alienating any of its immovable assets and also from selling of movable assets except in the normal course of business.

SICOM Ltd. filed a complaint u/s 138 R/w section 141 of the Negotiable Instrument Act, 1881 in the Court of Metropolitan Magistrate, Patiala House Court, Delhi, in respect of dishonor of 3 nos. cheques aggregating to Rs. 1500 lacs, being part of the amount of claim of SICOM referred above. The aforesaid cheques had been given by the Company to SICOM Ltd. as security and were not expected to be presented for encashment.

SICOM Ltd. filed an Original Application (O.A.) before Hon'ble Debt Recovery Tribunal-I, Delhi for recovery of its claim amounting to Rs. 1575.35 lacs in respect of Short Term Revolving Loan against export incentive receivable by the Company. The Hon'ble DRT vide its order dated 20.12.2013 has directed that in future all amounts recoverable by the Company be received and deposited in an escrow account in the name of the Company established with HDFC Bank and also by way of its interim order dated 27.02.2014 restrained the Company from dealing in any manner in respect of certain properties belonging to the Company as specified in the order.

30.4 UCO Bank filed a complaint u/s 138 R/w section 141 of the Negotiable Instrument Act, 1881 in the Court of Metropolitan Magistrate, Dwarka Court, Delhi, in respect of dishonor of a cheque of Rs. 300 lacs issued by the Company for payment of its liability towards letter of credit availed by the Company over and above the sanctioned limit. Part of the aforesaid outstanding towards UCO Bank has since been paid and the balance amount has been restructured as part of restructuring carried out by the CDR Forum, and has accordingly, been accounted for in the books of account of the Company and reflected in financial statements.

30.5 Notice from Tehsildar, Noida, UP, received by the Company against an outstanding amount on account of electricity dues relating to electric connection at property B-8,9,10 phase-II, Noida, UP, owned by the Company. The aforesaid amount was not informed to the knowledge of the Company at the time that the Company purchased this property. The Company is taking appropriate legal steps against the said recovery. For reasons that the recovery amount is disputed by the Company, no provision is considered necessary to be made in the books of account.

30.6 Certain transactions between Hongkong & Shanghai Banking Corp. and the Company, considered void ab initio by the Company, are subject matter of suit filed by the Company against the said Bank before the Hon'ble Bombay High Court. The Company has claimed the refund of the amount of Rs. 1022.45 lacs, including amounts paid to the said Bank along with cost, charges and interest incurred by the Company thereon as quantified in the above suit, and has sought a declaration from the Hon'ble Court to the effect that no further payments are required to be made to the said Bank.

30.7 The Citi Bank NA has claimed Rs. 196.32 lacs against the forex transaction which are considered void ab initio by the Company. Since, the claim by the bank is disputed; the Company has not made any provision in respect thereof in its books of account.

30.8 A Deed of guarantee executed by the Company in favour of Tata Capital Financial Services Ltd. against loan taken by an Associate of the Company did not take effect as the application of the Company made to the Central Government for grant of approval under the Companies Act, 1956 could not be processed as the provisions of Companies Act, 2013 were notified.

31 Segment Information

The Company is principally engaged in the business of Toys and Home Furnishings. Accordingly there are two reportable segments as per Accounting Standard (AS 17) issued by the Institute of Chartered Accountant of India on 'Segment Reporting', which have been disclosed below.



Particulars	Stuff Toys		Home Furnishings		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
I. Primary Segment Business						
a Segment Revenue						
Sales to External Customers excluding Export Benefits	1,367.53	9,868.40	9,144.03	37,266.44	10,511.56	47,134.84
Other Income including Export Benefits	1.23	155.81	3,129.27	2,822.83	3,130.50	2,978.64
Total Segment Revenue	1,368.76	10,024.21	12,273.30	40,089.27	13,642.06	50,113.48
b Segment Result						
Profit before Financial Overheads, Income Tax and exceptional Items	(25,033.40)	1,850.22	(69,726.20)	(31,964.64)	(94,759.60)	(30,114.42)
Less : Interest and Finance Charges	3,735.88	6,304.37	23,437.74	16,758.46	27,173.62	23,062.83
Profit before Income Tax and exceptional Items	(28,769.28)	(4,454.15)	(93,163.94)	(48,723.10)	(121,933.22)	(53,177.25)
Less : Exceptional Items (Prior Period Expenses / Income)	(93.01)	8,125.55	2,934.18	1,567.79	2,841.17	9,693.34
Profit before Tax	(28,676.27)	(12,579.70)	(96,098.12)	(50,290.89)	(124,774.39)	(62,870.59)
Provision for Current Tax	-	-	-	-	-	(2,237.46)
Provision for Deferred Tax	-	-	-	-	-	(11,963.20)
Profit after Tax	(28,676.27)	(12,579.70)	(96,098.12)	(50,290.89)	(124,774.39)	(48,669.93)
c Segment Assets						
Carrying Amount Allocated	5,013.66	7,898.58	63,832.08	67,594.03	68,845.74	75,492.61
Unallocated Assets	-	-	-	-	87,977.54	179,722.82
Total Assets	5,013.66	7,898.58	63,832.08	67,594.03	156,823.28	255,215.43
d Segment Liabilities						
Carrying Amount Allocated	545.45	385.93	720.19	479.50	1,265.64	865.43
Unallocated Liabilities	-	-	-	-	258,513.96	233,622.86
Total Liabilities	545.45	385.93	720.19	479.50	259,779.60	234,488.29
e Cost of Fixed Assets Acquired						
Allocated Fixed Assets Acquired	-	547.12	0.28	5,042.76	0.28	5,589.88
Unallocated Fixed Assets	-	-	-	-	-	-
Total Fixed Assets acquired	-	547.12	0.28	5,042.76	0.28	5,589.88
f Depreciation / Amortization						
Allocated	1,429.99	584.41	4,807.07	3,897.20	6,237.06	4,481.61
Unallocated	-	-	-	-	-	-
II Secondary Segment - Geographical						
Export Revenues	966.13	9,495.56	1,760.15	11,603.59	2,726.28	21,099.15
Domestic Revenues	401.40	372.84	7,383.88	25,662.85	7,785.28	26,035.69
Total	1,367.53	9,868.40	9,144.03	37,266.44	10,511.56	47,134.84

The Company's operating facilities are located in India

32 Related Party Transactions

As per AS-18, the Company's related parties and transactions with them are disclosed below

32.1 Related Parties

- | | |
|------------------------------|--|
| (a) Associate Companies | 1 Hanung Furnishings Pvt. Ltd. |
| | 2 Hanung Processors Pvt. Ltd. |
| | 3 Praneet Softech Pvt. Ltd. |
| | 4 C K Software Pvt. Ltd. |
| | 5 Abhinav International Pvt. Ltd. |
| | 6 Hanung Retail Ltd. |
| | 7 Hanung Infra & Power Ltd. |
| | 8 Glofin Investment & Finance Co. Pvt. Ltd. |
| (b) Key Management Personnel | 1 Mr. Ashok Kumar Bansal
(Chairman & Managing Director) |
| | 2 Mrs. Anju Bansal (Non Executive Director) |
| | 3 Mr. Arvind Kumar Gupta |
| | 4 Mr. K Ravindaran |

33 Transactions with Related Parties

(₹ in Lac)

Sl.No.	Nature of Transaction	Associate Companies		Key Management Personnel	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
1	Purchase of Goods & Services	9.12	9.12	0.36	0.36
2	Sale of Goods & Services	Nil	Nil	Nil	Nil
3	Advance Outstanding / Receivable	8.00	30.00	Nil	Nil
4	Managerial Remuneration	Nil	Nil	16.43	32.66
5	Dividend	Nil	Nil	Nil	Nil
6	Subscription to share capital	Nil	Nil	Nil	Nil

34 Earning Per Equity Share

Basic Earning Per Share	31.03.2015	31.03.2014
Profit after tax as per Profit and loss account (In Rs. Lacs)	(121,933.22)	(38,976.59)
Weighted Average Number of Equity Shares Outstanding as at the end of the year	29,357,723	26,578,775
Basic Earning per Share (Face Value Rs.10/-)	(415.34)	(146.65)

35 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2015.

36 Debtors, Loans & Advances and Creditors in some cases are subject to reconciliation and confirmation.

37 Comparative figures for the previous year have been regrouped, recast and re-arranged wherever necessary.

As per our report attached

For and on behalf of the Board of Directors

For RAVINDRA SHARMA & ASSOCIATES

Chartered Accountants

Ashok Kumar Bansal

Chairman cum Managing Director

Anju Bansal

Non Executive Director

(CA Ravindra Sharma)

Partner

Membership No : 085271

Place : Noida

Date : May 30, 2015

Arvind Kumar Gupta

Company Secretary

FORM AOC- I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

S.No.	Particulars	Details	
1	Name of the subsidiary	Hanung (Shanghai) Limited	Cody Direct Corp
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.12. 2014	31.03.2015
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	RMB	USD
4	Share Capital	102.92	2293.63
5	Reserve & surplus	(281.37)	(2293.63)
6	Total Assets	.01	--
7	Total Liabilities	.01	--
8	Investments	--	--
9	Turnover	--	--
10	Profit before Taxation	(1.20)	(10.19)
11	Provision for Taxation	--	--
12	Profit after Taxation	(1.20)	(10.19)
13	Proposed Dividend	--	--
14	% of shareholding	100%	99.52%

Notes:

- There were no subsidiaries liquidated during the financial year 2014-15 except Cody Direct Corp., USA, has since dissolved w.e.f. 28/02/2015 and the Certificate of Dissolution issued by the State of Wyoming, US on 03/03/2015.
- Exchange rate used in case of foreign subsidiaries:

USD 62.30
RMB 6.1995

HANUNG TOYS AND TEXTILES LIMITED

CIN : L74999DL1990PLC 041722

Registered Office : E-93, 2nd Floor, Greater Kailash Enclave-I, New Delhi-110048

Tel: 91-120-2567501; Fax : 91-120-3042099

E-mail: investor@hanung.com; Website : www.hanung.com

ATTENDANCE SLIP

Sr. No.

Registered Folio No./ DP ID & Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Hplder 2	
No. of Shares	

I / we record my / our presence at the "TWENTY- FIFTH ANNUAL GENERAL MEETING" of the Company to be held on Friday, September 18, 2015 at 11.30 A.M at Air Force Auditorium , Subroto Park, New Delhi-110010, India.

.....
Member's / Proxy's name in Block Letters

.....
Member's /Proxy's Signature

Note: please fill the name and sign this Attendance Slip and deposit the same with the Company officials at the venue of the Meeting.

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic voting event Number)	User ID	Password

Notes:

1. Please read the instructions printed under the notes to the Notice of the 25th Annual General Meeting to be held on Friday, September 18, 2015 at 1100 hours.
2. The remote e-Voting period starts from 9.00 A.M on 14th September, 2015 and ends on 17th September, 2015 at 6.00 P.M. The voting module shall be disabled by 6.00 P.M on 17th September, 2015 for voting thereafter.

HANUNG TOYS AND TEXTILES LIMITED

CIN : L74999DL1990PLC 041722

Registered Office : E-93, 2nd Floor, Greater Kailash Enclave-I, New Delhi-110048

Tel: 91-120-2567501; Fax : 91-120-3042099

E-mail: investor@hanung.com; Website : www.hanung.com

Form No. MGT-11

PROXY FORM

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

TWENTY-FIFTH ANNUAL GENERAL MEETING 2014-2015

Name of the Member(s):

Registered Address:

Folio No. / DP ID and Client ID:

I / we being the Member(s) holdingshares of Hanung Toys & Textiles Limited, hereby appoint:

1. Name:

Address:

Email ID:

Signature:.....or failing him;

2. Name:

Address:

Email ID:

Signature:.....or failing him;

as my / our proxy to attend and vote (on a poll) for me/ us and on my / our behalf at the 25th Annual General Meeting of the Company scheduled to be held on Friday, September 18,2015 at 11.30 A.M at Air Force Auditorium, Subroto Park, New Delhi-110010, India and at an adjournment thereof, in respect of such resolutions are indicated below:

Item No. of Notice	Summary of business to be transacted at the Annual General Meeting	Option	
ORDINARY BUSINESS		For	Against
1.	To receive, conduct and adopt;		
	a Audited Financial Statements, Reports, of the Board of Directors and the Auditors thereon, and		
	b Audited Consolidated financial Statements		
2.	To ratify the appointment of M/s Ravindra Sharma & Associates, Chartered accountants (Firm registration No.006415N) as the Statutory Auditors of the Company to hold office till the conclusion of next Annual General Meeting.		
SPECIAL BUSINESS			
3.	To consider and approve the appointment of Mr. Abhishek Monu Kausik (DIN-07151357) as Independent Director of the Company.		
4.	To consider and approve the appointment of Ms. Deepika Gera (DIN-00145602) as Independent Director of the Company.		
5.	To appoint Mr. Chandra Sharma as Cost Auditor of the Company For Financial Year 2015-2016		
6.	To ratify the Special Resolution for allotment of preferential Shares as per SEBI Guidelines		

Signed this.....day of....., 2015

Folio No. / DP ID and Client ID:.....

Signature of Member:.....

Signature of Proxy holder:.....

**Affix
Revenue
Stamp
Rs. 1/-**

Note: This form of proxy in order to be effective, should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.



Book Post



if undelivered, please return to:

Hanung Toys and Textiles Limited
108-109, NSEZ, Noida-201305 (U.P.)