

# HANUNG TOYS & TEXTILES LTD.

Manufacturers & Exporters of Stuffed Toys & Home Furnishings

*Govt. Recognised Export House*

**Corporate Office :** 108-109, NSEZ, NOIDA-201 305, INDIA

**Tel. :** 91-120-2567501 ~ 04, 4140200

**Fax :** 91-120-3042099, 4140270

**E-mail :** hanung@vsnl.com **Web :** www.hanung.com

24<sup>th</sup> September, 2016

<b>Corporate Relationship Department</b> <b>Bombay Stock Exchange Ltd.</b> Floor-25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	<b>Listing Department</b> <b>National Stock Exchange of India Ltd.</b> Bandra Kurla Complex Bandra (East) Mumbai-400051
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**Ref: Company Scrip Code: “532770”/ “HANUNG”**

**Sub: Compliance of provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

Dear Sir,

Pursuant to provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements ) regulations, 2015, kindly find enclosed herewith the copy of Annual Report approved by members in the 26<sup>th</sup> Annual General Meeting of Hanung Toys & Textiles Limited held on 20<sup>th</sup> day of September, 2016 at 11.30 A M at the Air Force Auditorium, Subrato Park, New Delhi, 110010.

Request you to kindly take the same on record and oblige.

Thanking You,  
Yours Faithfully,

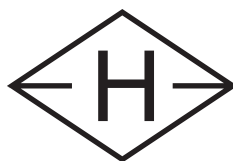
**For Hanung Toys and Textiles Limited**

  
**(Lalit Chawla )**

Company Secretary

# ANNUAL REPORT

## 2015-2016



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. Mukesh Kumar	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**

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. Lalit Chawla

### **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, 2<sup>nd</sup> Floor, Greater Kailash Enclave-I, New Delhi - 110048  
Tel: +91 11 26241572, Fax: +91 11 26241822

## **Annual Report 2015-2016**

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## NOTICE

**NOTICE** is hereby given that the 26<sup>th</sup> Annual General Meeting of members of Hanung Toys and Textiles Limited will be held on Tuesday the 20<sup>th</sup> September 2016 at 11.30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact, with or without modification(s) 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 Company's Audited Balance Sheet, Statement of Profit and Loss, Cash Flow Statements and Directors' Report along with the Report of Auditor's for the financial year ended on 31<sup>st</sup> March 2016, as placed, discussed thereon, be and are hereby 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, read with rules made there under, the Company, hereby ratifies the appointment of M/s Ravindra Sharma & Associates, Chartered Accountant, New Delhi, holding Firm Registration No.006415N, as Statutory Auditors of the Company for the third consecutive year, i.e. from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held for the financial year 2016-17.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to fix remuneration of Auditors, in consultation with the Audit Committee and the Auditors."

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

**RESOLVED THAT** Mrs. Anju Bansal (DIN 00028508), who retires from the office of Director by rotation in this Annual General Meeting and being eligible offers himself for re-election, be and is hereby re-appointed as Director of the Company."

### **SPECIAL BUSINESS:-**

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 provisions of Sections 149 and 152 and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association of the Company and as per the recommendation of the Nomination and Remuneration Committee, Mr. Mukesh Kumar (DIN No. 01231118) who was appointed as an Additional Director of the Company by the Board of Directors w. e. f. 13<sup>th</sup> August, 2016 and who holds office until the date of ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, read with rules and who is eligible for appointment and whose candidature is proposed by one of the members, be and is hereby appointed as an Director (Non Executive-Non Independent) of the Company who shall be liable to retire by rotation.

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

**"RESOLVED THAT** pursuant to provisions of Section 148 of the Companies Act, 2013, read with rule 14 of the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof (for the time being in force) M/s Chandra Sharma & Co. Cost Accountants, New Delhi, be and are hereby, appointed as the Cost Auditors of the Company to conduct the audit of the Cost Accounting Records for soft toys and home furnishings products manufactured by the Company for the financial year ending 31<sup>st</sup> March, 2017."

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby, authorized to fix remuneration of the Cost Auditors, in consultation with the Audit Committee and the Auditors."

6. **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 42 and all other applicable provisions, if any, of the Companies Act, 2013, 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 the 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 and 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), 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, SEBI 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 granting 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 exercises the powers conferred on the Board by this resolution, consent of

the members, be and is hereby accorded for taking on record the name of the ultimate beneficial owner of Praneet Softech Private Limited, to whom allotment of 42,44,000 equity shares of face value Rs. 10/- each at a price of Rs. 22.62/- per equity share was made vide approval of the members granted under resolution passed through postal ballot on 23<sup>RD</sup> July, 2014, and the said resolution be and is hereby, ratified and approved by the members read alongwith this amended disclosure.

**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 aforesaid resolution.

**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 the preferential allotment of 42,44,000 equity shares made vide approval of the members given to the resolution passed through postal ballot on 23<sup>rd</sup> July, 2014.

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

Place : Noida  
 Date : August 13, 2016

**Lalit Chawla**  
 Company Secretary

#### NOTES:-

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out the details related to special businesses to be transacted at the 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 Books of the Company will remain closed from Wednesday 14<sup>th</sup>, September, 2016 to Tuesday, 20<sup>th</sup> September 2016 (both days inclusive).
5. Notice is being sent to all the members of the Company whose names appear in the Register of Members / Record of Depositories as on Saturday, August 13<sup>th</sup>, 2016 (Cut-off date or Record date). Voting rights shall be reckoned on the paid up value of the shares registered in the name of the members of the Company as on Cut-off date / Record date i.e. September 13<sup>th</sup>, 2016.
6. In all correspondence with the Company, members are requested to quote their Folio Number and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.
7. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her queries to the Company at least seven working days prior to the date of meeting, in order to be furnished with required information at the meeting.
8. Members holding shares in physical form are requested to notify immediately any change in their address and bank particulars to the Company or its Registrar and Transfer Agents. In case the shares are held in dematerialized form, this information should be furnished directly, without any delay, to their respective Depository Participants.
9. The Securities Exchange Board of India has mandated submission of Permanent Account Number (PAN Number) by every participant in the securities market and accordingly quotation of PAN details of both the transferor and the transferee is compulsory for registration of transfers.
10. Brief profile of Directors seeking appointment at the ensuing Annual General Meeting forms integral part of the notice. All requisite declarations have been received from the Directors seeking appointment.
11. The Company has sent the Electronic copy of the Annual Report for the 26<sup>th</sup> Annual General Meeting to all the members who's Email Id are registered with the Company/Depository. For members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.  
 In order to promote the GO GREEN Initiative of the Company members are requested to update their Email Id's with either the depository/RTA or to the Company by mailing the name of the Share holder, Folio No. and Number of Shares held along with the Email ID to the corporate office of the Company or to the Company Secretary: - hanungcorp@gmail.com. A format of letter for intimating the details and Email ID of the members is attached herein with.
12. The copies of attendance sheet, proxy forms and procedure of E-Voting and route map etc. are stated in the Annual Report for the 26<sup>th</sup> Annual General Meeting of the Company and the same are also available on the website of the Company.



13. Members are requested to bring their copies of the Annual Report in the meeting and the attendance slip, duly filled-in and signed as per the specimen signature recorded with the Company / Depository Participant for attending the meeting.
- Members, who hold shares in dematerialized form, are requested to write their Client ID and DP ID details, and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
14. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant rules, the Company is pleased to provide the facility to its members to exercise their right to vote by electronic means. The members whose name appears in the Register of Members / List of Beneficial Owners as on Tuesday 13<sup>th</sup> September, 2016, shall be entitled to vote through E –Voting process. The E-Voting period will commence from Friday 16<sup>th</sup> September, 2016, at 9.00 am on and will end at 05.00 pm. on Monday 19<sup>th</sup> September, 2016. 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 rules, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote E-Voting and enabling the members to cast their vote in a secured manner. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 13<sup>th</sup> September, 2016, 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 16<sup>th</sup> September, 2016, and will end at 05.00 p.m. on 19<sup>th</sup> September, 2016. The members desiring to cast their vote through remote E-Voting may refer to the detailed procedure given hereinafter.

**PROCEDURE AND INSTRUCTIONS FOR E-VOTING**

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/ Depository Participants (s)]:
- Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client 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.
  - After entering these details appropriately, click on “LOGIN”.
  - You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and 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.
  - On successful login, the system will prompt you to select the “EVENT” i.e., ‘Name of the Company’
  - On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
  - Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - You may then cast your vote by selecting an appropriate option and click on “Submit”.
  - A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen



signature(s) of the duly authorised representative(s), to the Scrutinizer at email [svcalegal@gmail.com](mailto:svcalegal@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "**Corporate Name\_Event No.**"

- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
  - Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM: The members, who have not cast their vote through remote e-voting can exercise their voting rights at the AGM through poll. The Company has made necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by remote e-voting are eligible to attend the meeting; however those members are not entitled to cast their vote again in the meeting.
- A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM (poll). If a member casts votes by both modes then voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

#### OTHER INSTRUCTIONS

- In case of any query and/or grievance, in respect of voting by electronic means, members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. B Srinivas (Unit: HANUNG TOYS AND TEXTILES LIMITED) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 – 6716 2222 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- The remote e-voting period commences on 16<sup>th</sup> September, 2016 (09.00 am) and ends on 19<sup>th</sup> September, 2016 (05.00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 13<sup>th</sup>, 2016 may cast their votes electronically.
- A person who is not a member as on the cut-off date should treat this notice for information purposes only.
- The remote e-voting module shall be disabled for voting thereafter.
- Once the vote on a resolution(s) is cast by the member, the member shall not be allowed to change it subsequently.
- The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 13<sup>th</sup> September, 2016.
- In case a person has become a member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 13<sup>th</sup> September, 2016, he/she may obtain the User ID and Password in the manner as mentioned below :
  - If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting 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> XXXX1234567890
  - If e-mail address 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.
  - Member may call Karvy's toll free number 1800-3454-001.
  - Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com) and/or [hanungcorp@gmail.com](mailto:hanungcorp@gmail.com). However, Karvy shall endeavor to send User ID and Password to those new Members whose mail ids are available.
- The Company has appointed Mr. Surinder Vashishtha Practicing Company Secretary, New Delhi to act as the Scrutinizer, to scrutinize the poll and remote e-voting process in a fair and transparent manner.
- The results (of e-voting and poll) shall be declared within 48 hours of the Annual General Meeting. The results along with the Scrutinizer's Report shall also be placed on the website of the Company and submitted to the Stock Exchanges.

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

Place : Noida  
 Date : August 13, 2016

**Lalit Chawla**  
 Company Secretary





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

### **ITEM 3**

Mrs. Anju Bansal (DIN No. 00028508), a resident Indian National, joined as Promoter Women Non Executive Director of the Company on October 31st 2005. She is a Master in Arts from Punjab University and overlooks the production department of the Company for last 11 years.

In terms of Section 152 of the Companies Act, 2013, read with rules, at least 1/3rd of the Directors are liable to retire by rotation and Mrs. Anju Bansal (DIN No. 00028508) has held longest term as Director of the Company is liable to retire by rotation.

The Company has received a notice, confirmation and consent for the reappointment of Mrs. Anju Bansal (DIN No. 00028508) as Director of the Company.

A declaration to the effect that she meets the eligibility criteria has been received by the Company.

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

The Board of Directors thus hereby proposes the reappointment of Mrs. Anju Bansal (DIN No. 00028508) as Director of the Company.

Additional information on Directors seeking appointment/ re-appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:-

#### **Profile of Directors getting re-appointed**

##### **Mrs. Anju Bansal**

###### **A. A brief Resume of the Director**

Mrs. Anju Bansal is a Master of Arts from Punjab University

###### **B. Nature of his expertise in specific functional areas:**

She has experience of overlooking the production activities of the Company for last 11 years.

###### **C. Disclosure of relationships between Directors inter-se:**

Mrs. Anju Bansal is wife of Mr. Ashok Kumar Bansal, Chairman and Managing Director of the Company.

###### **D. Name of Listed entities (other than Hanung) in which Mrs. Anju Bansal also holds the Directorship and the Membership/Chairmanship of Committees of the Board:**

Nil.

###### **E. Shareholding in the Company:**

Nil

### **ITEM 4**

Mr. Mukesh Kumar (DIN No. 01231118), a resident Indian National, joined as Non Executive Non Independent Director of the Company on August 13<sup>th</sup> 2016. He is a Commerce Graduate from Rohtak University and is a Qualified Company Secretary with over 10 years of experience in Corporate Advisory and related services.

In terms of Section 160 of the Companies Act, 2013, read with rules, his term as the Director of the Company term ends at the ensuing Annual General Meeting and consent for his reappointment and a proposal for his reappointment as Non Executive Non Independent Director has been received from one of the shareholder.

A declaration to the effect that he meets the eligibility criteria has been received by the Company.

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.

The Board of Directors thus hereby proposes the reappointment of Mr. Mukesh Kumar (DIN No. 01231118) as Director of the Company.

Additional information on Directors seeking appointment/ re-appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:-

#### **Profile of Director Being Appointed**

##### **Mr. Mukesh Kumar**

###### **A. A brief Resume of the Director**

Mr. Mukesh Kumar is a Commerce Graduate from Rohtak University and a Qualified Company Secretary.

###### **B. Nature of his expertise in specific functional areas:**

He has experience over 10 years in corporate advisory related service.

###### **C. Disclosure of relationships between Directors inter-se:**

Nil

###### **D. Name of Listed entities (other than Hanung) in which Mr. Mukesh Kumar also holds the Directorship and the Membership/Chairmanship of Committees of the Board:**

Nil.

###### **E. Shareholding in the Company:**

Nil.

**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 re-appointment of M/s Chandra Sharma & Co. as Cost Auditor of the Company, to carry audit of the Company's Cost Records relating to manufacture of stuffed toys and home furnishings on the remuneration as fixed by the Board of Directors in consultation with Audit Committee and 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 Companies Act, 2013, read with 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 member of the Company had approved the issue and allotment of 42,44,000 equity shares to M/s Praneet Softech Private Limited, a promoter group company vide their resolution passed through postal ballot on 23<sup>rd</sup> July, 2014. The said allotment was proposed to be made at a price of Rs.22.62/- per equity shares. The Board had made the allotment of 42,44,000 equity shares to Praneet Softech Private Limited on 5<sup>th</sup> August, 2014.

In the postal ballot notice and explanatory statement to the said notice, the Company had made all the disclosures as required under Regulation 73 of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2011 ("SEBI ICDR Regulations") except for the name of the natural person who is ultimate beneficial owner of the proposed allottee as required under Regulation 73(1)(e) of the SEBI ICDR Regulations which was missed due to oversight. In terms of the disclosure required under Regulation 73(1)(e), the disclosure is as under:

Mr. Ashok Kumar Bansal & Mrs. Anju Bansal are the ultimate beneficial owners of M/s Praneet Softech Private Limited and belong to the Promoter Group of the Company.

The consent of the members is sought through special resolution pursuant to the Chapter VII of the SEBI ICDR Regulations.

None of the Directors or Key Managerial Personnel except Mr. Ashok Kumar Bansal and Mrs Anju Bansal being the ultimate beneficial owners of M/s Praneet Softech Private Limited and belonging to the Promoter Group of the Company are interested in the said resolution.

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

Place : Noida  
Date : August 13<sup>th</sup>, 2016

**Lalit Chawla**  
Company Secretary



## DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 26<sup>th</sup> Annual Report of the Company together with the audited statements of Financial Accounts for the year ended March 31<sup>st</sup>, 2016.

### 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

(Rs. in Lacs)

Particulars	2015-16	2014-15
Net Sale & other Income	9511.18	13642.07
Profit / (Loss) Before Interest, Depreciation & Tax	(62699.77)	(88412.01)
Financial Overheads	27819.71	27173.40
Depreciation	5282.63	6235.62
Extra ordinary Items	18.30	4901.81
Net Profit/(Loss) Before Tax	(95820.41)	(126722.84)
Provision for Tax	--	--
- Current	13528.00	--
- Deferred	--	--
- Tax for earlier years	--	--
Net Profit/(Loss) after Tax	(109348.41)	(126722.84)
Appropriations	--	--
Proposed Dividends	--	--
Provision for Tax for Dividends	--	--
Surplus carried forwards to Balance Sheet	(109348.41)	(126722.84)
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 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 huge 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 account of accumulated losses 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. However the process is pending with the Hon'ble BIFR during the financial year ending 31<sup>st</sup> March, 2016.

### OVERVIEW AND REVIEW OF OPERATIONS

The Indian Toys and Textiles Industry witnessed challenging times as 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. 9404.23 lacs as against Rs. 13579.42 lacs for the previous financial year. During the Year under review the Company has incurred Losses after Tax of Rs 109348.41 lacs as against the Losses of Rs. 126722.84 lacs for the previous year.

The Loss of the Company have increased due to increase in finance cost and increase in depreciation due to change in method as prescribed by the Companies Act, 2013. 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 31<sup>st</sup> July, 2013. The case of the Company was admitted under CDR on 26<sup>th</sup> September, 2013, and the CDR scheme was discussed in CDR EG meeting held on 21<sup>st</sup> April, 2014, and was approved in the meeting held on 23<sup>rd</sup> May, 2014, and the same was informed to the Company on 16<sup>th</sup> June, 2014.

However the restructuring as stated above could not be implemented successfully and the Banks have taken the exit from the CDR mechanism in their meeting held on 25<sup>th</sup> August, 2015 and intimated to the Company on 1<sup>st</sup> October, 2015. Further the Company has moved and admitted under BIFR.

## **BUSINESS**

The gross revenue of the Company during the year stands at Rs. 9404.23 Lacs as against Rs. 13579.42 Lacs in the previous year. The profit/(loss) before tax during the year stands at ( Rs. 95820.41) Lacs as against (Rs. 126722.84) Lacs. The profit/(loss) after tax during the year is (Rs. 109348.41) Lacs as against ( Rs. 126722.84) Lacs in the previous year.

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

## **EMPLOYEE STRENGTH**

The total numbers of permanent employees on the rolls of the Company was 357 as on March 31<sup>st</sup>, 2016.

## **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 stated in Annexure F to this report:-

## **CORPORATE GOVERNANCE**

Your Company is fully compliant with the Corporate Governance guidelines, as laid out in Clause-49 of the Listing Agreement and Chapter IV of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 as updated till date with the Stock Exchanges. The report on Corporate Governance forms part of the Annual Report attached as Annexure A.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to Clause 49 of the Listing Agreement and the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, and have certified the compliance, as required. The certificate in this regard forms part of the Annual Report is attached as **Annexure- C**.

## **CONSOLIDATED FINANCIAL STATEMENTS**

Since M/s Hanung (Shanghai) Limited had liquidated during the financial year under reference there are no subsidiaries and therefore there was no such the requirement for preparation and presentation of consolidated financial statements of the subsidiaries in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements.

## **SUBSIDIARIES**

M/s Hanung (Shanghai) Limited was liquidated during the financial year under reference.

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.

## **ASSOCIATES**

The Company has 2 (two) Associate Companies - M/s Hanung Infra & Power Limited and M/s Hanung Retail Limited.

## **DIRECTORS AND KEY MANAGERIAL PERSONNELS**

Mr. Abhishek Monu Kaushik (DIN No. 07151357) was appointed as an Additional Director (Independent) on 9<sup>th</sup> April 2015 and Mrs. Deepika Gera (DIN No. 00145602) appointed as an Additional Director (Independent) on 30<sup>th</sup> June 2015. The appointment of these directors was regularized by the shareholders in 25<sup>th</sup> Annual General Meeting of the Company.

Mrs. Anju Bansal (DIN No. 00028508 ) being longest to hold office of the Director is liable to retire by rotation and being eligible, the Board of Directors have proposed her reappointment as Non Executive Director of the Company. Mr. Mukesh Kumar (DIN No. 01231118) was appointed as the Additional Director of the Company on 13<sup>th</sup> August, 2016.

At the 26<sup>th</sup> Annual General Meeting, the term of Mr. Mukesh Kumar (DIN No. 01231118) appointed by the Board of Directors as an Additional Director w.e.f 13.08.2016 shall end. The Company has received the proposal for his appointment as Director from a shareholder.

The Directors wish to place on record the valuable guidance and services rendered by the independent Directors during their tenure.

Mr. Sunil Mittal was appointed as C.F.O with effect from 1<sup>st</sup> December, 2015.

Mr. Arvind Kumar Gupta, (Company Secretary) placed his resignation before the Board and Mr. Lalit Chawla was appointed as the Company Secretary of the Company in the meeting of Board of Directors of the Company 1<sup>st</sup> December, 2015.

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 were appointed as Statutory Auditor of the Company for a period of 5 Years subject to ratification by the Shareholders in the 25<sup>th</sup> Annual General Meeting of the Company. The Board of Directors of the Company have hereby proposed the ratification of the appointment of Statutory Auditors of the Company for the financial Year 2016-17.

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 31<sup>st</sup> March 2016 does not contain any qualification, reservation or adverse remark except the following:-

The Company has not paid the interest and principal dues of various financial institution as stated in Point (viii) of the Auditors Report on the financial statement of the Company:- Due to heavy losses and shortage of working capital, the Company is unable to repay the principle and interest dues from various financial institutions. The Company has been admitted into BIFR and is expected to restructure its financial commitments.

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s N.G. & Associates, Company Secretaries, New Delhi to undertake the Secretarial Audit of the Company. The report of the Secretarial Auditor is attached as **Annexure E** to this Report. The report of the Secretarial Auditor does not contain any qualification, reservation or adverse remark except the following:-

- Regarding the pending compliance in respect of the preferential allotment – The Company has completed all the compliance requirement as on date and is under the process of listing of these shares.
- Regarding Compliance under Section 152(6) of Companies Act, 2013 read with rules:- the Company had discussed and recorded the provision, and requirements under Section 152(6) of the Companies Act 2013 read with rules were recorded in the minutes but inadvertently could not comply in the Annual Report for the Financial year ended 31<sup>st</sup> March, 2015
- Regarding pending Government/ Statutory dues, the Company has approached authorities and is in process of adjudication, negotiation and part payment of these dues.

The report of the Secretarial Auditor is attached as Annexure E to this Report.

## COST AUDITOR

In terms of the provisions of the Companies Act, 2013, the Board of Directors of your Company have on the recommendation of the Audit Committee, proposed the appointment of M/s Chandra Sharma & Co. Cost Accountants, Vaishali, Ghaziabad as Cost Auditor to conduct the cost audit of your Company for the financial year ending 31<sup>st</sup> March, 2017 subject to the approval of the shareholder.

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

## 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 as **Annexure H**.

## LISTING OF STOCK EXCHANGES

The Company's equity shares are listed on two stock exchanges- National Stock Exchange of India Ltd (NSE- Scrip Code – "HANUNG"), and Bombay Stock Exchange Ltd (BSE- Scrip Code "532770") and has paid the listing fees for financial year 2015-16.

## PUBLIC DEPOSITS

The Company had no unpaid / unclaimed deposit(s) as on 31<sup>st</sup> March, 2016. 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 (applicable up to 30.11.2015) and Schedule V D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration signed by the Chairman and Managing Director affirming compliance with the code of conduct by the Director's and senior management personnel, for the financial year 2015-2016 is annexed as **Annexure B**.



## REGISTRAR AND SHARE TRANSFER AGENT

M/s Karvy Computershare Private Limited, 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 herein with.

## AMOUNTS TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND

Under provisions of Section 124 of the Companies Act, 2013 read with rules the amount of dividend declared for the financial year 2007-08 amounting to Rs. 42349/- together with the amounts kept in the unpaid application money received by the Company for allotment of securities and due for refund amounting to Rs 72390/- being unclaimed and unpaid for 7 years have been transferred to the Investor Protection and Education Fund constituted by the Central Government.

## WEBSITE DISCLOSURES

In compliance with the provisions of the Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, the Company has been maintaining an active website with adequate disclosures and information on the Company, its financials, its policies and other disclosures. Any member desiring to obtain any information on the Company can visit the website [www.hanung.com](http://www.hanung.com) or write to the Company Secretary at [hanungcorp@gmail.com](mailto:hanungcorp@gmail.com).

## CORPORATE SOCIAL RESPONSIBILITY

In compliance with the provisions of the Section 135 of the Companies Act, 2013, read with rules, the Company has constituted a CSR Committee. The details of the composition of the Committee and meetings conducted thereby along with CSR Policy and the CSR spending by the Company are stated in the Corporate Governance Report.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Audit plays a key role in providing an assurance to the Board of Directors with respect to the Company having adequate Internal Control Systems. Such system provides, among other things, gives reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets. The details about the adequacy of internal financial controls are provided in the Management Discussion and Analysis Report.

## PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE POLICY

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2015 - 2016, no complaints were received by the Company related to sexual harassment.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism (whistle blower policy) for their Directors and employees to report their genuine concerns. The vigil mechanism provide for adequate safeguards against victimization of persons who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in accordance with the provision of Section 177 of Companies Act, 2013, read with rules and applicable rules and Listing Agreement (applicable up to 30.11.2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. The Board of Directors of the Company are responsible for implementation of the code.

All Directors and the designated employees have confirmed compliance with the code.

## 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 under Companies Act, 2013. The specific compliance are enumerated below:

### a) 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-G**.

### b) Board Meeting Held During The Year

During the year, 11 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-A** to this Report.

**c) 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<sup>st</sup>, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
2. for the financial year ended March 31<sup>st</sup>, 2016, 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 Statement of Profit and Loss of the Company for the year ended March 31<sup>st</sup>, 2016.
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, read with rules, 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.

**d) Reporting of Frauds**

There have been no instances of fraud reported by the statutory auditors under Section 143(12) of the Companies Act, 2013, read with rules, either to the Company or to the Central Government.

**e) Declaration by Independent Directors**

All the Independent Directors have given declaration that they meet the criteria of independence as stated in Section 149(6) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**f) Nomination and Remuneration Policy**

The details of the Nomination and Remuneration Policy are stated in the Corporate Governance Report.

**g) Auditors Qualification System On Accounts**

Notes 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.

**h) Particulars Of Loans, Guarantees Or Investments**

The Company has not given any loans or made any investments covered under the provisions of Section 186 of the Companies Act, 2013, read with rules.

**i) Particulars of Contracts or arrangements with Related Parties**

During the year under review all the related party transactions were entered into by the Company in ordinary course of business and on arm's length basis. All transactions with related parties(if any), are at arms length basis and there is no requirement of attaching Form AOC 2.

**j) State of Company's Affairs**

The State of the Company Affairs have been explained in the in the Directors Report.

**k) Amounts to be Transferred to General Reserve**

Due to heavy losses no amounts are proposed to be transferred to General Reserves.

**l) Material Changes and Commitments between the date of Balance Sheet and the date of report**

There were following Material Changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the financial statements relates and the date of report, except disclosed elsewhere in the report:-

- Invocation of Pledge of 1892482 Equity Shares of Mrs. Anju Bansal- Promoter of the Company.
- Invocation of Pledge of 1128276 Equity Shares in the name of M/s Hanung Furnishings Private Limited.
- Invocation of Pledge of 1952059 Equity Shares in the name of M/s Hanung Processors Private Limited.
- Creation of pledge on 1026690 Equity Shares of M/s C K Software Private Limited.
- Release of Pledge of 2651418 Equity Shares in the name of Mr. Ashok Kumar Bansal.
- Invocation of Pledge of 1026690 Equity Shares in the name of M/s C K Software Private Limited.
- Hon'ble BIFR at the hearing had rejected the application of the Company for financial reconstruction and an appeal against the said order has been filed with Hon'ble AAIFR.

**m) 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 as follows:-



**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**

1	<b>Energy Conservation Measures Taken</b>	<ul style="list-style-type: none"> <li>Energy efficient lighting system in place e.g. CFL I FTL fittings are being used in all offices sites.</li> <li>Energy efficient lighting system is designed for the commercial projects.</li> <li>Effective preventive and predictive maintenance system is in place for maintaining all energy intensive equipments i.e. DG sets for energy generation etc.</li> <li>Fuel metering system is in place to track the consumption of fuel.</li> </ul>
2	<b>Additional Investment and proposal, if any, being implemented for reduction of consumption of Energy</b>	N.A
<b>Impact of measures at 1. and 2. above for reduction of energy consumption Energy Conservation-</b>		Continuously monitoring the energy consumed at processing plant enabled the Company to set benchmarks for different machines which resulted in significant benefits in terms of lower cost of energy and other utilities.
<b>Total Energy consumption and per unit of Production:</b>		As per Form A
B.	<b>Technology Absorption:-</b>	As per Form B
<b>C. Foreign Exchange Earnings and Outgo:-</b> The foreign exchange earning/outgo during the year are as under:		
(Rs. In Lacs)		
<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Foreign Exchange Earnings:</b>	918.15	2726.28
<b>Foreign Exchange Outgo:</b>	138.59	986.84

**FORM A**  
(See rule 2)**Disclosure of particulars with respect to conservation of energy Power and Fuel Consumption:**

<b>Particulars</b>	<b>Year ended on 31.03.2016</b>	<b>Year ended on 31.03.2015</b>
<b>1. Electricity</b>		
a. Purchase (Units in lacs)	113.55	118.26
b. Total Amount (Rs. In lacs)	676.39	682.18
c. Rate / Unit (Rs.) (Avg)	5.96	5.77
<b>2. Own Generation(Diesel)</b>		
a. Purchase- (Units in lacs)	10.01	7.19
b. Total Amount (Rs. In lacs)	146.30	132.04
c. Rate / Unit (Rs.)	14.61	18.36

**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form 'B' below.

**FORM-B****Disclosure of Particulars with respect to technology absorption research and Development (R&D):**

<b>Sno</b>	<b>Particulars</b>	<b>Details</b>
1.	Specific areas in which R&D carried out by the Company:	Related to the main objects of the Company
2.	Benefits derived as a result of the above R&D.	Optimum Cost Effectiveness
3.	Future plan of action	Adoption of in house developed techniques
4.	Expenditure on R&D	
	a. Capital	The R & D activity of the Company forms part of the project cost and has not been quantified separately.
	b. Recurring	
	c. Total	
	d. Total R&D expenditure as a percentage of total sales	

**Technology absorption, adoption and innovation:**

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL
2.	Benefits derived as a result of efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	NIL
3.	In case of improved technology imported during the last 5 years reckoned from the beginning of the financial year	NIL

**n) Risk Management Policy**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks are identified systematically and addressed through mitigating actions regularly. The discussions and action taken by the management are placed before the Audit Committee and Board of Directors of the Company.

**o) Corporate Social Responsibility**

The Company has in place an effective Corporate Social Responsibility Policy and a Committee in order to manage the same. However due to heavy losses no contribution has been made towards the same. The details of CSR Policy and the Committee Members are provided in the Report on Corporate Governance.

**p) Board Evaluation & Training**

Pursuant to the provisions of the Companies Act, 2013, and Clause 49 of the Listing Agreement (applicable up to 30.11.2015) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance and all Directors (including the Independent Directors) individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and CSR Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Further the Company Secretary had also organized training sessions on 13<sup>th</sup> day of February, 2016, at the Corporate Office of the Company of 4 Hours (10:00 AM to 2:00 PM) for the Board of Directors whereby emphasis was made on increasing coordination amongst the Board Members and a presentation was made on Roles and Responsibilities of the Directors and Disclosure Requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**DISCLOSURE PURSUANT TO COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL ) RULES, 2016**

- Details of top ten employees in terms of remuneration:- The details are as follows

SNo	Name & Designation of Employee	Remuneration Received (Rs. In Lacs)
1	Mr. Vijay Grover (V.P Commercial)	11.07 Lacs
2	Anuranjan Kumar Tiwari( GM Process)	9.04 Lacs
3	Amod Tyagi (GM Weaving)	8.98 Lacs
4	Rajiv Kumar Jha (AGM Weaving)	6.41 Lacs
5	Manoranjan Kabi (AGM Finance)	6.39 Lacs
6	Sudhir Kumar Chauhan (-SR.Manager)	5.88 Lacs
7	Namita Anuranjan Tiwari (Asstt Manager)	5.84 Lacs
8	Harilal C Prajapati (AGM)	5.81 Lacs
9	Vijay Shankar (Master)	5.27 Lacs
10	Jeyaraj Arumugam (DGM Engg.)	5.03 Lacs

- Details of Employees in receipt of yearly remuneration of Rs. One Crore Two Lacs or more:-** There were no employees who had received yearly remuneration of or in excess of Rs. One Crore Two Lacs.
- Details of Employees in receipt of monthly remuneration of Rs. Eight Lac Fifty Thousand or more:-** There were no employees who had received monthly remuneration of or in excess of Rs. Eight Lac Fifty Thousand.

**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.

**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 13<sup>th</sup>, 2016

**Sd/-**  
**Ashok Kumar Bansal**  
 Chairman-cum-Managing Director  
 DIN 00028488

## Annexure-A

### REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH, 31<sup>ST</sup>, 2016

#### A. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to follow good practices which adhere Corporate Governance in the organisation signifying 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 thereby increasing long-term shareholder value, keeping in view the interests of the Company's stakeholders.

In addition to the compliance with the regulatory requirements, the Company endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the organization.

A certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement and SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 is annexed to this report as Annexure C.

#### 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 SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Board has a current strength of Five Directors with a combination of executive and non-executive directors. Mr. Ashok Kumar Bansal Chairman-cum-Managing Director, Mrs. Anju Bansal, Non Executive Director and of the Company and Mr. Mukesh Kumar, Non-Executive Non Independent Director. Mr. Abhishek Monu Kaushik, and Mrs. Deepika Gera are Non Executive - Independent Directors.

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 of Directors meet 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

During the financial year 2015-16, 11 meetings of the Board of Directors were held. The dates of the meetings were as follows 9<sup>th</sup> April, 2015, 30<sup>th</sup> May, 2015, 22<sup>nd</sup> June, 2015, 30<sup>th</sup> June, 2015, 20<sup>th</sup> July, 2015, 13<sup>th</sup> August, 2015, 4<sup>th</sup> September, 2015, 6<sup>th</sup> November, 2015, 1<sup>st</sup> December, 2015, 13<sup>th</sup> February, 2016, and on 29<sup>th</sup> March, 2016. Other relevant details are stated as follows:-

S. No.	Name of the Director	Executive/Non-Executive and Promoter/Independent	No. of Directorship in all Companies (including HTTL)	No. of Membership in Committees (Including of HTTL)	Attendance in Committee Meetings	No. of Board Meetings Attended	Attendance at the Last Annual General Meeting
1	Mr. Ashok Kumar Bansal (DIN No. 00028488)	Executive- Chairman & Managing Director	9	3	3	11	Yes
2	Mrs. Anju Bansal (DIN No. 00028508)**	Non Executive Director	9	Nil	Nil	11	Yes
3	Mr. Abhishek Monu Kaushik (DIN No. 00145602)	Non Executive & Independent Director	Nil	3	3	11	Yes
4	Mrs. Deepika Gera (DIN No. 00145602)	Non Executive & Independent Director	7	3	3	11	Yes
5	Mr. Mukesh Kumar (DIN No. 01231118)**	Non Executive & Non Independent Director	Nil	Nil	Nil	Nil	NA

\* Excluding foreign companies

\*\* Mr. Mukesh Kumar (DIN No. 01231118) was appointed as Additional Director of the Company w.e.f 13<sup>th</sup> August, 2016

None of the Non-Executive, Independent Directors have any pecuniary relationship or transactions with Company or its Group nor holds any shares in the Company except Mr. Ashok Kumar Bansal who holds 1322150 equity shares, Mrs. Anju Bansal who held 1892482 equity shares(up to 30.06.2016) and Mrs. Deepika Gera who holds 5500 equity shares.

##### b) Appointment and Reappointment of the Directors

- Mrs. Anju Bansal (DIN No. 00028508), a resident Indian National, joined as Promoter Women Non Executive Director of the Company on October 31st 2005. She is a Master in Arts from Punjab University and overlooks the production department of the Company for last 11 years.

In terms of Section 152 of the Companies Act, 2013, read with rules, at least 1/3rd of the Directors are liable to retire by rotation and Mrs. Anju Bansal (DIN No. 00028508) has held longest term as Director of the Company.

The Company has received a notice, confirmation and consent for the reappointment of Mrs. Anju Bansal (DIN No. 00028508) as Director of the Company.

A declaration to the effect that she meets the eligibility criteria has been received by the Company.

The Board of Directors are of the opinion that her vast knowledge and experience will be of great value to the Company and hence recommends the resolution for your approval.

The Board of Directors thus hereby proposes the reappointment of Mrs. Anju Bansal (DIN No. 00028508) as Director of the Company.

Additional information on Directors seeking appointment/ re-appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:-

**Profile of Directors getting re-appointed**

**Mrs. Anju Bansal**

**A. A brief Resume of the Director**

Mrs. Anju Bansal is a Master of Arts from Punjab University

**B. Nature of his expertise in specific functional areas:**

She has experience of overlooking the production activities of the Company for last 11 years.

**C. Disclosure of relationships between Directors inter-se:**

Mrs. Anju Bansal is wife of Mr. Ashok Kumar Bansal, Chairman and Managing Director of the Company.

**D. Name of Listed entities (other than Hanung) in which Mrs. Anju Bansal also holds the Directorship and the Membership/Chairmanship of Committees of the Board:**

Nil.

**E. Shareholding in the Company:**

Nil

- Mr. Mukesh Kumar (DIN No. 01231118), a resident Indian National, joined as Non Executive Non Independent Director of the Company on August 13<sup>th</sup> 2016. He is a Commerce Graduate from Rohtak University and is a Qualified Company Secretary with over 10 years of experience in Corporate Advisory and related services.

In terms of Section 160 of the Companies Act, 2013, read with rules, the term ends at the ensuing Annual General Meeting and his consent for appointment and a proposal for his appointment as Non Executive Non Independent Director has been received from one of the shareholder. Further a recommendation for his appointment has been received from the members of the Nomination Remuneration Committee.

A declaration to the effect that he meets the eligibility criteria has been received by the Company.

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.

The Board of Directors thus hereby proposes the reappointment of Mr. Mukesh Kumar (DIN No. 01231118) as Director of the Company.

Additional information on Directors seeking appointment/ re-appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:-

**Profile of Director Being Appointed**

**Mr. Mukesh Kumar**

**A. A brief Resume of the Director**

Mr. Mukesh Kumar is a Commerce Graduate from Rohtak University and a Qualified Company Secretary.

**B. Nature of his expertise in specific functional areas:**

He has experience over 10 years in corporate advisory related service.

**C. Disclosure of relationships between Directors inter-se:**

Nil

**D. Name of Listed entities (other than Hanung) in which Mr. Mukesh Kumar also holds the Directorship and the Membership/Chairmanship of Committees of the Board:**

Nil.

**E. Shareholding in the Company:**

Nil.

**c) 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.

**d) Materially significant related party transactions**

The policy on the Material Related Party Transaction was discussed and formulated in the Meeting of Board of Directors held on 30<sup>th</sup> June, 2015. The policy wordings are published and available on the website of the Company. Mr. Ashok Kumar Bansal(DIN No. 00028488) Chairman & Managing Director of the Company is authorized to disclose to the Board any such Material Related Party Transaction that occurred in the financial statements during the financial year.

**e) 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.

**f) Information to Board**

Agenda and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information are 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.

**g) 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 signed by the Chairman of respective meetings and entered in the Minutes Book within 30 days from the conclusion of that meeting.

**h) Post Meeting Follow-up Mechanism**

The specific 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 thereon.

**C. BOARD COMMITTEES**

Presently, the Board has four committees: the Audit Committee, Share Transfer / Investor Grievances Redressal Committee and Nomination and Remuneration Committee and the CSR Committee. 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.

**1. AUDIT COMMITTEE**

**• Composition of Committee**

The Audit Committee of the Company comprise of 3 Directors and the Company Secretary acts as the Secretary of the Committee. The Composition and qualifications of the Committee Members are stated as follows:-

S. No.	Name of the Director	Category	Qualifications
1	Mr. Abhishek Monu Kaushik (Chairman)	Independent-Non Executive Director	Chartered Accountant
2	Mrs. Deepika Gera (Member)	Independent-Non Executive Director	Company Secretary
3	Mr. Ashok Kumar Bansal (Member)	Managing Director	Chartered Accountant & Company Secretary

Each member of the Audit Committee is able to read and understand fundamental financial statements as required under Section 149 of the Companies Act, 2013 read with rules, Clause 49 of the Listing agreement as updated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Abhishek Monu Kaushik (Chairman of the Committee) is a Chartered Accountant by profession, a financial expert, as specified under Clause 49 of the Listing Agreement and as updated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



• **Attendance of Members in the Meeting of Audit Committee :**

During the financial year under reference Four (4) meetings of the members of Audit Committee were held. The dates of meeting were as follows 30<sup>th</sup> May, 2015, 3<sup>rd</sup> September, 2015, 6<sup>th</sup> November, 2015, and 13<sup>th</sup> February, 2016.

S. No.	Name	No. of Meetings held	No. of Meeting Attended
1	Mr. Abhishek Monu Kaushik	4	4
2	Mrs. Deepika Gera	4	4
3	Mr. Ashok Kumar Bansal	4	4

• **Terms of Reference**

The terms of reference of Audit Committee include the matters under Section 177 of the Companies Act, 2013, read with rules and Schedule II-C under Regulation 18(3) of the SEBI (Listing Obligations & Disclosure Requirements), 2015. The terms of reference of Audit Committee are briefly described below:-

- 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 are correct, sufficient and credible.
- Recommendation for appointment, reappointment, ratification, remuneration and terms of appointment of Statutory Auditors, Cost Auditors and Secretarial Auditors.
- Discussion with the Auditors periodically about the internal control systems and the scope of audit including observations of the Auditors.
- Reviewing, with the Management, the Annual/Quarterly Financial Statements and Auditor's Report/Limited Review Report thereon before submission to the Board of Directors for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement forming part of the Board's Report in terms of clause c of sub-section (3) of Section 134 of the Companies Act, 2013, read with rules during preparation of Annual Report of the Company;
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment 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 of Directors.
  - 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 of Directors 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.

**2. STAKEHOLDER RELATIONSHIP COMMITTEE:**

• **Composition of Committee**

The Stakeholder Relationship Committee of the Company comprise of three (3) Directors and the Company Secretary acts as the Secretary of the Committee. The Composition and qualifications of the Committee Members are stated as follows:-

S. No.	Name of the Director	Category	Qualifications
1	Mr. Abhishek Monu Kaushik (Chairman)	Independent-Non Executive Director	Chartered Accountant
2	Mrs. Deepika Gera (Member)	Independent-Non Executive Director	Company Secretary
3	Mr. Ashok Kumar Bansal (Member)	Managing Director	Chartered Accountant & Company Secretary

Each member of the Stakeholder Relationship Committee is a qualified professional and with adequate position and powers to redress and resolve the queries of the shareholders and provide necessary information

• **Attendance of Members in the Meeting of Stakeholder Relationship Committee:**

During the financial year under reference Six (6) meetings of members of Stakeholder Relationship Committee were held. The dates of meeting were as follows 30<sup>th</sup> May, 2015, 20<sup>th</sup> July, 2015, 05<sup>th</sup> August, 2015, 3<sup>rd</sup> September, 2015, 6<sup>th</sup> November, 2015, and 20<sup>th</sup> February, 2016.

S. No.	Name	No. of Meetings held	No. of Meeting Attended
1	Mr. Abhishek Monu Kaushik	6	6
2	Mrs. Deepika Gera	6	6
3	Mr. Ashok Kumar Bansal	6	6

• **Terms of Reference**

The terms of reference of the Stakeholder Relationship Committee have been formulated in line with the requirements as stated under Section 178 of the Companies Act, 2013 read with rules and in compliance with Schedule II-D as stated under Regulation 20(4) of the SEBI Listing Obligation and Disclosure Requirements Regulations, 2015. 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.

• **Investor Complaint Status**

The following table shows the nature of complaints / correspondence received from the shareholders / investors during the financial year 2015-16, all of which have been resolved and at the end of year, there were no complaints pending unresolved/ unattended as on March 31<sup>st</sup>, 2016:-

S. No.	Source of the Complaint	Status of the Complaints		
		Received	Resolved	Pending
1	Direct to the Company/RTA	22	22	Nil
2	To SEBI	Nil	Nil	Nil
3	Stock Exchanges- NSE & BSE	2	2	Nil
4	Investor Association	Nil	Nil	Nil
	TOTAL	24	24	Nil

### 3. NOMINATION AND REMUNERATION COMMITTEE

• **Composition of Committee**

The Nomination and Remuneration Committee comprise of three (3) Directors and the Company Secretary acts as the Secretary of the Committee. The Composition and qualifications of the Committee Members are stated as follows:-

S. No.	Name of the Director	Category	Qualifications
1	Mr. Abhishek Monu Kaushik (Chairman)	Independent-Non Executive Director	Chartered Accountant
2	Mrs. Deepika Gera (Member)	Independent-Non Executive Director	Company Secretary
3	Mr. Ashok Kumar Bansal (Member)	Managing Director	Chartered Accountant & Company Secretary

• **Attendance of Members in the Meeting of Nomination and Remuneration Committee :**

During the financial year under reference Six (6) meetings of members of Nomination and Remuneration Committee were held during the financial year 2015-16. The dates of meeting were as follows, 30<sup>th</sup> May, 2015, 20<sup>th</sup> July, 2015, 05<sup>th</sup> August, 2015, 3<sup>rd</sup> September, 2015, 6<sup>th</sup> November, 2015, and 20<sup>th</sup> February, 2016.

S. No.	Name	No. of Meetings held	No. of Meeting Attended
1	Mr. Abhishek Monu Kaushik	6	6
2	Mrs. Deepika Gera	6	6
3	Mr. Ashok Kumar Bansal	6	6

• **Terms of Reference**

The terms of reference of the Nomination and Remuneration Committee have been formulated in line with the requirements of Section 178 of the Companies Act, 2013, read with rules and as stated under Regulation 19(4) -Schedule II-D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Brief Terms of reference are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a Policy on diversity of Board of Directors;



- d) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

• **Remuneration of Directors and other Key Managerial Personnel's**

The following directors and Key Managerial Personnels have been paid Salary and / or sitting fee during the financial year 2015-16.

(Rs. in lacs)

S. No.	Name	Designation	Sitting Fees	Salary	Other Allowances
1	Mr. Ashok Kumar Bansal*	Chairman & Managing Director	Nil	12.00	Nil
2	Mrs. Anju Bansal	Non Independent-Non Executive Director	0.50	Nil	Nil
3	Mr. Abhishek Monu Kaushik	Independent-Non Executive Director	0.50	Nil	Nil
4	Mr. Deepika Gera	Independent-Non Executive Director	0.35	Nil	Nil
5	Mr. R K Pandey (resigned w.e.f 22.06.2015)	Independent-Non Executive Director	0.10	Nil	Nil
5	Mr. Sunil Mittal (w.e.f 01.12.2015)	Chief Financial Officer	Nil	2.82	0.60
6	Mr. Lalit Chawla (w.e.f 01.12.2015)**	Company Secretary	Nil	2.81	0.60
7	Mr. Arvind Kumar Gupta (up to 30.11.15)**	Company Secretary	Nil	4.16	NA

\*The remuneration to the Managing Director was approved vide Special Resolution passed in the 23<sup>rd</sup> Annual General Meeting of the Company held on 18<sup>th</sup> September, 2013 for a period of 5 Years up to 2018. However during the financial year 2013-14 and 2014-15 under turbulent times he withdrew to take any remuneration from the Company. During the financial year 2015-16 the remuneration as stated above (under the limits as stated in the Special Resolution passed in the 23<sup>rd</sup> Annual General Meeting of the Company) was paid to the Managing Director of the Company.

\*\*During the year Mr. Arvind Kumar Gupta resigned and Mr. Lalit Chawla was appointed as the Company Secretary of the Company w.e.f 1<sup>st</sup> December, 2015.

• **REMUNERATION POLICY**

The Remuneration Policy of the Company is performance driven and is structured to motivate the employees, recognize their merits and achievements, in order to retain the talent in the Company and stimulate excellence in their performance. However during the financial year there was no increment in the remuneration of the employees. The Nomination and Remuneration Policy of the Company is stated on the website of the Company [www.hanung.com](http://www.hanung.com).

4. **CORPORATE SOCIAL RESPONSIBILITIES COMMITTEE(CSR COMMITTEE)**

• **Composition of Committee**

The CSR Committee of the Company comprises of 3 Directors and the Company Secretary acts as the Secretary of the Committee. The Composition and qualifications of the Committee Members are stated as follows:-

S. No.	Name of the Director	Category	Qualifications
1	Mr. Abhishek Monu Kaushik (Chairman)	Independent-Non Executive Director	Chartered Accountant
2	Mrs. Deepika Gera (Member)	Independent-Non Executive Director	Company Secretary
3	Mr. Ashok Kumar Bansal (Member)	Managing Director	Chartered Accountant & Company Secretary

• **Attendance of Members in Meetings of CSR Committee:**

During the financial year two (2) CSR Committee meetings were held. The dates of meeting were 20<sup>th</sup> February, 2016 and 29<sup>th</sup> March, 2016. The details of attendance are as follows

S. No.	Name	No. of Meetings held	No. of Meeting Attended
1	Mr. Abhishek Monu Kaushik	2	2
2	Mrs. Deepika Gera	2	2
3	Mr. Ashok Kumar Bansal	2	2

• **BRIEF OUTLINE OF THE COMPANIES CSR POLICY**

At HTTL, we believe that Corporate Social Responsibility (CSR) is the way to conduct business that achieves a balance or integration of economic, environmental and social imperatives while at the same time addressing stakeholder expectations. Under its CSR policy, the Company affirms its commitment of seamless integration of marketplace, workplace, and environment and community concerns with business operations. Hanung uses CSR as an integral business process in order to support sustainable development and constantly endeavors to be a good corporate citizen and enhance its performance on the triple bottom line.

• **OBJECTIVES OF THE CSR POLICY**

- Ensure increased commitments at all levels in the organization, to operate its business in an economically socially and environmentally sustainable manner while recognising the interest of all its stakeholder
- Demonstrate commitment to the common good through responsible business practices and good governance
- To directly or indirectly take up programs that benefit the Society at large and communities in and around its work center over a period of time, in enhancing the quality of life and economic well being of the local populace.

• **CSR Contribution during the financial year 2015-16**

The Company is suffering from heavy losses for the last 3 years and due to inadequacy of profits under provisions of section 198 of the Companies Act, 2013 read with rules, no contribution has been recommended and made to the CSR Activities under provision of Section 135 of the Companies Act, 2013 read with rules.

**D. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT**

In terms of Clause 49 of the Listing Agreement (applicable up to 30.11.2015) and Clause 17 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable w.e.f 01.12.2015) 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 and attached as Annexure-B.

**E. 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:

S. No.	Type of Meeting	Day Date & Time	Venue/Location
1	Annual General Meeting	Monday, September 17 <sup>th</sup> , 2012, 04.00 P.M	Air Force Auditorium, Subroto Park, New Delhi -110010
2	Annual General Meeting	Wednesday, September 18 <sup>th</sup> , 2013, 11.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi -110010
3	Annual General Meeting	Friday, October 31 <sup>st</sup> , 2014, 11.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi -110010
4	Annual General Meeting	Friday, September 18 <sup>th</sup> , 2015, 11.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi -110010

\*No Extra ordinary General Meeting was held during the financial year 2015-16 and no 2 Special Resolutions were passed in the AGM for the financial year 2015-16.

**F. POSTAL BALLOTS**

No resolution passed through Postal Ballots during the financial year 2015-16.

**G. CEO/CFO CERTIFICATION**

In accordance with the requirement of Corporate Governance Clause 49 (V) of the listing agreement (applicable up to 30.11.2015 and Regulation 17(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requisite certificate from the CEO /CFO of the Company attached as Annexure D.

**H. DISCLOSURES**

- Disclosures on Materially Significant Related Party Transactions

**The related party transactions during the year ended March 31, 2016 have been listed in the notes to the accounts. Shareholders may please refer the same.**

- 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 during the financial year 2015-16.**

**I. MEANS OF COMMUNICATION**

The quarterly / half yearly unaudited financial results are generally published in Mint and Rashtriya Sahara, The Pioneer (English & Hindi). These results are also posted on the Company's website at [www.hanung.com](http://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.

**J. MANAGEMENT DISCUSSION & ANALYSIS**

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

**K. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT**

Clause 49 of the Listing Agreement (applicable up to 30.11.2016) and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 requires us to obtain a certificate from either the Auditors or Practicing Company Secretary

regarding compliance of conditions of Corporate Governance and annex the certificate with the Directors' Report. A copy of this certificate received from the Statutory Auditors of the Company is attached as Annexure C.

The Clause 49 of the Listing Agreement (applicable up to 30.11.2016) and Regulation 27(1) read with Schedule II-E of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 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 are 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. However adequate training on the latest development is being provided to all the Directors.
7	Mechanism for evaluating non-executive Board Members	Not adopted

## L. GENERAL SHAREHOLDERS' INFORMATION

### 1. ANNUAL GENERAL MEETING

Day, date and time : Tuesday, 20<sup>th</sup> September, 2016, AT 11.30 A.M.

Venue : Air Force Auditorium, Subroto Park, New Delhi-110010

### 2. SHAREHOLDING OF NON-EXECUTIVE DIRECTORS:-

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

### 3. FINANCIAL CALENDAR (Tentative)

First Quarter Financial Results (June 2016) : August, 2016

Second Quarter Financial Results (September 2016) : November, 2016

Third Quarter Financial Results (December 2016) : February, 2017

Fourth Quarter / Audited Financial Results (March 2017) : May, 2017

AGM for Financial year : September, 2017

### 4. BOOK CLOSURE

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of Annual General Meeting from 14<sup>th</sup> September 2016 to 20<sup>th</sup> September 2016 (both days inclusive).

### 5. LISTING ON STOCK EXCHANGES

The ISIN for the Company's Equity Shares in De-mat Form is INE648H01013. The Company's equity shares are listed at BSE / NSE and Addresses of the Stock Exchanges are as follows:-

Scrip Code- BSE- 532770 Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001, Maharashtra; Phones : 91 - 22 - 22721233 / 34; Fax : 91 - 22 - 22723677 / 22722082	Scrip Code NSE- HANUNG 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
<b>Depository Connectivity</b>	NSDL and CDSL
<b>Listing Fee</b>	Paid for both the above exchanges for the year 2015-16
<b>Registered Office</b>	E-93, 2 <sup>nd</sup> Floor, Greater Kailash Enclave, Part-I, New Delhi-110048 Phones : 91 - 11- 26241572; Fax : 91 - 11 - 26241822 Email: investor@hanung.com; admin@hanung.com;
<b>Corporate Identification Number</b>	L74999DL1990PLC041722

## 6. STOCK MARKET DATA

### a) Monthly High And Low Along With Volume Of Shares

S. No.	Month	Bombay Stock Exchange(BSE)			National Stock Exchange(NSE)		
		High	Low	Volumes	High	Low	Volumes
1	April, 2015	23.75	16.6	1118829	23.75	16.50	2869345
2	May, 2015	19.60	6.8	2254630	19.75	6.75	5636642
3	June, 2015	9.97	7.55	947003	9.80	7.45	1617685
4	July, 2015	11.09	7.55	782617	11.30	7.50	1590030
5	August, 2015	10.20	7.50	257805	10.10	7.15	747937
6	September, 2015	9.45	6.70	212284	10.00	6.60	629446
7	October, 2015	9.45	7.15	278143	8.60	7.70	610972
8	November, 2015	10.65	6.90	556386	10.60	6.85	1034633
9	December, 2015	12.78	9.35	1265560	12.35	9.30	3208723
10	January, 2016	12.45	8.65	695317	12.55	8.60	1705364
11	February, 2016	10.39	7.25	212254	9.70	7.30	556848
12	March, 2016	8.64	7.00	143910	9.40	7.05	463885

### b) Market Capitalization

The market capitalization of the Company as on March 31<sup>st</sup>, 2016 is Rs.22.50 Crores on National Stock Exchange (NSE) and Rs. 22.19 Crores on Bombay Stock Exchange Ltd (BSE).

## 7. SHAREHOLDING PATTERN

Names of shareholders holding more than 1% with number of shares as on March 31<sup>st</sup>, 2016.

S. No.	Names of Shareholder with 1% or more Shareholding as on 31.03.2016	No. of Shares Held
1	Praneet Softech Private Limited	4244000
2	Ashok Kumar Bansal	2651418
3	Glofin Investment And Finance Company Private Limited	697526
4	Anju Bansal	1892482
5	Hanung Processors Private Limited	1952059
6	Ashok Kumar Bansal (HUF)	1322150
7	C K Software Pvt Ltd	1026690
8	Hanung Infra And Power Limited	728366
9	Hanung Furnishings Private Limited	1128276
	<b>TOTAL</b>	<b>15642967</b>

## 8. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31<sup>st</sup>, 2016(Amount wise)

S. No.	Category Amount	No. of Cases	% of Cases	Amount	% of Total Amount
1	1-5000	22810	84.11	24600180.00	7.98
2.	5001- 10000	1982	7.31	16357440.00	5.31
3	10001- 20000	1109	4.09	17046340.00	5.53
4	20001- 30000	420	1.55	10831100.00	3.51
5	30001- 40000	192	0.71	6995850.00	2.27
6	40001- 50000	157	0.58	7495660.00	2.43
7	50001- 100000	250	0.92	18479810.00	6.00
8	100001& Above	198	0.73	206421370.00	66.97
	<b>Total:</b>	<b>27118</b>	<b>100.00</b>	<b>308227750.00</b>	<b>100.00</b>

## 9. 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 of Directors on a periodical basis.

**10. 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. 86.14% equity shares are in demat form as on March 31<sup>ST</sup>, 2016. Trading in equity shares of the Company is permitted only in dematerlised form as per the notification issued by the Securities and Exchange Board of India (SEBI).

**11. 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.

**12. ECS MANDATE**

In order 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.

**13. LOCATIONS OF MANUFACTURING PLANTS**

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

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

**14. THE COMPANY AND REGISTRAR AND TRANSFER AGENT'S ADDRESS FOR CORRESPONDENCE COMPANY:**

For all grievance redressal and any query on Annual Report

<b>SECRETARIAL DEPARTMENT</b>	<b>REGISTRAR AND TRANSFER AGENTS</b>
Hanung Toys and Textiles Limited 108-109, NSEZ, Noida-201305 (U.P.); Phone: 91-120-4140200; Fax: 91-120-4140270; Email: lalit.chawla@hanung.com; investor@hanung.com; <a href="mailto:admin@hanung.com">admin@hanung.com</a> Website: <a href="http://www.hanung.com">www.hanung.com</a>	Investor Correspondence for Shares held in Physical & Demat Form <b>M/S Karvy Computershare Private Limited ; Unit: Hanung Toys &amp; Textiles Limited</b> 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**

Sd/-

**(Ashok Kumar Bansal)**

Chairman cum Managing Director

DIN No. 00028488

Place : Noida

Date : August 13, 2016

**Annexure B****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, 2016, 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.

Sd/-

**Ashok Kumar Bansal**

Chairman cum Managing Director

Place : Noida

Date : August 13<sup>th</sup>, 2016

**Annexure C**

To  
The Members of  
Hanung Toys and Textiles Limited  
108-109, NSEZ Noida Uttar Pradesh

We have examined the compliance of conditions of Corporate Governance by M/S Hanung Toys & Textiles Limited for the year ended March 31st, 2016, Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period April 1st 2015 to November 30th 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D AND E of Schedule V of the Listing Regulations for the period December 1st 2015 to March 31st 2016.

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

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

We further state that such compliance is neither an assurance as 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

Sd/-

(CA Ravindra Sharma)  
Partner

Place : Noida

Date : 13<sup>th</sup> August, 2016

Membership No. : 085271

**Annexure D****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 : 13<sup>th</sup> August, 2016

Sd/-

(Sunil Mittal)

Chief Financial Officer



**Annexure-E to the Directors' Report****Secretarial Audit Report**

(For the period 01.04.2015 to 31.03.2016)

[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, 2<sup>nd</sup> 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 and representation made during the conduct of secretarial audit, I, hereby report that in my opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 2016, 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 31<sup>st</sup> March, 2016 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (no compliance required)
    - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Purchase Scheme) Guidelines, 1999; (no compliance required)
    - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (no compliance required)
    - f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (no compliance required)

During the period under review, I report that the Company has complied with the provisions of the Act, Rules, Regulations and guidelines mentioned above to the extent applicable to the Company.

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

- a. Secretarial Standards issued by The Institute of Company Secretaries of India.
- b. The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015.

During the period under review, I report that, the Company has complied with the provisions of the Act, Rules, Regulations and guidelines mentioned above to the extent applicable to the Company except as follows:

- The Company has ratified resolution for allotment of 42,44,000 Equity Shares allotted on preferential basis on 5<sup>th</sup> August, 2014 in the Annual General Meeting held on 18<sup>th</sup> September, 2015 as Special Resolution. Further compliance in respect of the said allotment was pending including the Listing of the said shares on the Stock Exchanges during the audit period under review.
- Compliance under Section 152(6) of the Companies Act, 2013 regarding retirement of directors by rotation was not there in the Annual Report during the year under review; nevertheless, in minutes it was recorded.



**2. I further report that:**

- a) 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.
- b) 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.
- c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- d) The Company has obtained all necessary approvals under the various provisions of the Act; and
- e) There was no prosecution initiated 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.
- f) 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.

**3. I further report that:**

- a) 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.
- b) 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.
- c) The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

**4. I further report that:**

- a) As per the information given, on account of full erosion of Company's net worth, the Company filed application for registration under Sick Industrial Companies (Special Provisions) Act, 1985 to BIFR and it was registered on 15.04.2015. The said application was under process during the audit period under review.
- b) I further report that during the year under review the Company was irregular in depositing the undisputed statutory dues related to Employees Provident Fund, Employees' State Insurance, Tax Deducted at source and Sales Tax, as applicable to it. However the Company has approached authorities and is in process of adjudication, negotiation and part payment of these dues.

Place : Delhi  
Date : 10<sup>th</sup> August, 2016

For N.G.& Associates,  
Company Secretaries

**Sd/-**  
**Neha Goyal**  
Proprietor  
CP No.9024  
Membership No. F8294

***This report is to be read with our letter of even date which is annexed as "Annexure-E-1" and forms an integral part of the report.***

**ANNEXURE E-1”**

To,

The Members,

**M/s Hanung Toys and Textiles Limited,**

E-93, 2<sup>nd</sup> Floor, Greater Kailash Enclave-I,

New Delhi-110048

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Delhi

Date : 10<sup>th</sup> August, 2016

For N.G.& Associates,

Company Secretaries

**Sd/-**

**Neha Goyal**

Proprietor

CP No.9024

Membership No. F8294

**Annexure F****STATEMENT OF DISCLOSURE OF REMUNERATION**

(Pursuant to Section 197 of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

S.No.	Requirements	Disclosure
1.	The ratio of remuneration of each Director to median remuneration of employees for the financial year	Mr. Ashok Kumar Bansal: 15.78 X
2.	The Percentage increase in remuneration of each Director, CFO, CS in the financial year	There was no change in the remuneration of each Director except affected by resignation and appointment of Company Secretary and Appointment of CFO.
3.	The Percentage increase in the median remuneration of employees in the financial year	There was no increase made in the remuneration of any employee during the financial year 2015-16.
4.	The numbers of permanent employees on the rolls of Company	357 as on March 31 <sup>st</sup> , 2016
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average percentile increase in the remuneration of employees compared to increase in remuneration of Key Managerial Personnel is in line with bench mark study and the performance of the Company over a period of time. There is no exceptional increase in the Managerial Remuneration.
6.	The key parameters for any variable component of remuneration availed by the Directors	Depends on the performance parameters set for key managerial personnel as approved by the Compensation Committee of the Board.
7.	Affirmation that the remuneration is as per the remuneration policy of the Company	We confirm that the Remuneration paid to the Key Managerial Personnel's is in accordance with the approved Remuneration policy of the Company.

## FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016  
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**

a. CIN	L74999DL1990PLC041722
b. Registration Date	10/10/1990
c. Name of the Company	HANUNG TOYS AND TEXTILES LIMITED
d. Category/Sub-category of the Company	PUBLIC LIMITED COMPANY
e. Address of the registered office & contact details	E-93, Second floor, G.K. Enclave, Part-I New Delhi-110048
f. Whether listed Company	YES
g. 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; 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)**

Name and Description of the main products/ services	NIC Code of the Product / services	% to total turnover of the Company
A. Stuff Toys	95030090	2%
B. Home Furnishing	94049099	98%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associates	% of Shares held	Applicable Section
1	Hanung Infra & Power Limited	U45200DL2008PLC173693	Associate	47.36%	2(6)
2	Hanung Retail Limited	U52390DL2008PLC173216	Associate	38%	2(6)

**IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April-2015]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March-2016]				% Change during the year (approx.)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	5866050	—	5866050	19.03%	5866050	—	5866050	19.03%	Nil
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0



Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April-2015]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March-2016]				% Change during the year (approx.)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	8732917	4244000	12976917	42.10%	5532917	4244000	9776917	31.51%	10.38%
Total shareholding of Promoter (A)	14598967	4244000	18842967	61.13%	11398967	4244000	15642967	50.75%	10.38%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1845495	100	1845595	5.99%	1908473	100	1908573	6.19%	-0.20%
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	
i) Individual shareholders holding nominal share capital up to Rs. 1 lac	7545900	17471	7563371	24.54%	10612931	29134	10642065	34.53%	9.99%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lac	2106476	11500	2117976	6.87%	2217522	0	2217522	7.19%	0.32%
c) Others (specify)- NBFC	0	0	0	0	6655	0	6655	0.02%	0.02%
Non Resident Indians	363868	-	363868	1.18%	365369	-	365369	1.19%	0.01%
Hindu Undivided Families	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members/ House	88998	0	88998	0.29%	39624	0	39624	0.13%	-0.16
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	11950737	29071	11979808	38.87	15150574	29234	15179808	49.25	10.38



Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April-2015]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March-2016]				% Change during the year (approx.)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	11950737	29071	11979808	38.87	15150574	29234	15179808	49.25	10.38
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>26569704</b>	<b>4273071</b>	<b>30822775</b>	<b>100%</b>	<b>26549541</b>	<b>4273234</b>	<b>30822775</b>	<b>100%</b>	

## B. SHAREHOLDING OF PROMOTER & PROMOTER GROUP –

S. No.	Shareholder's Name	Shareholding at the 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	ASHOK KUMAR BANSAL (HUF)	1322150	4.29	--	1322150	4.29%	--	--
2	ANJU BANSAL	1892482	6.14	--	1892482	6.14%	100%	--
3	ASHOK KUMAR BANSAL	2651418	8.60	--	2651418	8.60%	100%	--
4	GLOFIN INVESTMENT AND FINANCE COMPANY PVT LTD	2297526	7.45%	69.64%	697526	2.26%	--	5.19
5	HANUNG FURNISHINGS PVT LTD	1128276	3.66	--	1128276	3.66%	100%	
6	HANUNG PROCESSORS PVT LTD	3552059	11.52%	--	1952059	6.33%	100%	5.19
7	HANUNG INFRA AND POWER LIMITED	728366	2.36%	--	728366	2.36%	--	
8	C K SOFTWARE PVT LTD	1026690	3.33%	--	1026690	3.33%	--	
9	PRANEET SOFTECH PVT. LTD	4244000	13.77%	--	4244000	13.77%	--	

## C. Change in Promoters' Shareholding (please specify, if there is no change): NOT APPLICABLE

Particulars	Cumulative Shareholding during the year			
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	18842967	61.13%	18842967	61.13%

Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No transaction held during the year			
At the end of the year	15642967	50.75%	15642967	50.75%
a. The Pledge of 3200000 Equity shares was invoked during the year resulting in the decrease in the Promoters Shareholding.				
b. Total 7624235 Equity shares were pledged during the financial year 2015-16.				

**D. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Folio/DP ID-Client id	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	189001201890000006659	PUB	Opening Balance	SHAILESH KANTILAL DIORA	130680	0.42	130680	0.42
	08/05/2015		Purchase		26000	0.08	156680	0.51
	22/05/2015		Purchase		5000	0.02	161680	0.52
	26/02/2016		Sale		161680	0.52	0	0.00
	31/03/2016		Closing Balance			0.00	0	0.00
2	612001206120000376085	LTD	Opening Balance	GIFT CONSTRUCTION PVT.LTD.	108500	0.35	108500	0.35
	17/04/2015		Sale		40000	0.13	68500	0.22
	24/04/2015		Purchase		20000	0.06	88500	0.29
	26/02/2016		Sale		88500	0.29	0	0.00
	31/03/2016		Closing Balance			0.00	0	0.00
3	IN30002030223695	PUB	Opening Balance	SHAKUNTALA GUPTA	88000	0.29	88000	0.29
	17/04/2015		Sale		88000	0.29	0	0.00
	31/03/2016		Closing Balance			0.00	0	0.00
4	IN30236510000130	LTD	Opening Balance	SHRI PARASRAM HOLDINGS PVT.LTD.	87267	0.28	87267	0.28
	03/04/2015		Sale		1250	0.00	86017	0.28
	10/04/2015		Sale		1085	0.00	84932	0.28
	17/04/2015		Purchase		7091	0.02	92023	0.30
	24/04/2015		Sale		1146	0.00	90877	0.29
	01/05/2015		Sale		159	0.00	90718	0.29
	08/05/2015		Sale		12314	0.04	78404	0.25
	15/05/2015		Purchase		6568	0.02	84972	0.28
	22/05/2015		Purchase		25317	0.08	110289	0.36
	29/05/2015		Sale		7685	0.02	102604	0.33
	05/06/2015		Purchase		3425	0.01	106029	0.34
	12/06/2015		Sale		2661	0.01	103368	0.34





S. No.	Folio/DP ID-Client id	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	19/06/2015		Sale		8942	0.03	94426	0.31
	26/06/2015		Sale		125	0.00	94301	0.31
	03/07/2015		Purchase		160	0.00	94461	0.31
	10/07/2015		Sale		681	0.00	93780	0.30
	17/07/2015		Purchase		190	0.00	93970	0.30
	24/07/2015		Sale		1120	0.00	92850	0.30
	31/07/2015		Purchase		549	0.00	93399	0.30
	07/08/2015		Sale		2974	0.01	90425	0.29
	14/08/2015		Purchase		2395	0.01	92820	0.30
	21/08/2015		Sale		390	0.00	92430	0.30
	04/09/2015		Sale		380	0.00	92050	0.30
	11/09/2015		Sale		411	0.00	91639	0.30
	18/09/2015		Sale		2175	0.01	89464	0.29
	25/09/2015		Purchase		149	0.00	89613	0.29
	30/09/2015		Purchase		10	0.00	89623	0.29
	09/10/2015		Purchase		1716	0.01	91339	0.30
	16/10/2015		Purchase		820	0.00	92159	0.30
	23/10/2015		Purchase		2000	0.01	94159	0.31
	30/10/2015		Purchase		13705	0.04	107864	0.35
	06/11/2015		Sale		3710	0.01	104154	0.34
	13/11/2015		Sale		990	0.00	103164	0.33
	20/11/2015		Sale		125	0.00	103039	0.33
	27/11/2015		Purchase		6000	0.02	109039	0.35
	04/12/2015		Sale		2438	0.01	106601	0.35
	11/12/2015		Purchase		8000	0.03	114601	0.37
	18/12/2015		Purchase		165	0.00	114766	0.37
	25/12/2015		Purchase		2150	0.01	116916	0.38
	31/12/2015		Sale		8451	0.03	108465	0.35
	08/01/2016		Purchase		5431	0.02	113896	0.37
	15/01/2016		Sale		2050	0.01	111846	0.36
	22/01/2016		Purchase		731	0.00	112577	0.37
	29/01/2016		Sale		158	0.00	112419	0.36
	05/02/2016		Sale		900	0.00	111519	0.36
	12/02/2016		Purchase		12425	0.04	123944	0.40
	19/02/2016		Sale		1500	0.00	122444	0.40
	26/02/2016		Purchase		500	0.00	122944	0.40
	11/03/2016		Purchase		550	0.00	123494	0.40



S. No.	Folio/DP ID-Client id	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	18/03/2016		Sale		2000	0.01	121494	0.39
	31/03/2016		Closing Balance			0.00	106059	0.34
5	IN30039411458979	LTD	Opening Balance	KARVY STOCK BROKING LTD(BSE)	80000	0.26	80000	0.26
	27/11/2015		Sale		30000	0.10	50000	0.16
	22/01/2016		Sale		50000	0.16	0	0.00
	31/03/2016		Closing Balance			0.00	0	0.00
6	414001304140006632255	PUB	Opening Balance	S MADHU KUMAR	77985	0.25	77985	0.25
	26/02/2016		Sale		77985	0.25	0	0.00
	31/03/2016		Closing Balance			0.00	0	0.00
7	IN30290246858166	LTD	Opening Balance	ANGEL HOLDINGS PVT LTD	76750	0.25	76750	0.25
	11/12/2015		Purchase		14080	0.05	90830	0.29
	31/03/2016		Closing Balance			0.00	90830	0.29
8	IN30047640450712	PUB	Opening Balance	SAMEER SHANTILAL DEDHIA	64898	0.21	64898	0.21
	08/05/2015		Purchase		5000	0.02	69898	0.23
	15/05/2015		Purchase		30000	0.10	99898	0.32
	29/05/2015		Purchase		10000	0.03	109898	0.36
	28/08/2015		Purchase		19362	0.06	129260	0.42
	11/09/2015		Purchase		9319	0.03	138579	0.45
	18/09/2015		Purchase		16	0.00	138595	0.45
	09/10/2015		Purchase		105	0.00	138700	0.45
	31/03/2016		Closing Balance			0.00	138700	0.45
9	IN30154930767153	PUB	Opening Balance	VED BHUSHAN MADAAN	64114	0.21	64114	0.21
	31/03/2016		Closing Balance			0.00	64114	0.21
10	341001203410000001732	LTD	Opening Balance	SSJ FINANCE & SECURITIES PVT. LTD.	60785	0.20	60785	0.20
	10/04/2015		Purchase		2100	0.01	62885	0.20
	17/04/2015		Sale		4296	0.01	58589	0.19
	24/04/2015		Purchase		3759	0.01	62348	0.20
	08/05/2015		Purchase		750	0.00	63098	0.20
	15/05/2015		Sale		800	0.00	62298	0.20
	10/07/2015		Purchase		1000	0.00	63298	0.21
	14/08/2015		Sale		100	0.00	63198	0.21
	18/09/2015		Sale		200	0.00	62998	0.20



S. No.	Folio/DP ID-Client id	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	09/10/2015		Sale		100	0.00	62898	0.20
	23/10/2015		Sale		1000	0.00	61898	0.20
	06/11/2015		Purchase		171	0.00	62069	0.20
	04/12/2015		Purchase		251	0.00	62320	0.20
	11/12/2015		Purchase		2000	0.01	64320	0.21
	25/12/2015		Sale		7682	0.02	56638	0.18
	31/12/2015		Purchase		5000	0.02	61638	0.20
	01/01/2016		Sale		10000	0.03	51638	0.17
	08/01/2016		Sale		7073	0.02	44565	0.14
	15/01/2016		Purchase		5000	0.02	49565	0.16
	22/01/2016		Purchase		10385	0.03	59950	0.19
	29/01/2016		Purchase		1938	0.01	61888	0.20
	05/02/2016		Sale		14216	0.05	47672	0.15
	12/02/2016		Sale		3107	0.01	44565	0.14
	26/02/2016		Sale		44565	0.14	0	0.00
	25/03/2016		Purchase		1050	0.00	1050	0.00
	31/03/2016		Closing Balance			0.00	1050	0.00

**E. Shareholding of Directors and Key Managerial Personnel:**

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Ashok Kumar Bansal	2651418	8.60%	2651418	8.60%
2	Anju Bansal	1892482	6.14%	1892482	6.14%
3	Deepika Gera	5500	0.00%	5500	0.00%

**F. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	<b>Indebtedness at the beginning of the financial year</b>				
1	Principal Amount	217875.92	--	--	217875.92
2	Interest due but not paid	39325.49	--	--	39325.49
3	Interest accrued but not due	--	--	--	--
	<b>TOTAL(1+2+3)</b>	<b>257201.41</b>	<b>--</b>	<b>--</b>	<b>257201.41</b>
	<b>Change in Indebtedness during the financial year</b>				
	* Addition	31886.72	--	--	31886.72
	* Reduction	3762.07	--	--	3762.07
	<b>Net Change</b>	<b>28124.65</b>	<b>--</b>	<b>--</b>	<b>28124.65</b>

	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	<b>Indebtedness at the beginning of the financial year</b>				
	Indebtedness at the end of the financial year				
1	Principal Amount	218851.43	--	--	218851.43
2	Interest due but not paid	66474.63	--	--	66474.63
3	Interest accrued but not due	--	--	--	--
	<b>Total (1+2+3)</b>	<b>285326.06</b>	<b>--</b>	<b>--</b>	<b>285326.06</b>

## G. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### 1) Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Mr. Ashok Kumar Bansal Chairman & Managing Director	Total Amount
	Gross salary		
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 12 Lac	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
	Stock Option	-	-
2	Sweat Equity	-	-
3	Commission - as % of profit - others, specify...	-	-
4	Others, please specify	-	-
5	<b>Total (A)</b>	<b>Rs. 12 Lac</b>	
	Ceiling as per the Act*		

Note : The remuneration paid to the Executive Directors is within the limits prescribed under the Companies Act, 2013.

### 2) Remuneration to other Directors (Rs. In Lacs)

Name of the Director	Designation	Relationship with other Directors	Sitting Fees	Salary & Perquisites	Total
R K Pandey*	Independent Director	None	0.10	Nil	0.10
Abhishek Monu Kaushik**	Independent Director	None	0.50	Nil	0.50
Anju Bansal	Non Executive & Non Independent	Wife of Mr. Ashok Kumar Bansal (CMD)	0.50	Nil	0.50
Deepika Gera***	Independent Director	Nil	0.35	Nil	0.35
	<b>Total</b>		<b>1.45</b>	<b>Nil</b>	<b>1.45</b>

Note: In terms of the provisions of Companies Act, 2013, no remuneration is payable to the Non-Executive Directors except the sitting fees within the limits prescribed under the Companies Act, 2013.

\* Resigned on 22.06.2015;

\*\* Appointed on 09.04.2015 and Regularised in 25th AGM;

\*\*\* Appointed on 30.06.2015 and Regularised in 25th AGM.

### 3) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Rs. In Lacs)

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Chief Financial Officer	Company Secretary
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.83	2.81
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.60	0.60
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-



S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Chief Financial Officer	Company Secretary
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify...	-	-
5	Others, please specify	-	-
	Total	3.43	3.41

for **Hanung Toys and Textiles Limited**

**Sd/-**

**(Ashok Kumar Bansal)**

Chairman cum Managing Director

DIN No. 00028488

Place : Noida

Date : August 13, 2016



## **MANAGEMENT DISCUSSION & 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 few years we were not able to serve the above said 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 economies 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 few years we were not able to serve the above said segments due to paucity of working capital. In fact 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 were available with all major retailers. A well established distribution network spreads across various towns. Our products were sold through a number of outlets. In the Stuffed Toys /Plush Toys category, our Company was the market leader & has major share of the market.

In spite 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. In order 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. 9404.23 lacs Loss before tax was at Rs. (95820.41) lacs and net Loss after tax also stood at Rs.(109348.41) lacs.

Earnings per equity share (face value Rs.10/-) during the year under review in Rs.(354.71) against last year in Rs. (411.13).

Some of the key performance indications are given below:



**(Rs. in lacs)**

S. No.	Particulars	Financial year 2016	Financial year 2015
1	Gross revenue	9404.23	13642
2	Profit before tax (PBT)	(95820.41)	(126723)
3	Ratio of PBT to Gross revenue (%)	--	--
4	Profit after Tax (PAT)	(109348.41)	(126723)
5	Ratio of PAT to Gross revenue	--	--
6	Earnings per Share (EPS) (Rs.)	(354.71)	(411.13)

**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 of Directors 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 stone's 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 357 employees as on March 31<sup>st</sup>, 2016 as against 448 employees as on March 31<sup>st</sup>, 2015.

**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 13, 2016

**(Ashok Kumar Bansal)**

Chairman cum Managing Director

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF 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, 2016, 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, 2016, 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. 109,348.41 Lacs during the year ended March 31, 2016 and the accumulated losses of the Company as at March 31, 2016 amount to Rs. 257,236.70 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. 77,314.86 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 14 and 30 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

Date : May 30, 2016  
Place : Noida

Membership No.: 085271

#### **ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2016, we report that:

- (i) In respect of fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a regular system of verification of fixed assets at the end of each 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, no material discrepancies were noticed on such verification.
  - c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory was physically verified during the year by the Management and independent Auditors appointed by bank at reasonable interval during the year. 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. 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, 2016.
- (iii) 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.
- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the Companies Act, 2013 with respect to the loans and investments made.
- (v) 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.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to Rule made by the Central Government for the maintenance of cost records 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.

(vii) 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, 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, 2016 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, Service Tax of Rs. 117.82 lacs, Rs. 237.30 lacs, Rs. 47.40 lacs, Rs. 153.68 lacs and Rs. 3.26 lacs respectively, which were outstanding, as at March 31, 2016, 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 service tax, sales tax, duty of custom, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute. The particular of dues of income tax as at March 31, 2016 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	196.23	Assessment Year 2010-11	Income-tax Appellate Tribunal

(viii) According to information and explanations given to us and based on our examination of the records of the Company, we are of the opinion that, the Company had defaulted in repayment of dues to financial institution and banks, particulars of which are as follow:

Name of Bank	Nature	Amount of defaults(Rs. In lacs)	
		More than 365 days	Less than 365 days
Allahabad Bank	Interest	327,942,207	266,715,631
Andhra Bank	Interest	60,530,669	36,492,186
Bank of Baroda	Interest	255,137,462	168,363,488
Bank of India	Interest	215,071,921	154,930,216
Bank of Maharastra	Interest	57,658,387	68,783,540
Central Bank of India	Interest	404,528,679	264,897,336
Exim Bank	Interest	119,593,520	76,105,363
ICICI Bank	Interest	537,002,154	219,044,790
Karnataka Bank	Interest	60,087,266	15,276,407
Karur Vysa Bank	Interest	46,323,316	41,444,085
Oriental Bank of Commerce	Interest	215,827,956	133,385,699
Punjab National Bank	Interest	781,457,927	730,774,952
State Bank of India	Interest	278,657,850	173,961,927
Syndicate Bank	Interest	190,045,971	119,013,299
Union Bank Of India	Interest	191,320,507	114,320,506
UCO Bank	Interest	164,134,171	109,218,974

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 balances as on March 31, 2016 is as per books of account, due to non-availability of statements from banks. The Company had not issued any debenture during the year and hence, there is no default as such to be reported.

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loan during the year. Accordingly, the provision of clause (ix) of paragraph 3 of the Order is not applicable to the Company.
- (x) 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 by the Company or on the Company by its officers or employee has been noticed or reported during the course of our audit.
- (xi) According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our opinion and according to information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- (xiii) According to information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (iv) According to information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year.
- (xv) According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non cash transactions with directors or persons connected with him. Accordingly, the provision of clause (xv) of paragraph 3 of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

For **RAVINDRA SHARMA & ASSOCIATES**  
Chartered Accountants

(CA Ravindra Sharma)  
Partner

Date : May 30, 2016  
Place : Noida

Membership No.: 085271

## **ANNEXURE- B TO THE INDEPENDENT AUDITORS' REPORT**

### **Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Hanung Toys and Textiles Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

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



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

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

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

**Opinion**

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

For **RAVINDRA SHARMA & ASSOCIATES**  
Chartered Accountants

(CA Ravindra Sharma)  
Partner

Membership No.: 085271

Date : May 30, 2016

Place : Noida



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2016**

(₹ in Lacs)

PARTICULARS	Notes	As At 31.03.2016	As At 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	3,082.28	3,082.28
Reserves & Surplus	3	(216,355.38)	(107,006.97)
Forfeited - Convertible Share warrants (Partly paidup)		767.91	767.91
<b>Non - Current Liabilities</b>			
Long - term borrowings	4	199,818.39	170,682.37
Deferred tax liabilities (Net)		3,005.80	-
<b>Current Liabilities</b>			
Short - term borrowings	5	85,507.68	86,082.93
Trade Payable	6	1,261.15	1,542.14
Other current liabilities	7	768.31	1,265.64
Short - term provisions	8	130.96	195.56
<b>Total</b>		<b>77,987.10</b>	<b>156,611.86</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
<u>Fixed Assets</u>	9		
Tangible Assets		63,561.79	68,845.74
Intangible Assets		-	-
Capital Work in Progress		228.13	413.13
Non -current Investments	10	290.15	290.15
Deferred tax assets (Net)		-	10,522.20
Long - term loans and advances	11	2,460.43	2,484.95
Other non- current assets	12	1,093.36	1,093.36
<b>Current Assets</b>			
Inventories	13	4,333.91	65,619.67
Trade Receivables	14	3,527.51	3,172.57
Cash and Cash equivalents	15	61.01	923.87
Short - term loans and advances	16	2,429.30	3,231.30
Other current assets	17	1.51	14.92
<b>Total</b>		<b>77,987.10</b>	<b>156,611.86</b>
Significant Accounting Policies and Notes on Accounts	1 To 37		

As per our report attached

For and on behalf of the Board

For **Ravindra Sharma & Associates**  
Chartered Accountants

**Ashok Kumar Bansal**  
Chairman cum Managing Director  
DIN : 00028488

**Anju Bansal**  
Non Executive Director  
DIN : 00028588

**(CA Ravindra Sharma)**  
Partner  
Membership No : 085271

Place : Noida  
Date : May 30, 2016

**Lalit Chawla**  
Company Secretary

**Sunil Mittal**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE  
PERIOD ENDED ON MARCH 31<sup>st</sup>, 2016**

(₹ in Lacs)

<b>PARTICULARS</b>	<b>Notes</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Revenue from operations</b>	18	9,404.23	13,579.42
Other Income	19	106.95	62.65
<b>Total Revenue (I+II)</b>		<b>9,511.18</b>	<b>13,642.07</b>
<b>EXPENSES:</b>			
Cost of materials consumed	20	29,186.59	62,898.89
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	36,925.47	25,488.85
Employee benefits expenses	22	494.80	657.95
Finance Costs	23	27,819.71	27,173.40
Depreciation and amortization expense	9	5,282.63	6,235.62
Other expenses	24	5,604.09	13,008.39
<b>Total expenses</b>		<b>105,313.29</b>	<b>135,463.10</b>
<b>Profit before Tax and Extraordinary items</b>		<b>(95,802.11)</b>	<b>(121,821.03)</b>
Extraordinary Items		18.30	4,901.81
<b>Profit before Tax after Extraordinary items</b>		<b>(95,820.41)</b>	<b>(126,722.84)</b>
Tax expenses :			
(1) Current Tax		-	-
(2) Deferred Tax		13,528.00	-
<b>Profit after Tax for the year</b>		<b>(109,348.41)</b>	<b>(126,722.84)</b>
<b>Earnings per equity share:</b>			
(1) Basic		(354.71)	(414.95)

Significant Accounting Policies and Notes on Accounts 1 To 37

As per our report attached

For and on behalf of the Board

For **Ravindra Sharma & Associates**  
Chartered Accountants**Ashok Kumar Bansal**  
Chairman cum Managing Director  
DIN : 00028488**Anju Bansal**  
Non Executive Director  
DIN : 00028588**(CA Ravindra Sharma)**  
Partner  
Membership No : 085271Place : Noida  
Date : May 30, 2016**Lalit Chawla**  
Company Secretary**Sunil Mittal**  
Chief Financial Officer



# CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2016

(₹ in Lacs)

PARTICULARS	2015-16	2014-15
<b>A CASH FLOW FROM OPERATIVE ACTIVITIES</b>		
Profit before tax	(95,802.11)	(121,821.03)
Adjustments for :		
Depreciation	5,282.63	6,235.62
Interest and finance charges	27,819.71	27,173.40
Interest income	(5.57)	(9.36)
Dividend Income	-	(0.13)
<b>Operating profit before working capital changes</b>	<b>(62,705.34)</b>	<b>(88,421.50)</b>
Adjustments for changes in working capital :		
Inventories (Increase) / Decrease	61,285.76	65,975.71
Debtors (Increase) / Decrease	(354.94)	27,625.59
Advances (Increase) / Decrease	839.93	593.46
Current Liabilities & Provisions Increase / (Decrease)	(779.72)	(1,850.56)
<b>Cash generated from operations</b>	<b>(1,714.31)</b>	<b>3,922.70</b>
Income tax (paid) / refund	(63.20)	(65.13)
Extra Ordinary Items	(18.30)	(4,901.81)
<b>Net Cash from Operating Activities</b>	<b>(1,795.81)</b>	<b>(1,044.24)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for asset acquisition	179.84	(10.04)
Proceeds on sale of fixed assets	6.48	410.10
Sale / redemption of investments	-	93.47
Dividend received	-	0.13
<b>Net cash flow used in investing activities</b>	<b>(1,609.49)</b>	<b>(550.58)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Share Capital / Share Application Money	-	424.40
Share Premium Raised	-	535.59
Long term borrowing (net) Increase / (Decrease)	28,560.77	27,236.03
Interest and finance charges paid - net	(27,814.14)	(27,164.04)
<b>Net cash flow from financing activities</b>	<b>(862.86)</b>	<b>481.40</b>
<b>Net cash inflow / (outflow)</b>	<b>(862.86)</b>	<b>481.40</b>
Opening cash and cash equivalents	923.87	442.47
Closing cash and cash equivalents	61.01	923.87
<b>Net increase / (decrease) in cash equivalents</b>	<b>(862.86)</b>	<b>481.40</b>

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

For and on behalf of the Board

For **Ravindra Sharma & Associates**  
Chartered Accountants

**Ashok Kumar Bansal**  
Chairman cum Managing Director  
DIN : 00028488

**Anju Bansal**  
Non Executive Director  
DIN : 00028588

**(CA Ravindra Sharma)**  
Partner  
Membership No : 085271

Place : Noida  
Date : May 30, 2016

**Lalit Chawla**  
Company Secretary

**Sunil Mittal**  
Chief Financial Officer

# 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 416 employees who have left the organization in the last financial year, there gratuity amounting to Rs.114.32 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. 559.48 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.

(₹ in Lacs)

PARTICULARS	As At 31.03.2016	As At 31.03.2015
<b>2 SHARE CAPITAL</b>		
Authorised Share Capital		
40000000 (Pr. Yr. 40000000) Equity Shares of Rs. 10/- each	4,000.00	4,000.00
Issued, Subscribed & Paid Up Capital	3,082.28	3,082.28
<b>Total</b>	<b>3,082.28</b>	<b>3,082.28</b>

**2.1 Issued, Subscribed and Paid up Capital**

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

4244000 (Pr. Yr. 4244000) Equity Shares allotted on 05.08.2014 to Praneet Softech Pvt. Ltd. (promoters group company) 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 Rs. 10 each	Rs. (lacs)
Outstanding as at March 31, 2015	30822775	3,082.28
Issued and Allotted during the year	—	—
Outstanding as at March 31, 2016	30822775	3,082.28

**2.4 Shareholders holding equity shares of more than 5% shares in the Company:**

Sr. No.	Names of Shareholders	As on 31-03-2016		As on 31-03-2015	
		No. of Shares	Percentage	No. of Shares	Percentage
1	Hanung Processors Pvt. Ltd.*	1952059	6.33	3552059	11.52
2	Praneet Softech Pvt. Ltd.	4244000	13.77	4244000	13.77
3	Ashok Kumar Bansal*	2651418	8.60	2651418	8.60
4	Anju Bansal*	1892482	6.14	1892482	6.14
5	Glofin Investment and Finance Company Pvt. Ltd.	697526	2.26	2297526	7.45
	<b>TOTAL</b>	<b>11437485</b>	<b>37.10</b>	<b>15765761</b>	<b>51.14</b>

\*(26,51,418 shares of Ashok Kumar Bansal, 18,92,418 shares of Anju Bansal and 19,52,059 shares of Hanung Processors Pvt. Ltd. are pledged for corporate purposes.)

PARTICULARS	As At 31.03.2016	As At 31.03.2015
<b>3 RESERVE AND SURPLUS</b>		
<b>Share Premium</b>		
Balance as per last year	13,227.24	12,691.65
Add : Addition during the year	-	535.59
<b>Total (i)</b>	<b>13,227.24</b>	<b>13,227.24</b>
<b>General Reserve</b>		
Balance as per last year	27,654.08	27,654.08
<b>Total (ii)</b>	<b>27,654.08</b>	<b>27,654.08</b>
<b>Surplus as per Statement of Profit &amp; Loss</b>		
Balance as per last year	(147,888.29)	(21,165.45)
Add : Surplus brought from Profit & Loss A/c	(109,348.41)	(126,722.84)
<b>Total (iii)</b>	<b>(257,236.70)</b>	<b>(147,888.29)</b>
<b>Total (i+ii+iii)</b>	<b>(216,355.38)</b>	<b>(107,006.97)</b>

**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.

On account of the operational losses and consequent negative 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 on the basis of audited accounts as of September 30, 2014, 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	177,431.58	149,598.76
Foreign Currency Loan	22,383.40	21,071.11
Vehicle Loan	3.41	12.50
<b>Total</b>	<b>199,818.39</b>	<b>170,682.37</b>

**4.1** The foreign currency loans include USD 30 Million borrowed from ICICI Bank, which was restructured and an amount of USD 5 million borrowed from DBS Bank (outstanding as on March 31, 2016 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 31<sup>st</sup> July, 2013. The case of the Company was admitted under CDR on 26<sup>th</sup> September, 2013, and the CDR scheme was discussed in CDR EG meeting held on 21<sup>st</sup> April, 2014, and was approved in the meeting held on 23<sup>rd</sup> May, 2014 and the same was informed to



the Company on 16<sup>th</sup> June, 2014. Subsequently decision of withdrawal/ exit from CDR mechanism was taken in CDR EG meeting held on 25<sup>th</sup> August, 2015 and same was informed to the company on 01<sup>st</sup> October, 2015.

- 4.3** 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.
- 4.4** Lenders of the Company has initiated action for recall of facilities and initiated recovery action under Securitisation and Recovery of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) in respect of its dues. ICICI Bank has taken physical possession of the properties mortgage exclusively to the bank and consortium member banks has taken symbolic possession of the remaining assets of the company under the Securitisation and Recovery of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). The Company is contesting the actions of the lenders and has reserved their right to claim for losses suffered by the Company.
- 4.5** 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 31.03.2016	As At 31.03.2015
<b>5 SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
Working Capital Loans - from Banks		
Rupee Loans	85,507.68	86,082.93
<b>Total</b>	<b>85,507.68</b>	<b>86,082.93</b>
<b>5.1</b> Working Capital loans 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.		
<b>6 TRADE PAYABLE</b>		
Micro, Small and Medium Enterprises	1.66	3.59
Others	1,259.49	1,538.55
<b>Total</b>	<b>1,261.15</b>	<b>1,542.14</b>
<b>6.1</b> 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, 2016 as per the terms of contract.		
<b>7 OTHER CURRENT LIABILITIES</b>		
Unpaid application money received by the company for allotment of securities and due for refund	-	0.72
Unclaimed Dividend	6.36	6.79
Creditors for Capital Expenditure	13.24	0.05
Other Current Liabilities	748.71	1,258.08
<b>Total</b>	<b>768.31</b>	<b>1,265.64</b>
<b>7.1</b> The other current liability as on March 31, 2016 includes outstanding statutory dues of Rs. 559.48 Lacs (Rs. 47.40 Lacs, Rs. 117.82 Lacs, Rs. 237.30 Lacs, Rs. 3.26 Lacs and Rs. 153.68 Lacs, on account of TDS, ESIC, PF, Service Tax and Sales Tax respectively).		
<b>8 SHORT TERM PROVISIONS</b>		
Provision for Gratuity/ Leave Encashment	222.72	224.12
Other Provisions	(91.76)	(28.56)
<b>Total</b>	<b>130.96</b>	<b>195.56</b>

## 9 DEPRECIATION

### Tangible Assets

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-03-15	Additions	Deletions	As at 31-03-16	As at 31-03-15	For the year	On Deletions	Up to 31-03-16	As at 31-03-16	As at 31-03-15
1	Land	2,707.10	-	-	2,707.10	-	-	-	-	2,707.10	2,707.10
2	Building	14,540.44	-	-	14,540.44	1,930.96	216.56	-	2,147.52	12,392.92	12,609.48
3	Plant & Machinery	76,408.40	4.11	-	76,412.51	23,472.49	4,926.44	-	28,398.93	48,013.58	52,935.91
4	Furniture & Fixture	1,075.20	1.03	-	1,076.23	547.06	131.84	-	678.90	397.33	528.14
5	Vehicle	266.52	-	10.56	255.96	201.41	7.77	4.08	205.10	50.86	65.11
	<b>TOTAL :</b>	94,997.66	5.14	10.56	94,992.24	26,151.92	5,282.61	4.08	31,430.45	63,561.79	68,845.74
	<b>Previous Year</b>	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)									<b>228.13</b>	413.13
										<b>63,789.92</b>	69,258.87

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.

9.2 The deletion of Vehicles consists items in use by employees withdrawn on their severance.

## 10 NON-CURRENT INVESTMENTS

(₹ in Lacs)

PARTICULARS	As At 31.03.2016	As At 31.03.2015
<b>In Equity Share of Associates Companies- Unquoted, Fully Paid</b>		
Hanung Infra & Power Ltd.	198.50	198.50
1985000 (Pr.Yr. 1985000) Equity Shares of Rs. 10/- Each		
Hanung Retail Ltd.	91.65	91.65
916540 (Pr.Yr.916540) Equity Shares of Rs. 10/- Each		
<b>In Equity Share of Subsidiary Companies- Unquoted, Fully Paid</b>		
Cody Direct Corp. USA	1,871.51	1,871.51
Hanung (Shanghai) Ltd.	69.82	69.82
Provision for impairment in value of investment	(1,941.33)	(1,941.33)
<b>Total</b>	<b>290.15</b>	<b>290.15</b>
<b>Aggregate market value of quoted investments</b>	-	-
<b>Aggregate value of unquoted investments</b>	<b>290.15</b>	<b>290.15</b>
<b>10.1</b> 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. 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 the approval of Reserve Bank of India.		
<b>10.2</b> The Company has made a provision in its books of account in respect of diminution in loss of value of its investment in Hanung Shanghai Ltd., China. Since this investee company has dissolved and the certificate of dissolution to be received from State Administration of Industry & Commerce, 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 the approval of Reserve Bank of India.		
<b>11 LONG TERM LOANS AND ADVANCES</b>		
MAT Receivable	2,404.00	2,404.00
State Capital Subsidy	30.00	30.00
Other Loans and Advances	26.43	50.95
<b>Total</b>	<b>2,460.43</b>	<b>2,484.95</b>
<b>12 OTHER NON-CURRENT ASSETS</b>		
Income Tax receivable	1,093.36	1,093.36
<b>Total</b>	<b>1,093.36</b>	<b>1,093.36</b>



(₹ in Lacs)

<b>PARTICULARS</b>	<b>As At 31.03.2016</b>	<b>As At 31.03.2015</b>
<b>13 INVENTORIES</b>		
Raw materials	1,336.15	25,667.88
Raw materials in Transit	-	28.56
Stock- in -process	-	7,684.62
Finished Goods	2,997.76	32,238.61
<b>Total</b>	<b>4,333.91</b>	<b>65,619.67</b>
<b>14 TRADE RECEIVABLES</b>		
More than Six Months	2,289.89	2,390.39
Others	1,237.62	782.18
<b>Total</b>	<b>3,527.51</b>	<b>3,172.57</b>
<b>14.1</b>	The Company has filed recovery suits against certain debtors, namely, Sunham Home Fashions for Rs. 45.62 lacs (\$ 77371.84), Frontline Fashions Exports India Pvt. Ltd. for Rs. 50 lacs, 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).	
<b>14.2</b>	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.	
<b>14.3</b>	The Management considers its debtors are good and recoverable except those outstanding from Elite Home Product, Inc. (a USA company), outstanding for more than three years against which legal proceeding are pending for adjudication before New Jersey Court, USA.	
<b>15 CASH AND CASH EQUIVALENT</b>		
Balance with Scheduled Banks	19.71	689.42
Cash in hand	25.79	108.31
Fixed Deposits with Banks	15.51	126.14
<b>Total</b>	<b>61.01</b>	<b>923.87</b>
<b>15.1</b>	Fixed deposits with banks include the deposits pledged with banks for bank guarantee and letter of credits.	
<b>16 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Security Deposits	143.93	168.02
Prepaid Expenses	2.40	9.65
Export Incentive Receivable	274.89	215.43
Capital and Interest Subsidy (Tuff)	1,997.43	2,838.47
Other Advances	10.65	(0.27)
<b>Total</b>	<b>2,429.30</b>	<b>3,231.30</b>
<b>17 OTHER CURRENT ASSETS</b>		
Interest Accrued on FDRs	1.51	14.92
<b>Total</b>	<b>1.51</b>	<b>14.92</b>
<b>18 REVENUE FROM OPERATIONS</b>		
<b>SALE OF PRODUCTS</b>		
Export Sales	918.15	2,726.28
Inland Sales	5,550.53	7,814.88
Export Incentives	59.46	123.40
Other Operating Revenue	2,885.66	2,944.46
<b>Revenue from Operations</b>	<b>9,413.80</b>	<b>13,609.02</b>
Less: Excise Duties	9.57	29.60
<b>Revenue from Operations (Net)</b>	<b>9,404.23</b>	<b>13,579.42</b>

- 18.1** The Company's revenue has suffered losses in the current year due to non availability of funds for its operations. The Company could not meet its contractual obligations towards its customers due to non-servicing of contracted business. Since the Company has faced various operational problems in the recent past due to serious financial crisis and utmost liquidity crunch which are still ongoing, to mitigate the routine obligation the company has tried to liquidate its old and surplus inventories. However the company is contemplating the options for preventive and other incidental measures for revival of the business operations thereof.

		(₹ in Lacs)	
PARTICULARS	As At 31.03.2016	As At 31.03.2015	
<b>19 OTHER INCOME</b>			
Bank Interest	5.57	9.36	
Dividend Income	-	0.13	
Other non-operating Income	101.38	53.16	
<b>Total</b>	<b>106.95</b>	<b>62.65</b>	
<b>20 COST OF MATERIAL CONSUMED</b>			
<b>Raw Materials including packing materials consumed</b>			
Opening Stock	25,667.88	66,153.43	
Add : Purchases	4,854.86	22,413.34	
	30,522.74	88,566.77	
Less : Closing Stock	1,336.15	25,667.88	
<b>Total</b>	<b>29,186.59</b>	<b>62,898.89</b>	
<b>21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>			
<b>Opening Stock</b>			
Finished Goods	32,238.61	40,799.05	
Work - in - progress	7,684.62	24,613.03	
<b>Sub total (i)</b>	<b>39,923.23</b>	<b>65,412.08</b>	
<b>Closing Stock</b>			
Finished Goods	2,997.76	32,238.61	
Work - in - progress	-	7,684.62	
<b>Sub total (ii)</b>	<b>2,997.76</b>	<b>39,923.23</b>	
<b>Total ( i - ii )</b>	<b>36,925.47</b>	<b>25,488.85</b>	
<b>22 EMPLOYEE BENEFITS EXPENSES</b>			
Directors' Remuneration	13.66	2.25	
Salaries , Wages & Allowances	413.63	515.90	
Contribution to Provident Fund and Other Funds	54.57	95.58	
Employees Welfare expenses	12.94	44.22	
<b>Total</b>	<b>494.80</b>	<b>657.95</b>	
<b>22.1</b> Establishment Overheads include payments and provisions of remuneration to whole-time directors of Rs. 12.00 lacs (previous year Rs. Nil) and directors' sitting fee of Rs. 1.45 Lacs (previous year Rs. 2.25 Lacs).			
<b>23 FINANCE COST</b>			
Interest Expenses	27,810.48	26,938.76	
Other Borrowing Costs	9.23	234.64	
<b>Total</b>	<b>27,819.71</b>	<b>27,173.40</b>	



(₹ in Lacs)

PARTICULARS	As At 31.03.2016	As At 31.03.2015
<b>24 OTHER EXPENSES</b>		
Consumable of Stores & Spares	51.84	40.87
Design & Testing Charges	22.56	29.66
Direct Wages	842.27	939.58
Factory Rent	40.97	68.87
Freight Inward	38.26	65.32
Job Work Charges	2.84	103.77
Power & Fuel	1,401.44	1,463.08
Business Promotion	5.77	10.83
Cellular & Telephone Expenses	7.06	10.08
Courier, Postage and Telegram	4.09	5.84
ECGC Premium	95.00	119.08
Insurance Charges	11.47	64.84
General Expenses	706.25	7,984.77
Printing and Stationery	10.48	14.27
Professional & Legal Charges	118.75	135.48
Payment to Auditors	2.50	2.50
Rent, Rates & Taxes	19.12	46.55
Repairs to building	3.53	9.45
Repairs to machinery	181.74	97.50
Repairs others	24.20	29.60
Security Watch and Ward Expenses	48.42	56.10
Local Conveyance	7.98	8.79
Travelling expenses	17.40	26.99
Advertisement and Publicity	2.77	3.66
Net loss on foreign currency transaction and translation	1,778.84	592.79
Freight and Forwarding	85.38	151.61
Rebate, Discount and Commission	73.16	926.51
<b>Total</b>	<b>5,604.09</b>	<b>13,008.39</b>
<b>25 EXTRA ORDINARY ITEMS</b>		
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.		
<b>26 REMUNERATION TO AUDITORS</b>		
Audit Fees	2.50	2.50
<b>Total</b>	<b>2.50</b>	<b>2.50</b>
<b>27</b>	Deferred Tax adjustments resulting from items of timing differences have been measured using the rates and tax laws enacted or substantially enacted as on 31st March, 2016 and the same results into the Deferred Tax Assets (net), which has not been recognized along with de-recognized deferred tax asset (DTA) of Rs. 13528 Lacs, 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.	
<b>28 FOREIGN CURRENCY TRANSACTIONS</b>		
<b>28.1</b>	Value of imports on CIF basis	
Raw Materials	85.10	331.79
<b>28.2</b>	Expenditure in foreign currency	
Raw Materials	85.10	327.65
Travelling expenses	5.28	6.87
Others	48.20	652.32
<b>Total</b>	<b>138.59</b>	<b>986.84</b>



(₹ in Lacs)

PARTICULARS	As At 31.03.2016	As At 31.03.2015
<b>28.3 Earnings in foreign exchange (on FOB basis)</b>		
Stuff Toys etc.	119.71	966.13
Sheet Set, Duvet, Curtain etc.	798.44	1,760.15
<b>Total</b>	<b>918.15</b>	<b>2,726.28</b>

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

	2015-16		2014-15	
	Rs. in Lacs	%	Rs. in Lacs	%
Imported	85.10	1.75	327.65	1.46
Indigenous	4,769.76	98.25	22,085.69	98.54
<b>Total</b>	<b>4,854.86</b>	<b>100.00</b>	<b>22,413.34</b>	<b>100.00</b>

**30 CONTINGENT LIABILITIES AND COMMITMENTS**

Bank Guarantees	14.68	14.58
Income Tax under dispute	196.23	196.23
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. 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.

Standard Chartered Bank 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 16 nos. of cheques aggregating to Rs. 2100 lacs. The aforesaid cheques had been given by the Company to Standard Chartered Bank as security and were not supposed to be presented for encashment.

**30.3** 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 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 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.

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. The Hon'ble High Court vide its order dated 23.03.2016 adjourned the petition sine die, with liberty to revive the same in case consent under section 22(1) of the SICA is obtained or proceedings under the SICA is terminated.

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. of 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 supposed to be presented for encashment.

**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, Patiala House 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. Since the letter of credit was paid on due date, the complaint is liable to be dismissed.





- 30.5** 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.
- Hongkong & Shanghai Banking Corp. had filed a petition for winding-up of the Company before the Hon'ble High Court of Delhi for recovery of dues, since the Company has filed a reference u/s 15(1) of the SICA before BIFR, the Hon'ble High Court vide its order dated 23.03.2016 adjourned the petition sine die, with liberty to revive the same in case consent under section 22(1) of the SICA is obtained or proceedings under the SICA is terminated.
- Hongkong & Shanghai Banking Corp. filed an Original Application (O.A.) before Hon'ble Debt Recovery Tribunal-I, Delhi for recovery of its claim amounting to Rs. 157.53 lacs in respect of dues with the Company. The Hon'ble DRT vide its order dated 17.11.2015 has stayed the proceeding sine die, with liberty to revive the same in as and when legally permissible.
- 30.6** 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.
- 30.7** 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.
- 30.8** A R Electricals & Engineers filed a civil suit in District Court, Haridwar for recovery of Rs. 4.59 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.
- 30.9** New India Colours Chemical Ltd. filed a civil suit in District Court, Saket for recovery of Rs. 34.16 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.
- 30.10** Union Bank of India filed an Original Application (O.A.) before Hon'ble Debt Recovery Tribunal-II, Delhi for recovery of debts amounting to Rs. 10533.60 lacs including interest in respect of credit facilities availed by the Company. The Company has filed an application with Hon'ble DRT and challenged the legality of OA, since the company has filed a reference u/s 15(1) of SICA before Hon'ble BIFR much before the said OA, the institution of the OA itself illegal and order passed shall be *void ab initio*.
- 30.11** Punjab National Bank Ltd. filed an Original Application (O.A.) before Hon'ble Debt Recovery Tribunal-II, Delhi for recovery of debts amounting to Rs. 2579.64 lacs including interest and penalties in respect of credit facilities availed by the Company. The Hon'ble DRT vide its interim order dated 10.02.2016 restrained the Company from dealing in any manner in respect of mortgaged properties/ stocks belonging to the Company as specified in the order.
- 30.12** The Company has purchase property bearing No.8,9,10, Phase-II in Noida from M/s AEC (India) Ltd. under Tripartite Agreement in 2006 with two banks and AEC (India) Ltd. Since the property is lease hold property, Transfer cum Sale Deed is executed in 2007 after getting the NOC from NOIDA Authority.
- New India Assurance Company Ltd. filed an Original Application (O.A.) before Hon'ble Debt Recovery Tribunal-II, Delhi for recovery of dues from AEC (India) Ltd. under notice to Company. The Hon'ble DRT had passed order of attachment/ injunction against the said properties much before the date of purchase by the Company. Whereas the New India Assurance Company Ltd. neither have first or second charge over the said property nor its claim was recorded in NOIDA Authority. The Company has filed an objection with Hon'ble DRT in support of non-disclosure of attachment/ injunction by the party or bankers.

### 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
<b>I. Primary Segment Business</b>							
<b>A Segment Revenue</b>							
Sales to External Customers excluding Export Benefits		188.71	1,367.53	6,270.40	9,144.03	6,459.11	10,511.56
Other Income including Export Benefits		5.17	1.23	3,046.90	3,129.27	3,052.07	3,130.50
Total Segment Revenue		193.88	1,368.76	9,317.30	12,273.30	9,511.18	13,642.06
<b>B Segment Result</b>							
Profit before Financial Overheads, Income Tax and exceptional Items		(6,009.81)	(25,033.41)	(61,972.59)	(69,614.22)	(67,982.40)	(94,647.63)
Less : Interest and Finance Charges		779.21	3,735.88	27,040.50	23,437.52	27,819.71	27,173.40
Profit before Income Tax and exceptional Items		(6,789.02)	(28,769.29)	(89,013.09)	(93,051.74)	(95,802.11)	(121,821.03)
Less : Exceptional Items (Prior Period Expenses / Income)		11.29	1,967.63	7.01	2,934.18	18.30	4,901.81
Profit before Tax		(6,800.31)	(30,736.92)	(89,020.10)	(95,985.92)	(95,820.41)	(126,722.84)
Provision for Current Tax		-	-	-	-	-	-
Provision for Deferred Tax		-	-	-	-	-	-
Profit after Tax		(6,800.31)	(30,736.92)	(89,020.10)	(95,985.92)	(95,820.41)	(126,722.84)
<b>C Segment Assets</b>							
Carrying Amount Allocated		4,539.23	5,013.66	59,022.56	63,832.08	63,561.79	68,845.74
Unallocated Assets		-	-	-	-	14,425.31	87,766.12
Total Assets		4,539.23	5,013.66	59,022.56	63,832.08	77,987.10	156,611.86
<b>D Segment Liabilities</b>							
Carrying Amount Allocated		462.63	545.45	605.68	720.19	1,068.31	1,265.64
Unallocated Liabilities		-	-	-	-	289,423.98	258,503.00
Total Liabilities		462.63	545.45	605.68	720.19	290,492.29	259,768.64
<b>E Cost of Fixed Assets Acquired</b>							
Allocated Fixed Assets Acquired		0.65	-	4.49	-	5.14	-
Unallocated Fixed Assets		-	-	-	-	-	-
Total Fixed Assets acquired		0.65	-	4.49	-	5.14	-
<b>F Depreciation / Amortization</b>							
Allocated		526.55	1,429.99	4,756.08	4,805.63	5,282.63	6,235.62
Unallocated		-	-	-	-	-	-
<b>II. Secondary Segment - Geographical</b>							
Export Revenues		119.71	966.13	798.44	1,760.15	918.15	2,726.28
Domestic Revenues		78.57	401.40	5,471.96	7,383.88	5,550.53	7,785.28
Total		198.28	1,367.53	6,270.40	9,144.03	6,468.68	10,511.56

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. Lalit Chawla
4. Mr. Sunil Mittal
5. Mr. Vijay Grover

**33 TRANSACTIONS WITH RELATED PARTIES**

(₹ in Lacs)

Sl. No.	Nature of Transaction	Associate Companies		Key Management Personnel	
		31.03.16	31.03.15	31.03.16	31.03.15
1	Purchase of Goods & Services	31.33	9.12	0.33	0.36
2	Sale of Goods & Services	6.82	Nil	Nil	Nil
3	Advance Outstanding / Receivable	Nil	8.00	Nil	Nil
4	Managerial Remuneration	Nil	Nil	32.52	16.43
5	Dividend	Nil	Nil	Nil	Nil
6	Subscription to share capital	Nil	Nil	Nil	Nil

**34 EARNING PER EQUITY SHARE**

Basic Earnings Per Share	31.03.2016	31.03.2015
Profit after tax as per Statement of Profit and loss (In Rs. Lacs)	(109,348.41)	(126,722.84)
Weighted Average Number of Equity Shares Outstanding as at the end of the year	30822775	29357723
Basic and diluted Earnings per Share (Face Value Rs.10/-)	(354.71)	(414.95)

**35** The unclaimed application money received for allotment of equity share amounting to Rs. 0.72 lacs and unclaimed dividend amounting to Rs. 0.43 lacs for the financial year 2007-08 has been transferred to Investor Education and Protection Fund as at March 31, 2016.

**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 of even date attached

For and on behalf of the Board

For **Ravindra Sharma & Associates**  
Chartered Accountants

**Ashok Kumar Bansal**  
Chairman cum Managing Director  
DIN : 00028488

**Anju Bansal**  
Non Executive Director  
DIN : 00028588

**(CA Ravindra Sharma)**  
Partner  
Membership No : 085271

Place : Noida  
Date : May 30, 2016

**Lalit Chawla**  
Company Secretary

**Sunil Mittal**  
Chief Financial Officer

**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	<b>Name of the subsidiary</b>	<b>Hanung (Shanghai) Limited</b>
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31.12. 2014
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	RMB
4	Share Capital	102.92
5	Reserve & surplus	(281.37)
	Total Assets	.01
7	Total Liabilities	.01
8	Investments	--
9	Turnover	--
10	Profit before Taxation	(1.20)
11	Provision for Taxation	--
12	Profit after Taxation	(1.20)
13	Proposed Dividend	--
14	% of shareholding	100%

**Notes:**

There were no subsidiaries liquidated during the financial year 2015-16 except Hanung Shanghai Limited, has since dissolved.

Exchange rate used in case of foreign subsidiaries: RMB 6.1995

There were no operations in the Company during the financial year under reference.

**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; hanungcorp@gmail.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 Holder 2	
No. of Shares	

I / we record my / our presence at the "TWENTY- SIXTH ANNUAL GENERAL MEETING" of the Company to be held on Tuesday, September 20<sup>th</sup>, 2016 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 DP Id/ Folio No. 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 26<sup>th</sup> Annual General Meeting to be held on Tuesday, September 20<sup>th</sup>, 2016 at 11.30 A.M.
2. The remote E-Voting period starts from 9.00 A.M on 16<sup>th</sup> September, 2016 and ends on 19<sup>th</sup> September, 2016 at 5.00 P.M. The voting module shall be disabled by 5.00 P.M on 19<sup>th</sup> September, 2016 for voting thereafter.

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**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-SIXTH ANNUAL GENERAL MEETING 2015-16**

Name of the Member(s)	
Registered Address	
Folio No. / DP ID and Client ID	

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

1	Name:-	Address:-
	Email Id:-	Signatures:  Or failing him
2	Name:-	Address:-
	Email Id	Signatures

as my / our proxy to attend and vote (on a poll) for me/ us and on my / our behalf at the 26<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Tuesday, September 20<sup>th</sup>, 2016 at 11.00 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:

**Summary of business to be transacted at the Annual General Meeting**

<b>Ordinary Business</b>				
<b>Item No.</b>	<b>Resolution(for details refer to the notice of the 26<sup>th</sup> Annual General Meeting dated 20<sup>th</sup> September, 2016</b>	<b>Vote*</b>		
		<b>For</b>	<b>Against</b>	<b>Abstain</b>
1	Adoption of the Financial Statements of the Company for the Financial year ended 31 <sup>st</sup> March, 2016, and the reports of the Board of Directors and Auditors thereon			
2	Ratification of the appointment of M/S Ravinder Sharma & Associates Chartered Accountants as Statutory Auditors of the Company to hold office till the conclusion of next Annual General Meeting			
3	Reappointment of Mrs. Anju Bansal, who is liable to retire by rotation, as Non Executive Director of the Company.			



<b>Special Business</b>				
4	Appointment of Mr. Mukesh Kumar, as Director, who retires, and being eligible offers himself for reappointment			
5	To Appoint M/s Chandra Sharma & Co Cost Accountants, as Cost Auditors of the Company for the financial year 2016-17.			
6	To update the disclosures stated in the Special Resolution passed vide Postal Ballot dated 26.07.2014 for Preferential Allotment.			

Signed this.....day of....., 2016

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

Signature of Member:.....

Signature of Proxy holder:.....

Please affix  
Revenue  
Stamp of  
Proper value

**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.
- A proxy need not be a member of the Company
- A person can act as a proxy on behalf of members not exceeding fifty(50) and holding an aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
- It is optional to indicate your preference by placing a tick (✓) mark at the appropriate box. If you leave the 'FOR', 'AGAINST' or 'ABSTAIN' column blank against any or all the resolution, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



## HANUNG TOYS AND TEXTILES LIMITED

CIN : L74999DL1990PLC 041722

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

### BALLOT PAPER

(in lieu of e- Voting)

S. No.	Particulars	Details
1	Name of the Shareholder	
2	Postal Address	
3	Registered Folio/DP ID & Client ID*	
4	Class of Shares	

\* Either Registered Folio or DP Id & Client Id-Compulsory

I/we hereby exercise my vote in respect of the Resolutions enumerated below by recording my/our assent or dissent to the said Resolution(s) in the following manner:

Ordinary Business				
Item No.	Resolution/for details refer to the notice of the 26 <sup>th</sup> Annual General Meeting dated 20 <sup>th</sup> September, 2016	Vote*		
		For	Against	Abstain
1	Adoption of the Financial Statements of the Company for the Financial year ended 31 <sup>st</sup> March, 2016, and the reports of the Board of Directors and Auditors thereon			
2	Ratification of the appointment of M/S Ravinder Sharma & Associates Chartered Accountants as Statutory Auditors of the Company to hold office till the conclusion of next Annual General Meeting			
3	Reappointment of Mrs. Anju Bansal, who is liable to retire by rotation, as Non Executive Director of the Company.			
Special Business				
4	Appointment of Mr. Mukesh Kumar, as Director, who retires, and being eligible offers himself for reappointment			
5	To Appoint M/s Chandra Sharma & Co Cost Accountants, as Cost Auditors of the Company for the financial year 2016-17.			
6	To update the disclosures stated in the Special Resolution passed vide Postal Ballot dated 26.07.2014 for Preferential Allotment.			

Place : .....

Date : .....

.....  
(Signature of Shareholder)

(Please refer to Instructions Overleaf)

#### INSTRUCTIONS

- Members may fill up the ballot paper by placing the tick (✓) mark at the appropriate box above and submit the same in sealed envelope to the Scrutinizer Mr. Surinder Vashistha, Surinder Vashistha & Associates, Company Secretaries, C/o Hanung Toys & Textiles Limited, Company Secretary, 108-109 Noida Special Economic Zone, Noida Uttar Pradesh, 201305 so as to reach not later by 19th September, 2016 by 6:00 p.m. Ballot paper received thereafter will be treated as invalid.
- The Company will not be responsible if the envelope containing the Ballot Paper is lost in transit
- Unsigned, incomplete or incorrectly ticked Ballot papers are liable to be rejected and the decision of the Scrutinizer on the validity of the same will be final.
- In the event member casts his/her vote by both processes i.e. E- Voting and Ballot paper, the votes casted through E-Voting process would be considered and Ballot paper would be ignored,



5. The right to vote by this Ballot paper shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signatures of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of the members holding shares in physical form as per the records of the Registrar & Transfer Agent of the Company. Members are requested to keep the same updated.
7. There will be one Ballot Paper for every Folio/DP Id & Client ID irrespective of the number of joint members.
8. In case of joint holders the Ballot papers should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot papers signed by a Joint shareholder shall be treated as valid if the signatures as per the records available with the Company/ Registrar & Transfer Agent and the Company shall not entertain any objection on such Ballot Papers signed by joint shareholders.
9. Where the Ballot paper is signed by an authorized representative of the Body Corporate/Trust/Society etc. a certified copy of the relevant authorization /Board Resolution to vote should accompany the Ballot paper.
10. Instructions for E-Voting procedure are available in the Notice of the Annual General Meeting and are also placed on the website of the Company.

**FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM ONLY**

To,

Date:-

**The Company Secretary,**Hanung Toys & Textiles Limited,  
108-109, NSEZ Noida Uttar Pradesh  
201305

Subject:- Request to send Notices, Annual Reports etc. of the Company on Email in future.

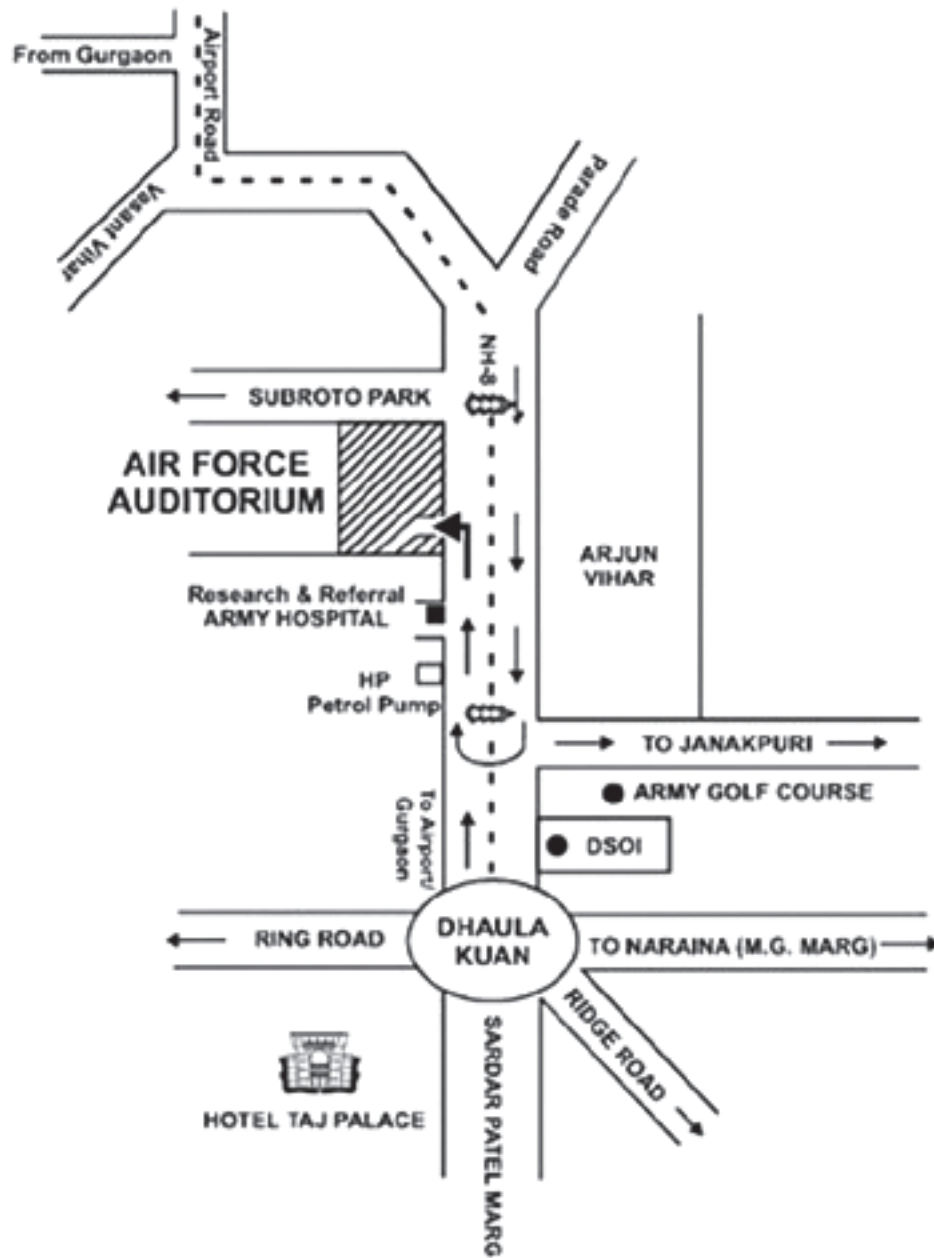
Dear Sir,

I request the Company to send all the Notices, Annual Reports, etc. of the Company in future on Email as detailed below.

Name of the Shareholder	1.
	2.
	3.
Folio No.	
Email Id	

Thanking You,  
Yours Faithfully

Signature of 1 <sup>st</sup> Shareholder	Signature of 2 <sup>nd</sup> Shareholder	Signature of 3 <sup>rd</sup> Shareholder
--	--	--







HANUNG

Annual Report 2015-16

**Book Post**



HANUNG

*If undelivered please return to:*

**Hanung Toys and Textiles Limited**

108-109, NSEZ, Noida-201305 (U.P.)