

# **29<sup>th</sup> ANNUAL REPORT**

## **2014-15**



**RUNEECHA TEXTILES LIMITED**



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### LETTER TO SHAREHOLDERS

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Dear Stakeholders,

The Indian economy saw a bounce back from lows seen for growth over the last two years. Government data shows that GDP had grown by 5.5% in the first two quarters of the financial year 2015 in accordance with the older format of calculating growth numbers. Growth benefitted from both a revival in sentiment and a cyclical bounce back in the current year. Due to substantial reduction in crude oil prices, there has been some relief from continuing high inflation, which has led to adoption of easy monetary policy by Reserve Bank of India by reducing interest rates. It is expected that interest cost will decline in the near future leading to revival of investment in industry and infrastructure. With the new stable government at the centre, which is committed to several reforms, our economy in the coming years should grow at a rapid pace.

During 2014-15, our Company had to face several challenges in terms of working capital finance and the operations at the Plant were stalled during the financial year 2014-15. However, the company is framing suitable strategies for making the working capital available so that the production could run at its full swing. Your company had also entered into an alliance with National Textile Corporation Limited for providing working capital assistance on suitable terms and conditions in order to achieve and manage the revival of our Company. The company is further considering to refer itself to BIFR since the entire net-worth of the company is eroded so that suitable revival plan could be framed in respect of the Company.

I would further like to extend my gratitude to all our stakeholders including shareholders, customers, lenders and our loyal, hardworking and committed employees for their continued support and faith in the Company.

**Sd/-**  
**Pradeep Jain**  
**Chairman and Managing Director**

## **CORPORATE INFORMATION**

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### **Board of Directors**

Mr. Pradeep Jain  
Ms. Pooja Sabharwal  
Ms. Usha Jain  
Mr. Shyam Sunder Madan(w.e.f. 18.12.2014)  
Mr. R. Shankar  
Mr. Surender Malik (w.e.f. 24.04.2015)

Chairman & Managing Director  
Non- Executive Director  
Non- Executive Director  
Independent Director  
Independent Director  
Independent Director

### **Audit Committee**

Mr. Shyam Sunder Madan  
Mr. R. Shankar  
Mr. Surender Malik

### **Stakeholder relationship Committee**

Mr. Surender Malik  
Mr. R. Shankar  
Mr. Pradeep Jain

### **Nomination and Remuneration Committee**

Mr. Shyam Sunder Madan  
Mr. Pradeep Jain  
Mr. R. Shankar  
Ms. Usha Jain

### **Risk Management Committee**

Mr. Shyam Sunder Madan  
Mr. Pradeep Jain  
Mr. R. Shankar

### **Company Secretary**

Ms. PreetiChoudhary

### **Bankers**

**Allahabad Bank**  
Industrial Finance Branch  
17, Parliament Street  
New Delhi-110001

### **Statutory Auditors**

**M/s Haribhakti & Co. LLP**  
3rd Floor, 52B  
Okhla Industrial Area III  
New Delhi – 110020  
[www.dhc.co.in](http://www.dhc.co.in)

### **Internal Auditors**

**M/s D.C. Chhajed & Associates**  
Chartered Accountants  
307, RG Trade Tower,  
Plot no: B-4,  
Netaji Subhash Place,  
Delhi – 110034

## INVESTOR'S CONTACTS

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### Compliance Officer

Ms. PreetiChoudhary  
Company Secretary  
G-25, Sector-3, Noida-201301 U.P.  
Email : [cs@runeecha.com](mailto:cs@runeecha.com)  
Phone : 91-120-2533011  
Fax : 91-120-2533010  
Email : [mt.helpdesk@linkintime.co.in](mailto:mt.helpdesk@linkintime.co.in)

### Plant location

**Runeecha Textiles Ltd.**  
A-3, Sector-22,  
Jagdishpur Industrial Area, Jagdishpur  
Dist.: Amethi - 227817 (U.P.)  
Phone : 05361-294120, 292149  
Fax : 05361-271421  
Email : [textiles@runeecha.com](mailto:textiles@runeecha.com)

### Corporate Office

G-25, II Floor, Sector- 3,  
Noida- 201301  
Phone : 91-120-2533011  
Fax : 91-120-2533010

### Addresses of Exchange

#### Bombay Stock Exchange

PhirozeJeejeebhoy Tower,  
Dalal Street, Mumbai- 400001

#### Depository for equity shares in India

#### National Securities Depository Limited

Kamala Mills Compound, Senapati  
BapatMarg, Lower Parel  
Mumbai- 400013, India  
Tel : 91 22 24994200  
Fax : 91 22 24976351

### Registrar & Transfer Agents

**Link Intime India Pvt. Ltd**  
C-13 PannaLal Silk Compound  
LBS Marg, Bhandup West  
MUMBAI-400 078  
Tel : 022-25963838 , 25946970  
Fax : 022-25946969

### For any queries relating to Annual Report or investors' assistance:

**The Company secretary**  
Runeecha Textiles Limited  
G-25, second Floor,  
Sector 3, NOIDA-201301 (UP)  
Phone: 0120-2533013  
Fax : 0120-2533010  
Email : [cs@runeecha.com](mailto:cs@runeecha.com)

### Registered Office

Level 3, Neo Vikram,  
New Link Road, Andheri West,  
Mumbai- 400058  
Phone: 022-61984579  
Fax : 022-61984950

#### Calcutta Stock Exchange

7, Lyons Range,  
Kolkatta- 700001

#### Central Depository Services (India) Limited

P. J. Towers, 17<sup>th</sup> Floor, Dalal Street,  
Fort, Mumbai- 400001, India  
Tel : 91 22 22723333  
Fax : 91 22 22723199

## FINANCIAL HIGHLIGHTS

(Rs. in Lakh)\*

| PARTICULARS                                       | 2014-15   | 2013-14  | 2012-13  |
|---|-----------|----------|----------|
| Turnover  | 194.53    | 3721.39  | 3281.10  |
| PBIDT   | (172.55)  | 205.57   | 407.83   |
| Interest  | 592.24    | 521.97   | 401.81   |
| PBDT  | (764.79)  | (316.64) | 6.02     |
| Depreciation                                      | 359.56    | 278.2    | 406.95   |
| Profit /(Loss) Before Tax and Extraordinary Items | (1124.35) | (594.6)  | (400.93) |
| Taxation  | NIL       | NIL      | NIL      |
| PAT   | (1124.35) | (594.6)  | (400.93) |
| Net Worth   | (771.82)  | 352.54   | 947.13   |
| Gross Fixed Assets                                | 14249.8   | 14249.55 | 11262.44 |
| EPS   | (4.94)    | (2.64)   | (1.67)   |
| Book Value Per Share                              | (3.28)    | 1.47     | 3.94     |

*\*except EPS and Book Value per share*



### DIRECTOR'S PROFILE

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#### **Mr. Pradeep Jain (DIN 01720702)**

RTL is headed by the Managing Director, Mr. Pradeep Jain. He is a Mechanical Engineer by profession and has extensive experience of more than four decades in the field of textiles. His association with Textiles is almost 4 decades old. He had started his carrier in Textiles in 1969 and had represented Textile mills of National repute. He has also rich experience in exports of silk garments and silk fabrics to Western Europe and Asia. He is well travelled, and year on year, has attended all the textile related fairs whether it is Heim Textil or Industoff.

His experience spans all areas covering the textile value chain. The intensity of his affinity for Textiles was the driving factor for takeover of Amethi Textiles. He is driven to create a success story for RuneechaTextiles (formerly known as Amethi Textiles).

#### **Ms. Pooja Sabharwal (DIN 02269482)**

Ms. Pooja Sabharwal, an alumnus of Shri Ram College of Commerce and the University of Leeds (UK), is a Non Executive Director with RTL. She is dynamic, creative and is constantly stimulated by the ambition of making RTL a successful and an integrated Textile organisation.

She brings in rich experience in the field of marketing and business development. Her pedigree also stems from her association at senior capacity in multinationals such as PerfettiVanmelle, Smikline Beecham etc.

#### **Mr. Shyam Sunder Madan (DIN 02427885)**

Mr. Shyam Sunder Madan is a retired General Manager from Indian Overseas Bank. He had worked in various capacities and having a rich experience in the field of Banking sector. He was also responsible for taking care of overseas operations, Hongkong. He is B.A. CAIIB and currently working as an Independent Financial Consultant.

#### **Mr. R.Shankar (DIN 01154218)**

Mr. R. Shankar is a Mechanical Engineer, a sports man and a visionary. He has rich experience in the field of Banking (National and International) sectors. He has comprehensive experience of over more than 5 decades in areas of operations, handling credit, strategy and business development.

He has worked as Chief Executive of Indian Overseas Bank Hongkong operations for more than 5 years.

#### **Ms. Usha Jain (DIN 01484308)**

Ms. Usha Jain along with Mr. Pradeep Jain serves as a promoter director of the company. She is been associated with the company since March 30, 1995 and made a remarkable contribution in uplifting and overcoming various issues pertaining to the management. She provides an objective, independent and constructive view of the plans and decisions of the executive board. She provided fresh and more objective viewpoint to the board and upholds high standard of integrity and probity.

#### **Mr. Surender Malik (DIN 02441297)**

Mr. Surender Malik is a retired Airforce officer who served the Indian Airforce for thirty years and had an illustrious career with a successful track record. He is a B. Com (H) from Delhi University. He is an active, dynamic and prominent personality and having vast experience in the field of administration. He is self-employed by profession and connected with providing professional/advisory services related to various areas of concern.

## Runeecha Annual Report 2014-15

### DIRECTORS' REPORT

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Dear Member,

We have pleasure in presenting the 29<sup>th</sup> Annual Report of the Company along with the Audited Financial Statements of Account and Auditor's Report thereon for the year ended March 31, 2015.

#### COMPANY'S PERFORMANCE

The performance of the Company during the year was not satisfactory as the operations at the plant were stalled due to absence of need base working capital. Your Company's performance during the financial year 2014-15 is summarized below:

| (Rs. In Lakh)   |                                  |                                   |
|---|----------------------------------|-----------------------------------|
| PARTICULARS   | Current Year ended on 31-03-2015 | Previous Year ended on 31-03-2014 |
| <b>Income</b>   |                                  |                                   |
| Revenue from operations   | 194.53                           | 3721.39                           |
| Other Income  | 2.32                             | 54.46                             |
| <b>Total Revenue</b>  | <b>196.85</b>                    | <b>3775.85</b>                    |
| <b>Expenses</b>   |                                  |                                   |
| Cost of material consumed   | -                                | 725.78                            |
| Purchase of traded goods  | 109.95                           | 2439.7                            |
| Change in inventories of finished goods and work-in-progress            | 67.51                            | 42.17                             |
| Employee benefits expenses  | 76.77                            | 173.56                            |
| Other expenses  | 129.56                           | 186.1                             |
| Prior Period Items and tax  | 0.1                              | 2.96                              |
| <b>Total Expenses</b>   | <b>383.89</b>                    | <b>3570.27</b>                    |
| <b>(Loss)/profit before depreciation, finance cost and tax</b>          | <b>(187.04)</b>                  | <b>205.58</b>                     |
| Finance Cost  | 538.07                           | 521.97                            |
| <b>(Loss)/profit after finance cost but before depreciation and tax</b> | <b>(725.11)</b>                  | <b>(316.39)</b>                   |
| Depreciation  | 277.02                           | 278.2                             |
| <b>(Loss)/profit after depreciation but before tax</b>                  | <b>(1002.13)</b>                 | <b>(594.59)</b>                   |
| Extraordinary item  | 24.07                            | -                                 |
| Tax expense   |                                  |                                   |
| a. Current Tax  | -                                | -                                 |
| b. Minimum alternate tax entitlement                                    | -                                | -                                 |
| <b>Net (Loss)/ Profit for the year</b>                                  | <b>(978.06)</b>                  | <b>(594.59)</b>                   |

#### DIVIDEND

In the view of Losses suffered by the company, the Directors regret their inability to recommend dividend for the year under review.

#### PRODUCTION & SALES REVIEW

During the year under review, your company had registered Rs. 194.53 Lakhs as revenue from operations as compared to Rs. 3721.39 Lakh showing a decrease of Rs. 3526.86 Lakh over previous year because the operations at the Plant were stalled and only the existing stock of finished goods were sold off to generate revenue. During this tenure we have been

## Runeecha Annual Report 2014-15

continuously approaching the Bank to provide the need based working capital on the basis of orders in hand. Your Company also wrote several letters to the Bank but all in vain as till date we did not get any appropriate response from them. We must admit that the Board of Directors have been very supportive during this while and have continuously made efforts to revive the company. They have been instrumental in new initiatives and in facilitating new projects in consonance with the objectives of the company, which could contribute towards increase of revenue from the mainstream business activities.

### BUSINESS STRATEGY

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our client while generating profitable growth for our investor. We are working on forging such alliances that will not only complement our core competencies but also lead us to growth trajectory. We will periodically assess the effectiveness of our organization structure and process to optimize it for alignment with our strategic objectives and agility. We constantly monitor and optimize various operational parameters such as cost and utilization of resources, distribution of employees, cost of operations and efficiencies of scale.

### PROCUREMENT AND DISTRIBUTION

Procurement department purchases raw cotton and processes into cotton yarn for the weaving division. Entire yarn production is consumed internally for the manufacturing of grey fabrics and combed yarn has to be purchased from other spinners.

Marketing department, manages order books, sales and collections.

### TECHNOLOGY AND NEW PRODUCT DEVELOPMENT

Management's endeavour is to maximise the quality and quantity of output from the spinning and weaving department. All efforts are focused on processing higher margin products with improved efficiency. The focus of the company has been on Exports and Technical Textiles (including products for institutional sector). Our products are well accepted in International Market as well as in Defence, Paramilitary forces, Steel and Oil Companies. RTL is planning to leverage the market for safety and security solutions.

### RESOURCES UTILISATION

**Fixed Assets:** The Fixed assets as at 31st March, 2015 were Rs. 6103.73 Lakh.

**Current Assets:** The current assets as at 31st March, 2015 were Rs. 4359.05 Lakh as against Rs. 4440.48 Lakhs in the previous financial year. Inventory level was at Rs. 666.73 Lakh as compared to the previous year level of Rs. 734.24 Lakh.

### OPERATIONS

**Manufacturing Capacities:** A state of the art manufacturing facility in Jagdishpur, District Amethi (UP).

**Spinning:** Current capacity of 11,520 spindles, 12 ring frames, 2 open end and 432 rotors backed by all preparatories from Reiter.

**Weaving:** There are 72 PU 7100 SulzerRueti Shuttle-less Projectile Looms backed by adequate preparatory. Plant is equipped with Benninger Warping machine and Sucker Muller high production Sizing Machines.

### SUBSIDIARY

As on March 31, 2015, the company has no subsidiary company.

# **Runeecha Annual Report 2014-15**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is presented in a separate section forming part of the Annual Report.

## **DEPOSITS**

The company did not accept any deposits from the public during the financial year. Hence, no information is required to be appended to this report.

## **MEETINGS OF THE BOARD**

The Board met four times during the financial year, the details of which are provided in *Corporate Governance Report* that forms part of this Annual Report. The intervening gap between any two meetings was within the time gap prescribed by the Companies Act, 2013 as well as clause 49 of the Listing agreement.

## **INDUCTION OF DIRECTOR**

On the recommendation of the Nomination and Remuneration Committee, the Members appointed Mr. Shyam Sunder Madan as the Independent Director of the company w.e.f. 18<sup>th</sup> December 2014. We thank the shareholders for their support in confirming the appointment of Mr. Shyam Sunder Madan at the AGM of the company held on December 18, 2014. Further, the shareholders via postal ballot approved the appointment of Mr. Surender Malik as Independent director w.e.f. April 24, 2015. We thank the shareholders for their support in confirming his appointment.

## **RETIREMENTS AND RESIGNATIONS**

During the year under review, Mr. S. B. Mohapatra, had resigned from the post of Independent Director w.e.f. November 10, 2014. The Board placed on record its appreciation for the services rendered by Mr. S. B. Mohapatra during his tenure with the Company.

Mr. Umesh Kumar Khaitan retired at the Annual General Meeting of the company held on December 18, 2014 and did not seek re-appointment. The Board thanked him for providing valuable guidance during the tenure of his services.

The Companies Act, 2013 provide for appointment of independent director. Section 149(10) of the Companies Act 2013 (effective 1<sup>st</sup> April 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the board of the company and shall be eligible for re-appointment after passing a special resolution by the shareholders of the company.

Sub-section (11) states that no independent director shall be eligible for re-appointment for more than two consecutive terms of five years. Sub-section (13) states that the provision of retirement by rotation as defined in sub-sections (6) and (7) of section 152 of the act shall not apply to such independent directors.

The term of appointment of Mr. R Shankar will cease at the ensuing Annual General Meeting. The Board thanks him for providing valuable guidance during the tenure of his services.

Ms. Pooja Sabharwal, had resigned from the post of Joint Managing Director w.e.f. April 01, 2015. However, she would continue to be associated with the company in the capacity of 'Non- executive Director'.

## **DECLARATION BY INDEPENDENT DIRECTORS**

The Company had also received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

# Runeecha Annual Report 2014-15

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board and separate its function of governance and management. The board periodically evaluate the need for change in its composition and size.

The Policy for selection of Directors and determining Directors independence and Remuneration Policy for Directors, Key Managerial Personnel and other employees are attached as **Annexure I** and **Annexure II** respectively.

## BOARD EVALUATION

Clause 49 of the listing agreement mandates that the board will monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be done by the board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of the independent directors will be done by the entire board except the director being evaluated.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, which includes criteria for performance evaluation of the non-executive directors and executive directors. On the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

## FAMILIARATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://www.runeecha.com//Corporate-Governance.html>

## COMMITTEE OF THE BOARD

Currently, the board has four committees: the audit committee, nomination and remuneration committee, stakeholders relationship committee and risk management committee. A detailed note on the Board and its committee is provided under the *Corporate Governance Report* that forms part of this Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 134(3) (c) OF THE COMPANIES ACT, 2013

Your Directors confirm that:

1. In the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
3. The Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
4. The Directors have prepared the annual accounts on a 'going concern' basis;
5. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

# **Runeecha Annual Report 2014-15**

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

## **CERTIFICATE ON CORPORATE GOVERNANCE**

As required by clause 49 of the Listing Agreement, certificate on Corporate Governance is enclosed as **Annexure III** to the Board Report.

## **PARTICULARS OF EMPLOYEES**

There is no such employee in the Company who is drawing remuneration in excess of limits laid down u/s Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 and therefore, no such particulars are furnished herewith.

## **VIGIL MECHANISM**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, comprises senior officers of the Company. A whistle blower through an e-mail, or letter can make protected disclosures to the Compliance Officer or the Chairman of the Audit Committee.

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.runeecha.com/Corporate-Governance.html>

## **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.runeecha.com/Corporate-Governance.html>

Your Directors draw attention of the members to Note 34 to the financial statement, which sets out related party disclosures.

## **RISK MANAGEMENT**

During the year, your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Risk Management Policy was reviewed and approved by the Committee.

## **STATUTORY AUDITOR**

At the Annual general meeting held on December 18, 2014, M/s. Haribhakti & Co. LLP, were appointed as the Statutory Auditors of the Company till the conclusion of the next annual general meeting to be held in the year 2015. Considering the stipulation contained under section 139 (2) of the Companies Act, 2013, M/s Haribhakti & Co. LLP, is not eligible to be re-appointment for the financial year 2015-16.

## Runeecha Annual Report 2014-15

The Company had received confirmation from M/s K. N. Gutgutia & Co., Chartered Accountants that their appointment, if made, would be in accordance with the provision of Section 139 of the Companies Act, 2013 and that they are not disqualified for appointment. Therefore, the Board of directors recommend their appointment as the Statutory Auditors of the Company for a term of five years subject to ratification at every Annual General Meeting.

### COMMENTS ON AUDITORS REPORT

The Auditors Report is self-explanatory and there are no adverse observations / qualifications contained in the Auditors Report.

However, your director's would like to clarify that the statutory dues till March 31, 2015 have been deposited as on the date of the approval of the report.

### SECRETARIAL AUDITOR

The Board has appointed M/s VLA & Associates, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2014-15 as required under Section 204 of the Companies Act, 2013 and rules thereunder. The Secretarial Audit Report for the financial year ended March 31, 2015 formed part of the Annual Report as **Annexure IV** to this Report.

### EXTRACT OF ANNUAL RETURN

In accordance with section 134(3) (a) of the Companies Act, 2013 an extract of Annual Return of the Company is annexed herewith as **Annexure V** to this Report.

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

The particulars prescribed under Section 134 (3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, are not applicable to the company since the company had not conducted any manufacturing activities during the period under review.

### GREEN INITIATIVE

The company had started a sustainability initiative with the aim of going green and minimizing our impact on the environment. Like the previous years, this year too, we are publishing only the statutory disclosures in the print version of the Annual report. Additional information is available on our website: [www.runeecha.com](http://www.runeecha.com).

Electronic copies of the Annual Report 2015 and notice of the 29<sup>th</sup> AGM is send to all the members whose email addresses are registered with the company/depositary participant(s). For members who have not registered their email addresses, physical copies of the Annual report 2015 and notice of 29<sup>th</sup> AGM are sent in the permitted mode. Members requiring physical copies may send their request to the Company Secretary.

### ACKNOWLEDGEMENT

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers, customers, vendors and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year. Your Directors also convey their grateful thanks to the shareholders for their continued assistance, cooperation and patronage.

Date: 30.06.2015

Place: Noida

CIN: L99999MH1986PLC038532

sd/-  
(Pradeep Jain)  
Chairman & Managing Director

## **ANNEXURE I**

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### **THE POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS INDEPENDENCE**

#### **1. Introduction**

Runeecha Textiles Limited (RTL) believes that the Board of directors should endeavor to provide a long-term vision and policy approach to improve the quality of governance and control. In this connection, RTL ensures to abide by the appropriate laws to ensure the constitution of a Board of Directors in conformity with the appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively. RTL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

#### **2. Scope**

The Nomination and Remuneration Committee aims to identify persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

#### **3. Qualifications**

The Nomination and Remuneration (NR) Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations. While evaluating the suitability of individual Board members, the NR Committee may take into account factors, such as General understanding of the Company's business dynamics, Educational and professional background, Personal and professional ethics, integrity and values, willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The proposed appointee shall also fulfill the following requirements:

- Must have Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give the written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made; and
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

#### **4. Criteria of Independence**

The NR Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence, as laid down in Companies Act, 2013 and Clause 49 of the Equity Listing Agreement, is as below:



## Runeecha Annual Report 2014-15

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) Who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) Who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. Who, neither himself nor any of his relatives—
  - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - (A) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - (iii) Holds together with his relatives two per cent or more of the total voting power of the company; or
  - (iv) Is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
  - (v) Is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. Shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. Who is not less than 21 years of age.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

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### **5. Other directorships / committee memberships**

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NR Committee shall take into account the nature of, and the time involved, in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies. A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company. A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

## **ANNEXURE II**

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### **REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

Runeecha Textiles Limited (RTL) recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

1. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
2. Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
3. Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

#### **Scope of the Policy**

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

#### **Remuneration to Executive Directors and Key Managerial Personnel**

The Board, on the recommendation of the Nomination and Remuneration (NR) Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders. The Board, on the recommendation of the NR Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Stock Options (If any)
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retiral benefits
- (vi) Annual Performance Bonus

The Annual Plan and Objectives for Executive Directors and Senior Executives (Executive Committee) shall be reviewed by the NR Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

#### **Remuneration to Non-Executive Directors**

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

#### **Remuneration to other employees**

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

## **ANNEXURE III**

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### **CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members  
**RUNEECHA TEXTILES LIMITED**

We have reviewed the implementation of Corporate Governance procedure by **RUNEECHA TEXTILES LIMITED** (the "Company") for the year ended 31<sup>st</sup> March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the 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 provisions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2015, no grievances are pending against the Company as per records maintained by the Company.

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

**For VLA & ASSOCIATES**  
**Company Secretaries**

**Sd/-**  
**VISHAL LOCHAN AGGARWAL**  
**Proprietor**  
**FCS: 7241**  
**C.P. No.: 7622**

**Place : New Delhi**  
**Date : 30<sup>th</sup> June, 2015**

## **ANNEXURE IV**

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Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

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

To,

The Members,

**RUNEECHA TEXTILES LIMITED**

LEVEL 3, NEO VIKRAM, NEW LINK ROAD,

ANDHERI WEST

MUMBAI

Maharashtra-400058

Sir,

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

Based on my verification of the **Runeecha Textiles Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2015** complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Runeecha Textiles Limited** (The company) for the financial year ended on **31<sup>st</sup> March, 2015** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- 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;

Not applicable as the company has not entered into any transactions.

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

Not applicable as the company has not formulated any Employee Stock Option Scheme and Employee Stock Purchase Scheme till date.

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- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
Not applicable as the company has not gone with debt listing.
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;  
Not applicable. The Shares of the company are listed on Bombay Stock Exchange Limited and Calcutta Stock Exchange since the date of its listing. and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;  
Not applicable as the company has not done any Buyback of its securities.
- vi. Other laws as applicable specifically to the company:  
No law has been found which is specifically applicable to the company.  
I have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.  
These Secretarial Standards were not effective till the last day of the audit period.
  - (ii) The Listing Agreement entered into by the company with Bombay Stock Exchange and Calcutta Stock Exchange;  
During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **I further report that:**

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting members' on any resolution.

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

**I further report that** during the audit period the company has taken following major decisions:

- 1- Due to continuing arrears of call money on 4,81,400 equity shares, the company decided to forfeit and reissue the forfeited shares.
- 2- During the year the company has commenced the process of shifting of registered office from the state of Maharashtra to National Capital Territory of Delhi.

**For VLA Associates  
Company Secretaries**

**Sd/-  
Vishal Lochan Aggarwal  
Proprietor  
FCS No.: 7241  
C P No.: 7622**

Place : New Delhi  
Date : 13.08.2015

## ANNEXURE V

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### EXTRACT OF ANNUAL RETURN

Form No. MGT - 9

As on the Financial Year ended on 31st March, 2015

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

#### I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L99999MH1986PLC038532
- ii) Registration Date : 03.01.1986
- iii) Name of the Company : Runeecha Textiles Limited
- iv) Category/ Sub Category of the Company : Company having share capital (Public Company/Limited by shares)
- v) Address of the Registered Office and contact details : Level 3, Neo Vikram, New Link Road, Andheri West, Mumbai- 400058
- vii) Whether listed Company : Yes
- viii) Name, Address and Contact details of Registrar and Transfer Agent : **Link Intime India Pvt. Ltd**  
C-13 PannaLal Silk Compound, LBS Marg, Bhandup West,  
MUMBAI-400 078  
Tel: 022-25963838 , 25946970

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| SN | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|----|--|---------------------------------|------------------------------------|
| 1  | CottonFabrics & Yarn                             | 13111, 13121 & 13131            | 100%                               |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S.NO | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % of shares held | Applicable Section |
|------|---------------------------------|---------|---------------------------------|------------------|--------------------|
| NIL  |                                 |         |                                 |                  |                    |

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

### i) Category-wise Share Holding

| Sl. No. | Category of Shareholders   | No. of Shares held at the beginning of the year<br>(As on April 1, 2014) |                |                 |                   | No. of Shares held at the end of the year<br>(As on March 31, 2015) |                |                 |                   | % Change during the year |
|---------|--|--|----------------|-----------------|-------------------|---|----------------|-----------------|-------------------|--------------------------|
|         |  | Demat  | Physical       | Total           | % of Total Shares | Demat   | Physical       | Total           | % of Total Shares |                          |
| A.      | Promoters  |  |                |                 |                   |   |                |                 |                   |                          |
| (1)     | Indian   |  |                |                 |                   |   |                |                 |                   |                          |
| (a)     | Individual / HUF   | 13751804   | 398100         | 14149904        | 58.84             | 13751804  | 398300         | 14150104        | 60.05             | -                        |
| (b)     | Central Govt.  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (c)     | State Govt(s)  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (d)     | Bodies Corporate   | 2690898  | -              | 2690898         | 11.19             | 2690898   | -              | 2690898         | 11.42             | -                        |
| (e)     | Banks / FI   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (f)     | Any Others   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|         | <b>Sub-total (A) (1)</b>   | <b>16442702</b>  | <b>398100</b>  | <b>16840802</b> | <b>70.03</b>      | <b>16442702</b>   | <b>398300</b>  | <b>16841002</b> | <b>71.47</b>      | <b>1.44*</b>             |
| (2)     | Foreign  |  |                |                 |                   |   |                |                 |                   |                          |
| (a)     | NRIs – Individuals   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (b)     | Other – Individuals  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (c)     | Bodies Corporate   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (d)     | Bank / FI  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (e)     | Any Other  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|         | <b>Sub-total (A)(2)</b>  | <b>-</b>   | <b>-</b>       | <b>-</b>        | <b>-</b>          | <b>-</b>  | <b>-</b>       | <b>-</b>        | <b>-</b>          | <b>-</b>                 |
|         | <b>Total shareholding of Promoter</b>                                  |  |                |                 |                   |   |                |                 |                   |                          |
|         | <b>(A) = (A)(1) + (A)(2)</b>   | <b>16442702</b>  | <b>398100</b>  | <b>16840802</b> | <b>70.03</b>      | <b>16442702</b>   | <b>398300</b>  | <b>16840802</b> | <b>71.47</b>      | <b>1.44</b>              |
| B       | Public Shareholding  |  |                |                 |                   |   |                |                 |                   |                          |
| 1       | Institutions   |  |                |                 |                   |   |                |                 |                   |                          |
| (a)     | Mutual Funds   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (b)     | Banks / FI   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (c)     | Central Govt.  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (d)     | State Govt(s)  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (e)     | Venture Capital Funds  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (f)     | Insurance Companies  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (g)     | FIs  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (h)     | Foreign Venture Capital Funds  | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (i)     | Others (specify)   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (l)     | Foreign Financial Instt. / Banks                                       | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|         | <b>Sub-Total (B) (1)</b>   | <b>-</b>   | <b>-</b>       | <b>-</b>        | <b>-</b>          | <b>-</b>  | <b>-</b>       | <b>-</b>        | <b>-</b>          | <b>-</b>                 |
| 2       | Non-Institutions   |  |                |                 |                   |   |                |                 |                   |                          |
| (a)     | Bodies Corporate   |  |                |                 |                   |   |                |                 |                   |                          |
| (i)     | Indian   | 17212  | 3100           | 20312           | 0.08              | 10782   | 3100           | 13882           | 0.06              | -                        |
| (ii)    | Overseas   | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
| (b)     | Individuals  |  |                |                 |                   |   |                |                 |                   |                          |
| (i)     | Individuals shareholders nominal share capital upto Rs. 1 lakh         | 239951   | 6613700        | 6853651         | 28.50             | 268415  | 6096500        | 6364915         | 27.01             | -                        |
| (ii)    | Individuals shareholders nominal share capital in excess of Rs. 1 lakh | 272276   | 33000          | 305276          | 1.3               | 323258  | 20400          | 343658          | 1.46              | -                        |
| (c)     | Others (specify)   |  |                |                 |                   |   |                |                 |                   |                          |
| i.      | Clearing Members   | 26761  | -              | 26761           | 0.11              | 1845  | -              | 1845            | 0.01              | -                        |
| ii.     | Non- Resident Indian   | -  | -              | -               | -                 | 100   | -              | 100             | 0.00              | -                        |
|         | <b>Sub-Total (B)(2)</b>  | <b>556200</b>  | <b>6649800</b> | <b>7206000</b>  | <b>29.97</b>      | <b>604400</b>   |                | <b>6724400</b>  | <b>28.54</b>      |                          |
|         | <b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>                   | <b>556200</b>  | <b>6649800</b> | <b>7206000</b>  | <b>29.97</b>      | <b>604400</b>   | <b>6120000</b> | <b>6724400</b>  | <b>28.54</b>      | <b>-</b>                 |
| C.      | Shares held by Custodian for GDRs & ADRs                               | -  | -              | -               | -                 | -   | -              | -               | -                 | -                        |
|         | <b>Grand Total (A+B+C)</b>   | <b>16998902</b>  | <b>7046900</b> | <b>24046802</b> | <b>100</b>        | <b>17047102</b>   | <b>6518300</b> | <b>23565402</b> | <b>100</b>        | <b>-</b>                 |



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### (ii) Shareholding of Promoters

| No. | Shareholder's Name                | Shareholding at the beginning of the year |                              |  |              | Share holding at the end of the year |                                  |  |              |   |
|-----|-----------------------------------|---|------------------------------|--|--------------|--------------------------------------|----------------------------------|--|--------------|---|
|     |                                   | No. of Shares                             | % of Total Shares of the Co. | % of shares Pledged / encumbered to total shares |              | No. of Shares                        | % of total shares of the company | % of shares Pledged / encumbered to total shares |              | % change in share holding during the year |
| 1   | PRADEEP JAIN                      | 8356550                                   | 34.75                        | 8068550  | 96.55        | 8356750                              | 36.46                            | 8068750  | 96.55        | —   |
| 2   | USHA JAIN                         | 3811350                                   | 15.85                        | 3811350  | 100.00       | 3811350                              | 16.17                            | 3811350  | 100          | —   |
| 3   | RUNEECHA FABRICS PRIVATE LIMITED  | 1427815                                   | 5.94                         | 1427815  | 100%         | 1427815                              | 6.06                             | 1427815  | 100          | —   |
| 4   | RUNEECHA POLYMARS PRIVATE LIMITED | 1263083                                   | 5.25                         | 1263083  | 100          | 1263083                              | 5.36                             | 1263083  | 100          | —   |
| 5   | PRERANA MEHTA                     | 862244                                    | 3.59                         | 862244   | 100          | 862244                               | 3.66                             | 862244   | 100          | —   |
| 6   | POOJA SABHARWAL                   | 821260                                    | 3.42                         | 820960   | 99.96        | 821260                               | 3.49                             | 820960   | 99.96        | —   |
| 7   | ASHOK KUMAR JAIN                  | 138500                                    | 0.58                         | 138500   | 100          | 138500                               | 0.59                             | 138500   | 100          | —   |
| 8   | KAVITA GALA                       | 80000                                     | 0.33                         | -  | -            | 80000                                | 0.30                             | -  | -            | —   |
| 9   | N K TANDON                        | 30000                                     | 0.12                         | -  | -            | 30000                                | 0.13                             | -  | -            | —   |
| 10  | KAMAL GIRIA                       | 20000                                     | 0.08                         | 20000  | 100          | 20000                                | 0.08                             | 20000  | 100          | -   |
| 11  | PRABHAT GIRIA                     | 15000                                     | 0.06                         | 15000  | 100          | 15000                                | 0.06                             | 15000  | 100          | -   |
| 12  | SUNITA GIRIA                      | 15000                                     | 0.06                         | 15000  | 100          | 15000                                | 0.06                             | 15000  | 100          | -   |
|     | <b>Total</b>                      | <b>16840802</b>                           | <b>70.03</b>                 | <b>16442502</b>                                  | <b>97.63</b> | <b>16841002</b>                      | <b>71.46</b>                     | <b>16442702</b>                                  | <b>97.63</b> | <b>-</b>                                  |

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

| Sl. No. |   |              | 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 |
|         | At the beginning of the year                                |              | 16840802                                  | 70.03                            | 16841002                                | 71.46                            |
| 1       | PRADEEP JAIN<br>(On account of correction of data mismatch) |              | 200                                       |                                  |   |                                  |
|         |   | <b>Total</b> | 200                                       |                                  |   |                                  |
|         | At the end of the year                                      |              | 16841002                                  | 71.46                            | 16841002                                | 71.46                            |

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | For each of the Top 10 Shareholders | 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 C SAMANI                      | 76585                                     | 0.32                             | 75717  | 0.32                             |
| 2       | ABDUL RASHID ABDUL RAHIM BAWAZIR    | 70375                                     | 0.29                             | 70375  | 0.3                              |
| 3       | RAJU GOPAL PRAMANIK                 | 68978                                     | 0.29                             | 63807  | 0.27                             |
| 4       | ANSUYA MAHESH SACHADE#              | -   | -                                | 22866  | .09                              |
| 5       | D K SAXENA*                         | 19900                                     | 0.082                            | -  | -                                |
| 6       | JAYSHREE GOPAL PRAMANIK             | 17244                                     | 0.07                             | 21569  | 0.09                             |
| 7       | RAMASAMY K#                         | -   | -                                | 18724  | 0.08                             |
| 8       | KETAN DWARKADAS CHANDAN             | 14600                                     | 0.06                             | 14600  | 0.06                             |
| 9       | DWARKADAS KHERAJ CHANDAN            | 12300                                     | 0.05                             | 12600  | 0.05                             |
| 10      | RANJAN NARAYAN RAO                  | 12000                                     | 0.05                             | 12000  | 0.05                             |
| 11      | SHIVRATAN SAGARMAL LUHARUKA*        | 11000                                     | 0.05                             | -  | -                                |
| 12      | SNEHLATA SHIVRATAN LUHARUKA#        | -   | -                                | 11000  | 0.05                             |
| 13      | AMIT M THAKKAR                      | 10300                                     | 0.04                             | 10300  | 0.04                             |

\* Ceased to be in the list of Top 10 Shareholders as on 31.03.2015.

# Not in list of Top 10 Shareholders as on 01.04.2014.

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

| Sl. No.  | Shareholding of each Director 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 |
| <b>1</b> | <b>PRADEEP JAIN</b>   |   |                                  |  |                                  |
|          | At the beginning of the year  | 8356550                                   | 34.75                            | 8356750  | 36.43                            |
|          | Date wise Increase / Decrease in Shareholding during year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | 200                                       | 0.00                             | -  | -                                |
|          | At the end of the year  | 8356750                                   | 34.75                            | 8356750  | 36.43                            |
| <b>2</b> | <b>USHA JAIN</b>  |   |                                  |  |                                  |
|          | At the beginning of the year  | 3811350                                   | 15.85                            | 3811350  | 16.17                            |
|          | Date wise Increase / Decrease in Shareholding during year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | -   | -                                | -  | -                                |
|          | At the end of the year  | 3811350                                   | 15.85                            | 3811350  | 16.17                            |
| <b>3</b> | <b>POOJA SABHARWAL</b>  |   |                                  |  |                                  |
|          | At the beginning of the year  | 821260                                    | 3.42                             | 821260   | 3.49                             |
|          | Date wise Increase / Decrease in Shareholding during year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | -   | -                                | -  | -                                |
|          | At the end of the year  | 821260                                    | 3.42                             | 821260   | 3.49                             |
| <b>4</b> | <b>PREETI CHOUDHARY</b>   |   |                                  |  |                                  |
|          | At the beginning of the year  | -   | -                                | -  | -                                |
|          | Date wise Increase / Decrease in Shareholding during year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | -   | -                                | -  | -                                |
|          | At the end of the year  | -   | -                                | -  | -                                |

### V. INDEBTEDNESS

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

(Rs. In Lacs)

|      |  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|------|--|----------------------------------|-----------------|----------|--------------------|
|      | <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i)   | Principal Amount   | 325809562                        | 8316500         | -        | 334126062          |
| ii)  | Interest due but not paid                                  | 37265694                         | -               | -        | 37265694           |
| iii) | Interest accrued but not due                               | -                                | -               | -        | -                  |
|      | <b>Total (i+ii+iii)</b>                                    | <b>363075256</b>                 | <b>8316500</b>  |          | <b>371391756</b>   |
|      | <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
|      | * Addition   | 15654594                         | -               | -        | 15654594           |
|      | * Reduction  | -                                | -               | -        | -                  |
|      | <b>Net Change</b>  | <b>15654594</b>                  | <b>-</b>        | <b>-</b> | <b>15654594</b>    |
|      | <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i)   | Principal Amount   | 325809562                        | 8316500         | -        | 334126062          |
| ii)  | Interest due but not paid                                  | 52920288                         | -               | -        | 52920288           |
| iii) | Interest accrued but not due                               | -                                | -               | -        | -                  |
|      | <b>Total (i+ii+iii)</b>                                    | <b>378729850</b>                 | <b>-</b>        | <b>-</b> | <b>387046350</b>   |

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## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In Lacs)

| S. No. | Particulars   | PRADEEP JAIN<br>Managing Director | POOJA SABHARWAL<br>Joint Managing Director | Total Amount |
|--------|---|-----------------------------------|--|--------------|
| 1      | Gross salary  | 9.00                              | 9.00                                       | 18.00        |
| (a)    | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 9.00                              | 9.00                                       | 18.00        |
| (b)    | Value of perquisites u/s 17(2) Income Tax Act, 1961                             | 4.50                              | 4.50                                       | 9.00         |
| (c)    | Profits in lieu of salary under section 17(3) Income Tax Act, 1961              | —                                 | —  | —            |
| 2      | Stock Option  | —                                 | —  | —            |
| 3      | Sweat Equity  | —                                 | —  | —            |
| 4      | Commission  | -                                 | -  | -            |
|        | - as % of profit  |                                   |  |              |
|        | - others, specify   |                                   |  |              |
| 5      | Others, please specify (Medical, LTA, PF contribution etc.)                     | -                                 | -  | -            |
|        | <b>Total (A)</b>  | <b>13.50</b>                      | <b>13.50</b>                               |              |

27.00

### B. Remuneration to other Directors:

(Rs. In Thousand)

| Sl. | Particulars of Remuneration                    | Name of Directors                             |                  |              |                    | Total Amount  |
|-----|--|---|------------------|--------------|--------------------|---------------|
|     |  | S B MOHAPATRA*                                | UMESH K KHAITAN* | R SHANKAR    | SHYAM SUNDER MADAN |               |
|     |  | 1   | 2                | 3            | 4                  |               |
| 1   | Independent Directors                          |   |                  |              |                    |               |
|     | • fee for attending board / committee meetings | 60.00   | 50.00            | 60.00        | 0.00               | 170.00        |
|     | • Commission                                   | —   | —                | —            | —                  | —             |
|     | • Others, please specify                       | —   | —                | —            | —                  | —             |
|     | <b>Total (1)</b>                               | <b>60.00</b>                                  | <b>50.00</b>     | <b>60.00</b> | <b>-</b>           | <b>170.00</b> |
| 2   | Other Non-Executive Directors                  | USHA JAIN                                     |                  |              |                    |               |
|     | • fee for attending board / committee meetings | 20.00   | —                | —            | —                  | 20.00         |
|     | • Commission                                   | —   | —                | —            | —                  | —             |
|     | • Others, please specify                       | —   | —                | —            | —                  | —             |
|     | <b>Total (2)</b>                               | <b>20.00</b>                                  |                  |              |                    | <b>20.00</b>  |
|     | <b>Total (B)=(1+2)</b>                         | <b>-</b>                                      | <b>-</b>         | <b>-</b>     | <b>-</b>           | <b>190.00</b> |
|     | <b>Total Managerial Remuneration</b>           |   |                  |              |                    | <b>-</b>      |
|     | Overall Ceiling as per the Act                 | As per Section 197 of the Companies Act, 2013 |                  |              |                    |               |

\*ceased to be director as on 31<sup>st</sup> March 2015

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

(Rs. In Lacs)

| Sl. | Particulars of Remuneration   | Key Managerial Personnel              |              |
|-----|---|---------------------------------------|--------------|
|     |   | PREETI CHOUDHARY<br>Company Secretary | Total Amount |
| 1   | Gross salary  | 3.68                                  | 3.68         |
| (a) | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 3.68                                  | 3.68         |
| (b) | Value of perquisites u/s 17(2) Income Tax Act, 1961                             | -                                     | -            |
| (c) | Profits in lieu of salary under section 17(3) Income Tax Act, 1961              | -                                     | -            |
| 2   | Stock Option  | —                                     | —            |
| 3   | Sweat Equity  | —                                     | —            |
| 4   | Commission  |                                       |              |
|     | — as % of profit  | —                                     | —            |
|     | — others, specify   | —                                     | —            |
| 5   | Others, please specify (LTA, Medical & PF contribution)                         | -                                     | -            |
|     | <b>Total</b>  | <b>3.68</b>                           | <b>3.68</b>  |

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### VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

|          | Type                             | Section of the companies Act | Brief Description | Details of Penalty / Punishment / compounding fees Imposed | Authority [RD / NCL T / COURT] | Appeal made, if any (give details) |
|----------|----------------------------------|------------------------------|-------------------|--|--------------------------------|------------------------------------|
| <b>A</b> | <b>COMPANY</b>                   |                              |                   |  |                                |                                    |
|          |                                  | Penalty                      | —                 | —  | —                              | —                                  |
|          | Punishment                       | —                            | —                 | —  | —                              | —                                  |
|          | Compounding                      | —                            | —                 | —  | —                              | —                                  |
| <b>B</b> | <b>DIRECTORS</b>                 |                              |                   |  |                                |                                    |
|          |                                  | Penalty                      | —                 | —  | —                              | —                                  |
|          | Punishment                       | —                            | —                 | —  | —                              | —                                  |
|          | Compounding                      | —                            | —                 | —  | —                              | —                                  |
| <b>C</b> | <b>OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                                |                                    |
|          |                                  | Penalty                      | —                 | —  | —                              | —                                  |
|          | Punishment                       | —                            | —                 | —  | —                              | —                                  |
|          | Compounding                      | —                            | —                 | —  | —                              | —                                  |

## Certificate on Compliance with Code of Conduct

The Company has adopted the Code of Conduct for all Board Members and Senior Management Personnel of the Company.

I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors/Management Personnel for the financial year 2014-15.

Sd/-

Place: Noida

Pradeep Jain

Date: 30.06.2015

Chairman & Managing Director

# MANAGEMENT DISCUSSION AND ANALYSIS

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### OVERVIEW OF INDIAN TEXTILE INDUSTRIES

India's textiles sector is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports contributing 11 per cent to the country's total exports basket. The textile industry is labour intensive and is one of the largest employers. The industry realized export earnings worth US\$ 41.57 billion in 2014-15.

The textile industry has two broad segments, namely handloom, handicrafts, sericulture, power looms in the unorganized sector and spinning, apparel, garmenting, made ups in the organized sector.

The Indian textiles industry is extremely varied, with a hand-spun and handwoven sector at one end of the spectrum, and the capital-intensive sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sector form the largest and knitting sector form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, the traditions of the country make the Indian textiles sector unique in comparison to the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The Indian textile industry has the potential to grow five-fold over the next ten years to touch US\$ 500 billion mark on the back of growing demand for polyester fabric, according to a study by Wazir Advisors and PCI Xylenes and Polyester. The US\$ 500 billion market figure consists of domestic sales of US\$ 315 billion and exports of US\$ 185 billion. The current industry size comprises domestic market of US\$ 68 billion and exports of US\$ 40 billion, according to MrPrashant Agarwal, Managing Director, Wazir Advisors.

### GOVERNMENT INITIATIVES

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

Some of initiatives taken by the government to further promote the industry included duty free entitlement to garment exporters for import of trimmings, embellishments and other specified items increased from 3 per cent to 5 per cent. This initiative is expected to generate an additional RMG exports estimated at Rs 10,000 crore (US\$ 1.61 billion).The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 sea ports resulting in faster clearance of import and export cargo.The proposal for imposing duty on branded items was dropped providing relief to the entire value chain.The Ministry of Textiles has approved a 'Scheme for promoting usage of geotechnical textiles in North East Region (NER)' in order to capitalise on the benefits of geotechnical textiles. The scheme has been approved with a financial outlay of Rs 427 crore (US\$ 69.12 million) for five years from 2014-15.Detailed arrangement for purchase of cotton from the farmers by the Cotton Corporation of India Ltd (CCI) under the Minimum Support Price Operation was monitored. 343 purchase centers were finalised in consultation with the State Governments after meetings with officers of CCI and the cotton producing states, resulting in streamlining of operations.

### INDUSTRY STRUCTURE AND DEVELOPMENT

For the Textiles industry, the global focus is shifting from China to India due to cost and stability factors. The government's positive steps are expected to help this shift and if foreign investments in textiles retail materialises, the consumption of the textile products in the domestic market should increase in the years to come. Recently, Government has withdrawn the requirement of export contract registration for cotton and cotton yarn and now these are in the free list, without any requirement of registration, which should boost export of cotton yarn and simultaneously, the domestic market is expected to improve. Further, Egypt has removed anti dumping duty of 5% against import of cotton yarn from India with effect from December 31, 2014, which will boost the exports of Indian Cotton Yarn to Egypt. The Government has recently announced the much awaited Foreign Trade Policy 2015- 2020 in which the export obligation for domestic procurement

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of capital goods under EPCG has been reduced from 90% to 75% and the said Policy has also introduced a single Merchandise Exports from India Scheme (MEIS) as against 5 different schemes for rewarding merchandise exports with different kinds of scripts with varying conditions. This has simplified the procedure/documentation to get the export benefits quickly, which will promote textile exports from India. Power and labour costs are increasing, due to which, cost of production has been going up. The expected fall in the value of rupee should act positively for promotion of exports.

### **OPPORTUNITIES AND THREATS**

There is scope for growth in the textile industry as India's share in the global trade in textiles is weak, compared to other countries, based on the availability of raw material and skills. The free trade environment is a good opportunity for Indian textile industry to increase its share in the global market.

Lack of uninterrupted power, increased power costs, higher transaction costs, high cost of labour are hindering the progress. However, we are making all out efforts to cope with all these challenges by continuous efforts at cost reduction, process improvements, diversification of products and improving productivity by improving efficiencies

### **BUSINESS OUTLOOK**

We expect your company will outperform the industry in terms of sales and profit growth over the medium term. In our opinion in the absence of a severe slowdown in the economy, the sluggishness would be temporary, for which the global economic forecast for the next couple of years is healthy.

While there are near-term concerns around slowing market growth and inflationary pressures on consumers, we are confident of the medium to long term growth prospects of textile sector and remain focused on delivering consistent and competitive growth with sustainable operating margin improvement.

We are focusing on Exports and Technical Textiles (including products for institutional sector). Our products are well accepted in International Market as well as in Defence, Paramilitary forces, Steel and Oil Companies. RTL is planning to leverage the safety and security solutions with an understanding that there has been a buying of more than Rs. 4000 crore of such products.

### **RISK MANAGEMENT**

The ability to take risks is the hallmark of any good enterprise, but if those risks are managed ineffectively, then growth can be adversely affected. Corporate reality is today besieged with challenges. Whether those challenges relate to governance, people, process or technology, there has to be methodology to address all of them efficiently. In our company, we adopt a risk intelligent approach to manage financial, technology and business risks. Our risk management initiatives are directed so as to better align our business objectives and strategies with the need of today's competitive market.

Your Company has a well-defined risk management framework in place. Under this framework, the Management identifies and monitors business risks on a continuous basis, and initiates appropriate risk mitigation steps as and when deemed necessary. Our company has established procedures to periodically place before the Board the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate those risks through a properly defined framework.

### **QUALITY**

Quality is intrinsic to Runeecha Textiles' philosophy, and is visible everywhere in its process driven manufacturing and control systems. Well defined quality tests are employed at every stage of the production process from the selection and procurement of raw materials, to inspection of final product and after sales support. In addition, customer satisfaction exercises are frequently conducted for feedback. Stringent control processes ensure that Runeecha Textiles' products

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meet rigorous quality norms. Long term relationships with customers, especially in the quality conscious European markets, are a testimony to our high and consistent standards.

### **HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS**

Your Company has adopted a progressive policy for helping employees to develop their organizational skill, knowledge, and abilities to achieve greater efficiency. The focus of all aspects of Human Resource Development is on developing superior workforce so that the organization and individual employees can accomplish their work goals of service to customers. Welfare and training at all levels of our employees continue to be areas of major focus for the Company. Your Company recognises human resources as the backbone of its long-term success. It emphasis on safe work practices and productivity improvement is unrelenting.

The industrial relations remained cordial throughout the year. The employees of the Company are extending a very productive co-operation in the efforts of the management to carry the Company to greater heights.

### **INFORMATION TECHNOLOGY**

Runeecha Textiles extensively leverages IT tools in its operations to achieve greater productivity and efficiency.

### **INTERNAL CONTROL SYSTEM**

Your Company has an adequate and effective internal control system to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances.

The internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements. The Audit Committee, Board of Directors, Statutory Auditors and the business heads are periodically apprised of the internal audit findings and the corrective actions taken. The company has already appointed Internal auditors for strengthening the internal control system of the company and they are conducting Audit on regular basis. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them.

### **ENVIRONMENT AND SAFETY**

The Company continues to focus on maintenance and performance improvement of related pollution control facilities like effluent treatment plant and waste disposal facility at its manufacturing locations. The Company recognises protection and management of environment as one of its highest priorities and every effort is made to conserve and protect the environment.

The management of your company has always given special attention to maintain harmonious industrial relations and this year also the Industrial Relations generally remained cordial.

### **CAUTIONARY STATEMENT**

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts. The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

## **CERTIFICATION BY CEO AND CFO OF THE COMPANY**

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**To,  
The Board of Directors  
Runeecha Textiles Limited  
Mumbai**

1. We have reviewed financial statements and the cash flow statement of Runeecha Textiles Limited for the year ended 31st March, 2015 and to the best of our knowledge and belief:
  - (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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) That there are no significant changes in internal control over financial reporting during the year;
  - (ii) That there are no significant changes in accounting policies during the year; and
  - (iii) That there are no instances of significant fraud of which we have become aware.

**Place : Noida  
Date:30.06.2015**

**Sd/-  
Pradeep Jain  
Managing Director & CEO**



# INDEPENDENT AUDITOR'S REPORT

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### To the Members of Runeecha Textiles Limited

#### Report on the Financial Statements

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

#### 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 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 of 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 and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

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

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

#### Opinion

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

# Runeecha Annual Report 2014-15

## Emphasis of Matter

- (a) We draw attention to Note 36 to the financial statements wherein, in the opinion of the management, despite accumulated losses of the Company having exceeded the net worth (excluding revaluation reserves), minimal operations and defaults in payment of loans and interest thereon, the financial statements have been prepared on a going concern basis in view of matters more fully explained in the said note.
- (b) We draw attention to Note no. 39 of the financial statements, wherein the management has explained reasons for disclosing optionally convertible cumulative preference shares, which were overdue for redemption and have been granted extension, as preference shares under shareholders' funds.

Our report is not qualified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 of the financial statements in respect of contingent liabilities;
    - (ii) The Company did not have any long-term contracts including derivative contracts hence, the question of any material foreseeable losses does not arise;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W

Sd/-

**Raj Kumar Agarwal**

Partner

Membership No. 074715

Date: 30.06.2015

Place: N. Delhi

## **ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

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[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Runeecha Textiles Limited on the financial statements for the year ended March 31, 2015]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As informed, discrepancies noticed in physical verification during the year have been properly dealt with in the books of account.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions stated in paragraph 3 (iii)(a) and 3 (iii)(b) of the Order are not applicable.
- (iv) According to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets. In our opinion, the existing internal control system needs to be further strengthened to be commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and sale of goods. During the course of our audit, we have observed continuing failure to correct major weakness in the internal control system.

There are no transactions with respect to sale of services.

- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government of India has not prescribed the maintenance of cost records for any of the business activities of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is not regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, and there have been serious delays in a large number of cases.

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, which were outstanding, at the year-end for a period of more than six months from the date they became payable are as follows:

## Runeecha Annual Report 2014-15

| Name of the statute  | Nature of the dues       | Amount in ₹ | Period to which the amount relates | Due Date           | Date of Payment    |
|--|--------------------------|-------------|------------------------------------|--------------------|--------------------|
| Income Tax Act, 1961   | Income Tax               | 1,562,434   | 2010-11                            | September 30, 2011 | Not paid till date |
| The Employees' State Insurance Act, 1948                       | Employee State Insurance | 41,953      | 2014-15                            | Various dates      | Not paid till date |
| Employees Provident Funds & Miscellaneous Provisions Act, 1952 | Provident Fund           | 90,324      | 2014-15                            | Various dates      | Not paid till date |

(b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, which have not been deposited on account of any dispute.

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(viii) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. Further, the Company has incurred cash losses during the current and immediately preceding financial year.

(ix) According to the information and explanations given to us, the Company has defaulted in repayment of its dues to banks. The particulars of delays in repayment of dues (including interest) are as follows:

| Particulars         | Amount in Rs. | Period            |
|---------------------|---------------|-------------------|
| Term Loan/WCTL/FITL | 126,355,982   | Starting Dec 2013 |

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions stated in paragraph 3(x) of the Order are not applicable to the Company.

(xi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

(xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the management.

**For Haribhakti & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm Registration No.103523W**

**Sd/-**  
**Raj Kumar Agarwal**  
**Partner**  
**Membership No. 074715**  
**Date: 30.06.2015**  
**Place: New Delhi**

## Balance Sheet as at March 31, 2015

|                                | Note | As at<br>March 31, 2015 | Amount in ₹<br>As at<br>March 31, 2014 |
|--------------------------------|------|-------------------------|--|
| <b>EQUITY AND LIABILITIES</b>  |      |                         |  |
| <b>Shareholders' funds</b>     |      |                         |  |
| Share capital                  | 3    | 260,654,020             | 263,061,020                            |
| Reserves and surplus           | 4    | 208,172,770             | 318,200,495                            |
|                                |      | <b>468,826,790</b>      | <b>581,261,515</b>                     |
| <b>Non-current liabilities</b> |      |                         |  |
| Long term borrowings           | 5    | 209,449,065             | 257,289,268                            |
| Long term provisions           | 6    | 584,672                 | 1,441,153                              |
|                                |      | <b>210,033,737</b>      | <b>258,730,421</b>                     |
| <b>Current liabilities</b>     |      |                         |  |
| Short term borrowings          | 6A   | 160,818,316             | 127,014,414                            |
| Trade payables                 | 7    | 10,509,223              | 11,397,756                             |
| Other current liabilities      | 8    | 187,379,272             | 108,695,774                            |
| Short term provisions          | 6    | 1,435,406               | 1,450,547                              |
|                                |      | <b>360,142,217</b>      | <b>248,558,491</b>                     |
| <b>Total</b>                   |      | <b>1,039,002,744</b>    | <b>1,088,550,427</b>                   |
| <b>ASSETS</b>                  |      |                         |  |
| <b>Non-current assets</b>      |      |                         |  |
| Fixed assets                   |      |                         |  |
| - Tangible assets              | 9A   | 602,118,294             | 638,048,930                            |
| Long term loans and advances   | 10   | 3,019,667               | 3,013,178                              |
| Other non-current assets       | 11   | -                       | 3,440,460                              |
|                                |      | <b>605,137,961</b>      | <b>644,502,568</b>                     |
| <b>Current assets</b>          |      |                         |  |
| Inventories                    | 12   | 66,673,058              | 73,424,035                             |
| Trade receivables              | 13   | 365,364,294             | 366,503,205                            |
| Cash and bank balances         | 14   | 109,693                 | 85,087                                 |
| Short term loans and advances  | 15   | 1,717,738               | 4,035,532                              |
|                                |      | <b>433,864,783</b>      | <b>444,047,859</b>                     |
| <b>Total</b>                   |      | <b>1,039,002,744</b>    | <b>1,088,550,427</b>                   |

Summary of significant accounting policies 2  
The accompanying notes form an integral part of the financial statements.

As per our report of even date  
For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Registration No.: 103523W

For and on behalf of Board of Directors of  
**Runeecha Textiles Limited**

**Raj Kumar Agarwal**  
Partner  
Membership No.: 074715

**Preeti Choudhary**  
Company Secretary  
ICSI M. No A 21658

**Usha Jain**  
Director  
DIN: 01484308

**Pradeep Jain**  
Managing Director  
DIN: 01720702

**Place: New Delhi**  
**Date: 30-06-2015**

## Statement of Profit and Loss for the year ended on March 31, 2015

|   | Note | Amount in ₹          |                     |
|---|------|----------------------|---------------------|
|   |      | March 31, 2015       | March 31, 2014      |
| <b>Income</b>   |      |                      |                     |
| Revenue from operations                                       | 16   | 19,452,958           | 372,139,177         |
| Other income  | 17   | 2,733,042            | 5,445,767           |
| <b>Total Revenue</b>  |      | <b>22,186,000</b>    | <b>377,584,944</b>  |
| <b>Expenses</b>   |      |                      |                     |
| Cost of material consumed                                     | 18   | -                    | 72,577,767          |
| Purchase of traded goods                                      | 19   | 10,994,922           | 243,970,716         |
| Changes in inventories of finished goods and work-in-progress | 20   | 6,750,977            | 4,217,411           |
| Employee benefits expenses                                    | 21   | 7,086,713            | 17,355,999          |
| Finance cost  | 22   | 59,223,721           | 52,196,879          |
| Depreciation expense  | 9B   | 35,956,406           | 27,819,821          |
| Other expenses  | 23   | 14,607,986           | 18,609,669          |
| <b>Total expenses</b>   |      | <b>134,620,725</b>   | <b>436,748,262</b>  |
| <b>Loss before prior period items and tax</b>                 |      | <b>(112,434,725)</b> | <b>(59,163,318)</b> |
| Prior period expense  | 24   | -                    | 296,000             |
| <b>Loss before tax</b>  |      | <b>(112,434,725)</b> | <b>(59,459,318)</b> |
| Tax expense   |      |                      |                     |
| a. Current tax  |      | -                    | -                   |
| <b>Loss for the year</b>                                      |      | <b>(112,434,725)</b> | <b>(59,459,318)</b> |
| Loss per equity share (₹) (nominal value of ₹10 per share)    | 30   |                      |                     |
| -Basic  |      | (4.94)               | (2.64)              |
| -Diluted  |      | (4.94)               | (2.64)              |

Summary of significant accounting policies 2  
The accompanying notes form an integral part of the financial statements.

As per our report of even date  
For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Registration No.: 103523W

For and on behalf of Board of Directors of  
**Runeecha Textiles Limited**

**Raj Kumar Agarwal**  
Partner  
Membership No.: 074715

**Preeti Choudhary**  
Company Secretary  
ICSI M. No A 21658

**Usha Jain**  
Director  
DIN: 01484308

**Pradeep Jain**  
Managing Director  
DIN: 01720702

**Place: New Delhi**  
**Date: 30-06-2015**

## Cash Flow Statement for the year ended on March 31, 2015

|   | Year ended<br>March 31, 2015 | Amount in ₹<br>Year ended<br>March 31, 2014 |
|---|------------------------------|---|
| <b>Cash flow from operating activities:</b>                         |                              |   |
| Net loss before tax and after prior period items                    | (112,434,725)                | (59,459,318)                                |
| <b>Non cash adjustments:</b>  |                              |   |
| Depreciation  | 35,956,406                   | 27,819,821                                  |
| Loss on sale of fixed assets  | -                            | 113,672                                     |
| Interest and finance charges  | 59,223,721                   | 52,196,879                                  |
| Bad Debts written off   | 2,151,345                    | -   |
| Liabilities written back  | (192,770)                    | (4,761,538)                                 |
| Interest income   | (223,089)                    | (315,825)                                   |
|   | <b>(15,519,112)</b>          | <b>15,593,691</b>                           |
| <b>Adjustments for (increase)/decrease in operating assets</b>      |                              |   |
| Inventories   | 6,750,977                    | (5,901,239)                                 |
| Trade receivables   | (1,012,434)                  | (47,307,804)                                |
| Short term loans and advances                                       | 2,317,794                    | (1,076,142)                                 |
| Long term loans and advances  | (6,489)                      | -   |
| <b>Adjustments for increase/(decrease) in operating liabilities</b> |                              |   |
| Trade payable   | (888,533)                    | -   |
| Other current liabilities   | 1,839,519                    | 4,748,560                                   |
| Long term and short term provisions                                 | (844,525)                    | (410,608)                                   |
| <b>Cash used in operations</b>                                      | <b>(7,362,803)</b>           | <b>(34,353,542)</b>                         |
| Less: Taxes paid  | (27,097)                     | (27,953)                                    |
| <b>Net (cash used) in operating activities</b>                      | <b>(7,389,900)</b>           | <b>(34,381,495)</b>                         |
| <b>Cash flow from investing activities:</b>                         |                              |   |
| Purchase of fixed assets  | (25,770)                     | (291,543)                                   |
| Proceeds from sale of fixed assets                                  | -                            | -   |
| Interest income on fixed deposit                                    | 828,714                      | 230,000                                     |
| Investment in fixed deposits  | -                            | 64,308                                      |
| Proceeds from fixed deposits  | 2,834,835                    | -   |
| <b>Net cash generated from investing activities</b>                 | <b>3,637,779</b>             | <b>2,765</b>                                |
| <b>Cash flow from financing activities:</b>                         |                              |   |
| Proceeds from long term term borrowings                             | -                            | 34,310,726                                  |
| Proceeds from short term borrowings                                 | 34,803,905                   | 51,652,863                                  |
| Repayment of short term borrowings                                  | (1,000,000)                  | -   |
| Interest paid**   | (30,027,178)                 | (52,196,879)                                |
| <b>Net cash generated from financing activities</b>                 | <b>3,776,727</b>             | <b>33,766,710</b>                           |
| <b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>       | <b>24,606</b>                | <b>(612,020)</b>                            |
| <b>Opening balance of cash and cash equivalents</b>                 | <b>85,087</b>                | <b>697,107</b>                              |
| <b>Closing balance of cash and cash equivalents</b>                 | <b>109,693</b>               | <b>85,087</b>                               |
| <b>Cash and Cash Equivalents comprise</b>                           |                              |   |
| Cash on hand  | 111                          | 1,347                                       |
| Balance with banks in current account                               | 109,582                      | 83,740                                      |
|   | <b>109,693</b>               | <b>85,087</b>                               |

## Runeecha Annual Report 2014-15

Summary of significant accounting policies 2

- i. The notes form an integral part of the financial statements.
- ii. The above cash flow statement has been prepared under the Indirect Method set out in Accounting Standard-3 on "Cash Flow Statements" as notified under section 133 of Companies Act, 2013 read with Rules 7 of the Company (Accounts) Rules, 2014.

\*Till previous year the proceeds from long/short term loans represent accumulation of monthly interest on these loans into Funds Invested Term Loan (FITL) account pursuant to loan restructuring agreement dated November 18, 2011.

\*\*Till previous year finance cost represents accumulation of monthly interest on terms and working capital loans into Funds Invested Term Loan (FITL) account pursuant to loan restructuring agreement dated November 18, 2011.

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements.

As per our report of even date  
For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Registration No.: 103523W

For and on behalf of Board of Directors of  
**Runeecha Textiles Limited**

**Raj Kumar Agarwal**  
Partner  
Membership No.: 074715

**Preeti Choudhary**  
Company Secretary  
ICSI M. No A 21658

**Usha Jain**  
Director  
DIN: 01484308

**Pradeep Jain**  
Managing Director  
DIN: 01720702

**Place: New Delhi**  
**Date: 30-06-2015**



# Runeecha Annual Report 2014-15

## Notes to the financial statements for the year ended on March 31, 2015

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### 1. Background

Runeecha Textiles Limited (herein referred to as “the Company”) is a manufacturer of 100% cotton yarn and grey fabric. Mr. Pradeep Jain and his Associates are the promoters of the Company. The Company’s manufacturing facilities are located at Jagdishpur (Uttar Pradesh). The accompanying financial statements reflect results of activities undertaken by the Company during the year ended March 31, 2015. The shares of the Company are listed at The Bombay Stock Exchange Limited and The Calcutta Stock Exchange Limited.

### 2. Summary of significant accounting policies

#### (a) Basis of preparation

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material respects with the accounting standards notified under section 133 of Companies Act, 2013 (“the Act”) read with Rules 7 of the Company (Accounts) Rules, 2014.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### (b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principals require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities as at the reported date and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### (c) Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition net of CENVAT (wherever applicable), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred. Losses arising from the retirement of, and gain or losses arising from disposal of tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

#### (d) Depreciation

Depreciation has been calculated on Straight Line Method at the useful lives, which are equal to useful lives specified as per schedule II to the Act. Depreciation and amortisation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation and amortisation on sale/discard from fixed assets is provided for up to the date of sale, deduction or discard of fixed assets as the case may be. Schedule II to the Act has become applicable to the Company with effect from April 1, 2014. Accordingly, the Company has determined the useful life of its assets as per Schedule II except plant & machinery whose useful life has been determined with the help of an expert Northern India Textile Research Association (“NITRA”). The tangible fixed assets for which useful life is different than the one prescribed in the Schedule II are as follows:

| Description of the Assets | Useful Life of Assets as per Schedule-II<br>(In Years) | Useful life as per Valuation Report<br>(In Years) |
|---------------------------|--|---|
| Plant & Machinery         | 15   | 30 - 35   |

## Runeecha Annual Report 2014-15

In accordance with the transitional provisions of Schedule II, in respect of assets where the remaining useful life is 'Nil', their carrying amount aggregating ₹ 770,530 after retaining the residual value as on April 1, 2014 as determined by the management has been charged to statement of profit and loss.

As a consequence, had the company not adopted Schedule II to the Act, depreciation for the year would have been lower by ₹ 13,866,631 loss for the year would have been lower by ₹ 13,866,631 and the written down value of assets as at March 31, 2015 would have been ₹ 616,729,942 as against the reported written down value ₹ 602,118,294. Impact of change in estimates of useful lives on subsequent periods is not realistically ascertainable.

### *(e) Impairment of assets*

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### *(f) Inventories*

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realisable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used. Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, Cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis. Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods. Excise duty payable, if any, on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty, if any, is deferred till the clearance of goods from the factory premises. Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

### *(g) Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue on account of sale of goods is recognized on delivery of the goods to the customer, when the property in the goods is transferred for a price and significant risk and rewards have been transferred and no effective ownership control is retained. Sales are net off discounts and sales return, sales tax/ value added tax, if any. Revenue from interest on time deposits is recognised on the time proportion method taking into consideration the amount outstanding and the applicable interest rates.

### *(h) Employee benefits*

#### **Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and bonus etc are recognised in the statement of profit and loss in the period in which the employee renders the related service.

#### **Long term employee benefits**

##### *i) Defined contribution plan:*

Provident Fund and employees' state insurance schemes:

## Runeecha Annual Report 2014-15

- a) All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India.
- b) In addition, some employees of the Company are covered under the employees' state insurance scheme, which is also a defined contribution scheme recognised and administered by the Government of India.

The Company's contributions to both these schemes are expensed off in the Statement of profit and loss. The Company has no further obligations under these plans beyond its monthly contributions.

### ii) *Defined Benefit Plans: Gratuity*

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is recognised as an income or expense in the statement of profit and loss.

### iii) *Other long term employee benefits: Leave encashment*

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary using Projected Unit Credit Method at the end of the year. Actuarial gain and losses are recognized immediately in the statement of profit and loss.

### (i) *Income Taxes*

Tax expense for the year comprising current tax, deferred tax charge or benefit and MAT credit entitlement is included in determining the net profit for the year.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised. The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the entity has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum alternate tax (MAT) under the Income Tax Act, 1961, payable for the year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on accounting for credit available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement."

## Runeecha Annual Report 2014-15

The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### *(j) Leases*

#### *Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

### *(k) Provisions, contingent liabilities and contingent assets*

#### *Provisions*

Provisions are recognized when the Company has a present obligation as a result of past events and it is more likely that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated. Such provisions are not discounted to their present value and are determined based on the management’s estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management’s current estimates.

#### *Contingent liabilities*

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

#### *Contingent assets*

Contingent assets are neither recorded nor disclosed in the financial statements.

### *(l) Cash and cash equivalents*

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturity of three months or less.

### *(m) Borrowing cost*

Borrowing costs relating to acquisition or construction or production of assets which take substantial period of time to get ready for its intended use are also included as cost of such assets to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### *(n) Earnings Per Share*

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

### *(o) Material Events*

Material Events occurring after Balance Sheet date are taken into cognizance.

## Runeecha Annual Report 2014-15

### 3. Share capital

The Company has two classes of shares i.e. equity shares and 16% optionally convertible cumulative preference shares, both having a par value of ₹10 per share.

| Particulars   | March 31, 2015    |                    | March 31, 2014    |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | Numbers           | Amount in ₹        | Numbers           | Amount in ₹        |
| <b>Authorised Shares</b>  |                   |                    |                   |                    |
| Equity shares of ₹ 10 each (previous year ₹ 10 each)  | 24,050,000        | 240,500,000        | 24,050,000        | 240,500,000        |
| 16% Optionally convertible cumulative preference shares of ₹10 each (previous year ₹ 10 each)                   | 2,500,000         | 25,000,000         | 2,500,000         | 25,000,000         |
| <b>Issued, subscribed and fully paid up shares</b>  |                   |                    |                   |                    |
| Equity shares of ₹ 10 each (previous year ₹ 10 each)  | 23,565,402        | 235,654,020        | 24,046,802        | 240,468,020        |
| <b>Less:</b> Calls in arrear (refer note 40)  | -                 | -                  | -                 | 2,407,000          |
|   | 23,565,402        | 235,654,020        | 24,046,802        | 238,061,020        |
| 16% Optionally convertible cumulative preference shares of ₹ 10 each (previous year ₹ 10 each)* (refer note 39) | 2,500,000         | 25,000,000         | 2,500,000         | 25,000,000         |
| <b>Total</b>  | <b>26,065,402</b> | <b>260,654,020</b> | <b>26,546,802</b> | <b>263,061,020</b> |

\*During the financial year 2008-09 as per terms of Shareholders' Subscription Agreement executed with SIDBI Venture Capital Limited on July 22, 2008, the Company had allotted 2,500,000 16% optionally cumulative convertible preference shares to SIDBI Venture Capital Limited amounting ₹25,000,000. The dividend on these preference shares are payable from the date of allotment @16% p.a., however in view of brought forward losses, the Company has not provided/paid any dividend on such shares. The corresponding entries in respect of the dividend and taxes thereon will be done in the year of payment of such dividend or in the year in which the shares are converted/redeemed.

#### a) Reconciliation of shares outstanding as at the beginning and at the end of the reporting period

| Particulars                               | March 31, 2015    |                    | March 31, 2014    |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | Numbers           | Amount in ₹        | Numbers           | Amount in ₹        |
| At the beginning of the year              | 24,046,802        | 240,468,020        | 24,046,802        | 240,468,020        |
| Add: Issued during the year               | -                 | -                  | -                 | -                  |
| Less: Forfeited during the year           | 481,400           | 4,814,000          | -                 | -                  |
| <b>Outstanding at the end of the year</b> | <b>23,565,402</b> | <b>235,654,020</b> | <b>24,046,802</b> | <b>240,468,020</b> |

#### Preference shares

| Particulars                               | March 31, 2015   |                   | March 31, 2014   |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | Numbers          | Amount in ₹       | Numbers          | Amount in ₹       |
| At the beginning of the year              | 2,500,000        | 25,000,000        | 2,500,000        | 25,000,000        |
| Issued during the year                    | -                | -                 | -                | -                 |
| <b>Outstanding at the end of the year</b> | <b>2,500,000</b> | <b>25,000,000</b> | <b>2,500,000</b> | <b>25,000,000</b> |

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### b) Terms/rights attached to equity share

#### Equity shares

##### Voting

Each holder of equity share is entitled to one vote per share held.

##### Dividends

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except in the case where interim dividend is distributed. The company has not declared any dividend in current and previous financial year.

##### Liquidation

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.

#### Preference shares

##### Voting

Preference share holders do not carry any voting right.

##### Dividend

The Company shall pay preferential dividend @ 16% per annum on the optionally convertible cumulative preference shares subscribed by the investor from the date of allotment. The investor shall have the option to convert (either fully, partly or none) the accumulated unpaid dividend into equity shares at par in the ratio of 1:1.

##### Liquidation

In the event of liquidation of the Company, the holders of preference shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any and before payment to equity shareholders. Such distribution amounts will be in proportion to the number of preference held by the shareholders upto the extent of agreed conversion amount of such shares.

### c) Details of shares held by each shareholder holding more than 5% shares:

#### Equity shares

| Name of share holders         | March 31, 2015 |             |        | March 31, 2014 |             |        |
|-------------------------------|----------------|-------------|--------|----------------|-------------|--------|
|                               | Numbers        | Amount in ₹ | % held | Numbers        | Amount in ₹ | % held |
| i. Pradeep Jain               | 8,356,750      | 83,567,500  | 35.46  | 8,356,550      | 83,565,500  | 34.75  |
| ii. Usha Jain                 | 3,811,350      | 38,113,500  | 16.17  | 3,811,350      | 38,113,500  | 15.85  |
| iii. Runeecha Fabrics (P) Ltd | 1,427,815      | 14,278,150  | 6.06   | 1,427,815      | 14,278,150  | 5.94   |
| iv. Runeecha Polymers (P) Ltd | 1,263,083      | 12,630,830  | 5.36   | 1,263,083      | 12,630,830  | 5.25   |

#### Preference shares

| Name of share holders            | March 31, 2015 |             |        | March 31, 2014 |             |        |
|----------------------------------|----------------|-------------|--------|----------------|-------------|--------|
|                                  | Numbers        | Amount in ₹ | % held | Numbers        | Amount in ₹ | % held |
| i. SIDBI Venture Capital Limited | 2,500,000      | 25,000,000  | 100    | 2,500,000      | 25,000,000  | 100    |

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- d) Arrears of dividend on 2,500,000 16% optionally convertible cumulative preference shares is ₹26,772,603 (Previous year ₹22,772,603 has not been provided in the books of accounts.
- e) No class of shares have been allotted as fully paid up pursuant to contract(s) without payment being received in cash, allotted as fully paid up by way of bonus shares or bought back.

### 4. Reserves and surplus

#### 4.1 Revaluation reserves (Refer note 28)

|  | Amount in ₹        |                    |
|--|--------------------|--------------------|
|  | March 31, 2015     | March 31, 2014     |
| Opening balance                              | 521,007,749        | 223,669,770        |
| Addition during the year (Refer note 9)      | -                  | 299,337,149        |
| Utilised against depreciation (Refer note 9) | (24,422,009)       | (1,999,170)        |
| <b>Closing balance (A)</b>                   | <b>496,585,740</b> | <b>521,007,749</b> |

#### 4.2 Capital reserve

|  | Amount in ₹      |                |
|--|------------------|----------------|
|  | March 31, 2015   | March 31, 2014 |
| Opening balance                                      | -                | -              |
| Add: Forfeiture of Shares (Refer note 3 and note 40) | 2,407,000        | -              |
| <b>Closing balance (B)</b>                           | <b>2,407,000</b> | <b>-</b>       |

#### 4.3 General Reserve

|  | Amount in ₹       |                |
|--|-------------------|----------------|
|  | March 31, 2015    | March 31, 2014 |
| Opening balance  | -                 | -              |
| Add: Transferred from Revaluation Reserve (Refer note 9) | 24,422,009        | -              |
| <b>Closing balance (D)</b>                               | <b>24,422,009</b> | <b>-</b>       |

#### 4.4 (Deficit) in the Statement of Profit and Loss

|  | Amount in ₹          |                      |
|--|----------------------|----------------------|
|  | March 31, 2015       | March 31, 2014       |
| Opening balance  | (202,807,254)        | (143,347,936)        |
| Add: Net (loss) for the year as per Statement of Profit and Loss | (112,434,725)        | (59,459,318)         |
| <b>Closing balance (C)</b>                                       | <b>(315,241,979)</b> | <b>(202,807,254)</b> |
| <b>Total reserves and surplus (A+B+C+D)</b>                      | <b>208,172,770</b>   | <b>318,200,495</b>   |

### 5. Long term borrowings

|  | Amount in ₹        |                    |
|--|--------------------|--------------------|
|  | March 31, 2015     | March 31, 2014     |
| Term loan  |                    |                    |
| - From Bank – Secured (Refer footnotes)              | 209,449,065        | 255,993,298        |
| - From others – Unsecured                            |                    |                    |
| - SREI Infrastructure Finance Limited (Refer note 8) | -                  | 1,295,970          |
| <b>Total</b>   | <b>209,449,065</b> | <b>257,289,268</b> |

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### Term loan from Bank

#### i) Secured against –

- First charge on land situated at A-3, Sector-22, Jagdishpur Industrial Area, Jagdishpur, Distt. Amethi-227 817 (UP).
- Entire fixed assets situated at A-3, Sector-22, Jagdishpur Industrial Area, Jagdishpur, Distt. Amethi-227 817 (UP).
- Personal Guarantee of Mr. Pradeep Jain (Managing Director) and Mrs. Usha Jain (Director).
- Collateral security: Equitable mortgage of house property in the name of Mr. Pradeep Jain (Managing Director) valued around ₹30.2 million and second pari-passu charge over the entire current assets of the Company including raw material, WIP, FG, Chemicals, stores/ spares not relating to plant both present and future.

ii) Term loan from bank carries interest rate of Allahabad bank base rate+0.25% ranging from 10.20% to 10.50%. The loan is repayable in pre-scheduled 28 quarterly instalments commencing from quarter ending December 31, 2013.

iii) For current maturities of long term borrowings refer note 8

iv) Period and amount of continuing default as on balance sheet date in respect of Loan and Interest is as follows:

|                               | March 31, 2015     |               | March 31, 2014    |            |
|-------------------------------|--------------------|---------------|-------------------|------------|
|                               | Amount in ₹        | Period        | Amount in ₹       | Period     |
| Term Loan                     | 54,381,132         | December 2013 | 18,409,654        | December   |
| Working Capital Term Loan     | 46,619,267         | to March 2015 | 15,737,025        | 2013 to    |
| Funded Interest Term Loan -I  | 20,963,770         |               | 6,629,660         | March 2014 |
| Funded Interest Term Loan -II | 4,391,812          |               | 4,800,825         |            |
|                               | <b>126,355,982</b> |               | <b>45,577,165</b> |            |

### 6. Provisions

|   | Amount in ₹    |                  |                  |                  |
|---|----------------|------------------|------------------|------------------|
|   | Long-term      |                  | Short-term       |                  |
|   | March 31, 2015 | March 31, 2014   | March 31, 2015   | March 31, 2014   |
| <b>Provision for employee benefits</b>  |                |                  |                  |                  |
| (Also refer note 29)  |                |                  |                  |                  |
| Provision for gratuity  | 536,587        | 1,163,728        | 142,484          | 119,064          |
| Provision for leave encashment  | 48,085         | 277,425          | 72,486           | 83,950           |
|   | <b>584,672</b> | <b>1,441,153</b> | <b>214,970</b>   | <b>203,014</b>   |
| <b>Other provision</b>  |                |                  |                  |                  |
| Provision for income tax  | -              | -                | 1,220,436        | 1,247,533        |
| (Net of advance tax and tax deducted at source of ₹ 341,998. (Previous year ₹ 314,901)) | -              | -                | 1,220,436        | 1,247,533        |
| <b>Total</b>  | <b>584,672</b> | <b>1,441,153</b> | <b>1,435,406</b> | <b>1,450,547</b> |

### 6A. Short term borrowings

|  | Amount in ₹        |                    |
|--|--------------------|--------------------|
|  | March 31, 2015     | March 31, 2014     |
| Working capital loan   |                    |                    |
| - From Bank – Secured (Refer footnote i and ii)                          | 152,501,816        | 124,114,414        |
| - From others – Unsecured (Refer footnote iii)                           |                    |                    |
| Individuals  | 1,000,000          | 1,000,000          |
| - Loan from related parties - Unsecured (Refer note 34 and footnote iii) | 7,316,500          | 1,900,000          |
|  | <b>160,818,316</b> | <b>127,014,414</b> |



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- i) Secured against charge over entire current assets of the Company including stock of raw material, work in process, finished goods, stores and spares, book debts, receivables and other current assets of the Company, both present and future. Collateral security: Equitable mortgage of house property in the name of Mr. Pradeep Jain (Managing Director) valued around ₹ 30.2 million and Second Pari-passu charge on the entire factory land/ Building (33673 sq meter), other fixed assets of the Company, both present and future.
- ii) Working capital loan from bank carries interest rate of Allahabad Bank base rate+0.25% per annum. ranging from 11.25% to 11.50%.
- iii) The unsecured loans taken from various parties including related parties are interest free. The said loans are payable on demand.

### 7. Trade payables

|   | Amount in ₹       |                   |
|---|-------------------|-------------------|
|   | March 31, 2015    | March 31, 2014    |
| Trade payables (Refer note 33 for details of dues to Micro, Small and Medium Enterprises) | 10,509,223        | 11,397,756        |
| <b>Total</b>  | <b>10,509,223</b> | <b>11,397,756</b> |

### 8. Other current liabilities

|  | Amount in ₹        |                    |
|--|--------------------|--------------------|
|  | March 31, 2015     | March 31, 2014     |
| Current maturities of long term debt (Refer note 5 and its footnotes)    | 117,656,560        | 69,816,354         |
| Other payables:  |                    |                    |
| -Advance from customers and others                                       | 15,763             | 65,763             |
| -Interest payable on loan from State Trading Corporation (Refer note 27) | -                  | 4,365,171          |
| -Interest due on Term Loans but not paid                                 | 56,539,628         | 22,977,914         |
| -Book overdraft  | -                  | 200,516            |
| -Employees related payables  | 4,255,949          | 3,058,010          |
| -Expenses payable (Refer note 33)  | 7,813,974          | 7,256,363          |
| -Payables for capital expenditure (Refer note 33)                        | 139,860            | 139,860            |
| -Statutory dues payable  | 957,538            | 815,823            |
| <b>Total</b>   | <b>187,379,272</b> | <b>108,695,774</b> |

9A. Tangible assets

| Particular            | Gross block (at cost)  |           |                                |           | Accumulated depreciation |                        |                           |                              | Amount in ₹                   |                         |                                      |
|-----------------------|------------------------|-----------|--------------------------------|-----------|--------------------------|------------------------|---------------------------|------------------------------|-------------------------------|-------------------------|--------------------------------------|
|                       | As at<br>April 1, 2014 | Additions | Revalued during<br>the year*** | Disposals | As at<br>March 31, 2015  | As at<br>April 1, 2014 | Schedule II<br>Adjustment | Depreciation<br>for the year | Disposals/<br>Adjustment<br>s | As at<br>March 31, 2015 | Net block<br>As at<br>March 31, 2015 |
| Own assets            |                        |           |                                |           |                          |                        |                           |                              |                               |                         |                                      |
| Land*                 | 168,365,000            | -         | -                              | -         | 168,365,000              | -                      |                           | -                            | -                             | -                       | 168,365,000                          |
| Factory building**    | 128,136,657            | -         | -                              | -         | 128,136,657              | 52,895,787             |                           | 5,073,054                    | -                             | 57,968,841              | 70,167,816                           |
| Plant and machinery** | 1,121,067,304          | 25,770    | -                              | -         | 1,121,093,074            | 729,203,379            | 240,898                   | 29,085,495                   | -                             | 758,529,772             | 362,563,302                          |
| Office equipments     | 1,934,521              | -         | -                              | -         | 1,934,521                | 806,110                | 389,663                   | 678,451                      | -                             | 1,874,224               | 60,297                               |
| Furniture & fittings  | 1,760,383              | -         | -                              | -         | 1,760,383                | 1,490,050              | 11,231                    | 47,720                       | -                             | 1,549,001               | 211,382                              |
| Computers             | 1,759,007              | -         | -                              | -         | 1,759,007                | 1,422,336              | 128,738                   | 26,414                       | -                             | 1,577,488               | 181,519                              |
| Vehicle               | 1,931,731              | -         | -                              | -         | 1,931,731                | 1,088,011              |                           | 274,742                      | -                             | 1,362,753               | 568,978                              |
| Total                 | 1,424,954,603          | 25,770    | -                              | -         | 1,424,980,373            | 786,905,673            | 770,530                   | 35,185,876                   | -                             | 822,862,079             | 602,118,294                          |

\* The land was revalued during the financial year 2008-09 & 2012-2013. Original cost of land was ₹ 1,374,859 (Refer note 28).

\*\* The factory building was revalued during the financial year 2008-09 & 2012-2013. Original cost of the factory building was ₹ 69,396,490 (Refer note 28).

\*\*\* The plant and machinery was revalued during financial year 2013-14. Original cost of plant and machinery was ₹ 821,730,155 (Refer note 28).

#Additional Depreciation on factory building and plant and machinery on account of revaluation is transfer from revaluation reserve to general reserve in accordance with the guidance note on Schedule-II issued by ICAI.

9B. Depreciation expense

| Particulars                             | Amount in ₹       |  |
|---|-------------------|--|
|   | March 31, 2015    |  |
| Depreciation for the year               | 35,185,876        |  |
| Add: Schedule-II adjustment             | 770,530           |  |
| Charged to statement of profit and loss | <b>35,956,406</b> |  |

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## Previous Year

| Particular              | Gross block (at cost)  |           |                                |           | Accumulated depreciation |                        |             |                              |                               | Net block               |
|-------------------------|------------------------|-----------|--------------------------------|-----------|--------------------------|------------------------|-------------|------------------------------|-------------------------------|-------------------------|
|                         | As at<br>April 1, 2013 | Additions | Revalued during<br>the year*** | Disposals | As at<br>March 31, 2014  | As at<br>April 1, 2013 | Adjustments | Depreciation<br>for the year | Disposals/<br>Adjustment<br>s | As at<br>March 31, 2014 |
| Own assets              |                        |           |                                |           |                          |                        |             |                              |                               |                         |
| Land*                   | 168,365,000            | -         | -                              | -         | 168,365,000              | -                      | -           | -                            | -                             | 168,365,000             |
| Factory building**      | 128,136,657            | -         | -                              | -         | 128,136,657              | 48,616,023             | -           | 4,279,764                    | -                             | 75,240,870              |
| Plant and machinery***# | 821,730,155            | -         | 299,337,149                    | -         | 1,121,067,304            | 704,152,879            | -           | 25,050,500                   | -                             | 391,863,925             |
| Office equipments       | 1,923,801              | 10,720    | -                              | -         | 1,934,521                | 716,809                | -           | 89,301                       | -                             | 1,128,411               |
| Furniture & fittings    | 1,760,383              | -         | -                              | -         | 1,760,383                | 1,454,852              | -           | 35,198                       | -                             | 270,333                 |
| Computers               | 1,759,007              | -         | -                              | -         | 1,759,007                | 1,226,895              | -           | 195,441                      | -                             | 336,671                 |
| Vehicle                 | 2,569,893              | -         | -                              | 638,162   | 1,931,731                | 1,213,714              | -           | 168,787                      | 294,490                       | 843,720                 |
| Total                   | 1,126,244,896          | 10,720    | 299,337,149                    | 638,162   | 1,424,954,603            | 757,381,172            | -           | 29,818,991                   | 294,490                       | 638,048,930             |

\* The land was revalued during the financial year 2008-09 & 2012-2013. Original cost of land was ₹ 1,374,859 (Refer note 28).

\*\* The factory building was revalued during the financial year 2008-09 & 2012-2013. Original cost of the factory building was ₹ 69,396,490 (Refer note 28).

\*\*\* The plant and machinery was revalued during the current financial year. Original cost of plant and machinery was ₹ 821,730,155 (Refer note 28).

# Additional depreciation on factory building and plant and machinery on account of revaluation is adjusted against the revaluation reserves. (Refer note 28).

## 9B. Depreciation expense

| Particulars                              | Amount in ₹    |  |
|--|----------------|--|
|  | March 31, 2014 |  |
| Depreciation for the year                | 29,818,991     |  |
| Less: Transferred to revaluation reserve | 1,999,170      |  |
| Depreciation expense for the year        | 31,818,161     |  |

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### 10. Long term loans and advances

|                              | Amount in ₹      |                  |
|------------------------------|------------------|------------------|
|                              | March 31, 2015   | March 31, 2014   |
| Unsecured, considered good   |                  |                  |
| Security deposits            | 1,400,505        | 1,394,016        |
| Minimum alternate tax credit | 1,619,162        | 1,619,162        |
| <b>Total</b>                 | <b>3,019,667</b> | <b>3,013,178</b> |

### 11. Other non-current assets

|   | Amount in ₹    |                  |
|---|----------------|------------------|
|   | March 31, 2015 | March 31, 2014   |
| Non-current bank balance                  |                |                  |
| Non-current bank balances (Refer note 14) | -              | 2,834,835        |
| Interest accrued on fixed deposits        | -              | 605,625          |
| <b>Total</b>                              | <b>-</b>       | <b>3,440,460</b> |

### 12. Inventories (valued at lower of cost and net realisable value)

|                                     | Amount in ₹       |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | March 31, 2015    | March 31, 2014    |
| Raw materials                       | 19,028,708        | 19,028,708        |
| Work in progress                    | 32,470,048        | 32,470,048        |
| Finished goods                      | 7,877,302         | 14,628,279        |
| Stores, spares and packing material | 7,297,000         | 7,297,000         |
| <b>Total</b>                        | <b>66,673,058</b> | <b>73,424,035</b> |

### 13. Trade receivables

|  | Amount in ₹        |                    |
|--|--------------------|--------------------|
|  | March 31, 2015     | March 31, 2014     |
| Unsecured, considered good   |                    |                    |
| Outstanding for a period exceeding six months from the date they are due for payment | 365,364,294        | 293,284,271        |
| Others   | -                  | 73,218,934         |
| <b>Total</b>   | <b>365,364,294</b> | <b>366,503,205</b> |

### 14. Cash and bank balances

|   | Amount in ₹    |                |                |                  |
|---|----------------|----------------|----------------|------------------|
|   | Current        |                | Non-Current    |                  |
|   | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014   |
| <b>Cash and cash equivalents</b>                                    |                |                |                |                  |
| Balances with banks   |                |                |                |                  |
| - in current accounts   | 109,582        | 83,740         | -              | -                |
| Cash on hand  | 111            | 1,347          | -              | -                |
| <b>Total (A)</b>  | <b>109,693</b> | <b>85,087</b>  | <b>-</b>       | <b>-</b>         |
| <b>Other bank balances</b>  |                |                |                |                  |
| Deposits with maturity after 12 months from reporting date          | -              | -              | -              | 2,834,835        |
| <b>Total (B)</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>2,834,835</b> |
| Amount disclosed under other non-current assets (Refer note 11) (C) | -              | -              | -              | 2,834,835        |
| <b>Total (A+B-C)</b>  | <b>109,693</b> | <b>85,087</b>  | <b>-</b>       | <b>-</b>         |

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### 15. Short term loans and advances

|   | Amount in ₹      |                  |
|---|------------------|------------------|
|   | March 31, 2015   | March 31, 2014   |
| Unsecured and considered good                 |                  |                  |
| Imprest to employees                          | 147,264          | 1,421,188        |
| Prepaid expenses                              | 563,823          | 462,352          |
| Other advances recoverable in cash or in kind |                  |                  |
| -Advances to suppliers                        | 1,006,651        | 2,151,992        |
|   | <b>1,717,738</b> | <b>4,035,532</b> |

### 16. Revenue from operations

|   | Amount in ₹                  |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| <b>Sale of manufactured products (Refer footnote)</b> |                              |                              |
| -Fabric   | 9,328,116                    | 109,429,109                  |
| -Yarn   | -                            | 2,844,575                    |
| Less: Discount on sales                               | -                            | 68,886                       |
|   | <b>9,328,116</b>             | <b>112,204,798</b>           |
| <b>Sale of traded products</b>                        |                              |                              |
| -Fabric   | 10,124,842                   | 259,121,881                  |
|   | <b>10,124,842</b>            | <b>259,121,881</b>           |
| <b>Other operating revenue</b>                        |                              |                              |
| - Job Work Charges                                    | -                            | 812,498                      |
| - Others (including Scrap sale)                       | -                            | -                            |
|   | -                            | 812,498                      |
| <b>Total</b>  | <b>19,452,958</b>            | <b>372,139,177</b>           |

Foot note:

The Company is engaged in manufacturing of 100% cotton yarn and grey fabric which are not subject to excise duty.

### 17. Other income

|   | Amount in ₹                  |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Interest on fixed deposits                                  | 223,089                      | 315,825                      |
| Other non operating income:                                 |                              |                              |
| Liabilities no longer required written back (Refer note 37) | 192,770                      | 4,761,538                    |
| Provision for gratuity written back (Refer note 29)         | 603,721                      | 368,404                      |
| Provision for Leave encashment written back (Refer note 29) | 240,789                      | -                            |
| Miscellaneous Income  | 1,472,673                    | -                            |
|   | <b>2,509,953</b>             | <b>5,129,942</b>             |
| <b>Total</b>  | <b>2,733,042</b>             | <b>5,445,767</b>             |

### 18. Cost of material consumed

|                                     | Amount in ₹                  |                              |
|-------------------------------------|------------------------------|------------------------------|
|                                     | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Raw material                        |                              |                              |
| Opening stock                       | 19,028,708                   | 8,776,258                    |
| Add: Purchases during the year      | -                            | 82,437,010                   |
| Less: Closing stock                 | (19,028,708)                 | (19,028,708)                 |
| Other consumables (sizing material) | -                            | 393,207                      |
| <b>Total</b>                        | <b>-</b>                     | <b>72,577,767</b>            |

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### 19. Purchase of traded goods

|              | Amount in ₹                  |                              |
|--------------|------------------------------|------------------------------|
|              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Traded goods |                              |                              |
| -Fabric      | 10,994,922                   | 243,970,716                  |
| <b>Total</b> | <b>10,994,922</b>            | <b>243,970,716</b>           |

### 20. Changes in inventories of finished goods and work-in-progress

|   | Amount in ₹                  |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Inventories at the beginning of the year:                                 |                              |                              |
| Finished goods  | 14,628,279                   | 40,412,731                   |
| Work in progress  | 32,470,048                   | 10,903,007                   |
|   | <b>47,098,327</b>            | <b>51,315,738</b>            |
| Inventories at the end of the year:                                       |                              |                              |
| Finished goods  | 7,877,302                    | 14,628,279                   |
| Work in progress  | 32,470,048                   | 32,470,048                   |
|   | <b>40,347,350</b>            | <b>47,098,327</b>            |
| Decrease/(Increase) in inventories of finished goods and work-in-progress | <b>6,750,977</b>             | <b>4,217,411</b>             |

### 21. Employee benefits expenses

|   | Amount in ₹                  |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Salaries, wages and bonus                                 | 6,740,914                    | 16,428,212                   |
| Contribution to provident and other funds (Refer note 29) | 121,169                      | 622,051                      |
| Leave encashment (Refer note 29)                          | -                            | 11,496                       |
| Staff welfare expenses                                    | 224,630                      | 294,240                      |
|   | <b>7,086,713</b>             | <b>17,355,999</b>            |

### 22. Finance cost

|  | Amount in ₹                  |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Interest expense on:   |                              |                              |
| -Term loan from bank   | 16,886,136                   | 14,842,489                   |
| -Working capital loan from bank                                  | 35,854,736                   | 32,226,012                   |
| -Interest on letter of credits                                   | 5,406,183                    | 476,832                      |
| -interest on delayed payment of statutory dues                   | 134,018                      | 129,408                      |
| Finance charges on borrowings                                    | 942,648                      | 156,967                      |
| -Interest on loan from State Trading Corporation (Refer note 27) | -                            | 4,365,171                    |
|  | <b>59,223,721</b>            | <b>52,196,879</b>            |

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### 23. Other expenses

|   | Amount in ₹                  |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Rent expenses (Refer note 32)               | 1,446,020                    | 1,365,480                    |
| Freight expenses                            | -                            | 28,336                       |
| Power & fuel expenses                       | 2,207,177                    | 6,294,222                    |
| Insurance expenses                          | 818,061                      | 788,309                      |
| Share listing and processing fees           | 777,586                      | 612,712                      |
| Legal & Professional fees (Refer note 35)   | 1,924,491                    | 3,199,245                    |
| Rates and taxes                             | 59,420                       | 51,627                       |
| Postage, telegraph & communication expenses | 371,638                      | 423,030                      |
| Recruitment expenses                        | 70,727                       | 29,235                       |
| Printing & stationary expenses              | 57,445                       | 99,509                       |
| Fees & subscription                         | 44,112                       | 56,815                       |
| Bank charges                                | 82,600                       | 78,909                       |
| Bad debts written off                       | 2,151,345                    | -                            |
| Selling and distribution expenses           | 273,022                      | 214,813                      |
| Security charges                            | 2,466,271                    | 2,377,613                    |
| Loss on sale of Vehicle                     | -                            | 113,672                      |
| Director's sitting fees                     | 190,000                      | 390,000                      |
| Travelling and conveyance expenses          | 1,284,531                    | 1,900,756                    |
| Repairs and maintenance expenses            |                              |                              |
| -Buildings                                  | 7,722                        | 11,667                       |
| -Plant and machinery                        | 77,319                       | 79,698                       |
| -Others                                     | 51,506                       | 75,603                       |
| Miscellaneous expenses                      | 246,993                      | 418,418                      |
|   | <b>14,607,986</b>            | <b>18,609,669</b>            |

### 24. Prior period expenses

|                           | Amount in ₹                  |                              |
|---------------------------|------------------------------|------------------------------|
|                           | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Freight expenses          | -                            | 56,000                       |
| Legal & Professional fees | -                            | 240,000                      |
|                           | -                            | <b>296,000</b>               |

### 25. Contingent liabilities

|  | Amount in ₹                  |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Claims against the Company not acknowledged as debts | Nil                          | Nil                          |

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### 26. Commitments

There are no outstanding capital commitments and other material commitments as at date of the Balance Sheet for the year ended March 31, 2015 and March 31, 2014.

**27.** The Company has settled the litigation with State Trading Corporation (STC) for outstanding loan amount of ₹ 5,634,829 which was pending before Honorable High Court of Mumbai. The court has ordered the settlement at ₹ 10,000,000 including interest. Accordingly, the company has made payment for outstanding loan amount of ₹ 5,634,829 along with the interest amounting ₹ 4,365,171.

**28.** During the financial year 2008-09, the Company revalued its land and factory buildings on the basis of report on Techno Economic Feasibility conducted by Northern India Textile Research Association (NITRA) in May 2008 in which the value of these fixed assets have been taken on the basis of its valuation report of assets of the Company conducted by NITRA which was also relied upon by the banks for the purpose of One Time Settlement (OTS). The original cost of land ₹ 1,374,859 has been revalued at ₹ 74,833,000 and the factory building with original cost of ₹ 69,396,490 has been revalued at ₹ 81,198,366. The difference between the revalued figures and the book value of the revalued assets amounting ₹ 73,458,141 was transferred to Revaluation Reserve in respect of Land and ₹ 11,801,876 in respect of factory buildings, totalling to ₹ 85,260,017. In the financial year 2012-13, the Company revalued its land and factory building. The revaluation has been carried out by Government approved independent valuer, M/s Karuna Associates, through its report dated May 10, 2012 issued to Allahabad Bank. The land has been revalued to ₹ 168,365,000 and the factory building has been revalued to ₹ 82,059,200. The difference between the revalued figures and the net book value of the revalued assets amounting ₹ 93,532,000 was transferred to Revaluation Reserve in respect of land and ₹ 48,053,507 in respect of factory building, totalling to ₹ 141,585,507.

In the financial year 2013-14, the Company revalued its plant and machinery. The revaluation has been carried out by Government approved independent valuer, Anmol Sekhri Consultant Private Limited, through its report dated November 5, 2014. The plant and machinery was revalued at ₹ 391,863,925. The difference between the revalued figures and the net book value amounting ₹ 299,337,149 was transferred to revaluation reserve.

Further, in accordance with the provisions of AS-10 and guidance note on Schedule II issued by ICAI, the amount equivalent to additional depreciation on account of revaluation of building and plant and machinery amounting ₹ 1,889,248 and ₹ 22,532,761 respectively has been transferred to general reserve from revaluation reserve.

For the financial year 2013-2014, depreciation was provided with reference to the total value of the fixed assets as appearing in the accounts after the revaluation. Additional depreciation as a consequence to the revaluation of buildings amounting ₹ 1,999,170 had been adjusted against Revaluation Reserve. (Refer note 9A regards Tangible asset and note 4.1 with regards to revaluation reserve)

### 29. Employee benefit obligations

The Company has in accordance with the Accounting Standard-15 'Employee Benefits' has calculated the various benefits provided to employees as under:

#### A. Defined contribution plans

During the year the Company has recognized the following amounts in the Statement of Profit and Loss:

|  | Amount in ₹    |                |
|--|----------------|----------------|
|  | March 31, 2015 | March 31, 2014 |
| Employers' Contribution to Provident Fund*           | 73,309         | 370,032        |
| Employers' Contribution to Employee State Insurance* | 47,860         | 252,019        |
| <b>Total</b>   | <b>121,169</b> | <b>622,051</b> |

\* Included in contribution to provident fund and other funds under Employee benefit expenses (Refer Note 21)



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### Defined benefit plans and other long term employee benefits:

The present value obligation in respect of gratuity and earned leave is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The summarised positions of various defined benefits are as under:

#### I. Actuarial assumptions

| Particulars                            | Gratuity                     |                              | Leave Encashment             |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Discount rate                          | 7.85%                        | 9.10%                        | 7.85%                        | 9.10%                        |
| Salary escalation rate                 | 3%                           | 10%                          | 3%                           | 10%                          |
| Attrition rate                         | 10%                          | 10%                          | 10%                          | 10%                          |
| Expected rate of return on plan assets | N.A.                         | N.A.                         | N.A.                         | N.A.                         |

(a) The discount rate has been assumed at 7.85% p.a. which is determined by reference to market yield at the balance sheet date on government securities. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(b) The Company's gratuity and leave encashment liability are entirely unfunded.

#### II. Change in defined benefit obligation

Amount in ₹

| Particulars  | Gratuity                     |                              | Leave Encashment             |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Present value of obligation at the beginning of the year | 1,282,792                    | 1,651,196                    | 361,375                      | 403,579                      |
| Current service cost                                     | 110,353                      | 309,621                      | 18,237                       | 168,337                      |
| Interest cost  | 100,699                      | 150,259                      | 21,778                       | 19,722                       |
| Benefit paid   | -                            | -                            | -                            | (53,700)                     |
| Net actuarial (gain)/loss recognized in the year.        | (814,773)                    | (828,284)                    | (280,819)                    | (176,563)                    |
| Present value of obligation at the end of the year       | 679,071                      | 1,282,792                    | 120,571                      | 361,375                      |

#### III. Expenses recognised in the Statement of Profit and Loss for the year

Amount in ₹

| Particulars                                | Gratuity                     |                              | Leave Encashment             |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Current service cost                       | 110,353                      | 309,621                      | 18,237                       | 168,337                      |
| Interest cost                              | 100,699                      | 150,259                      | 21,778                       | 19,722                       |
| Expected return on plan assets             | -                            | -                            | -                            | -                            |
| Net actuarial (gain)/loss to be recognised | (814,773)                    | (828,284)                    | (280,804)                    | (176,563)                    |
|  | <b>(603,721)</b>             | <b>(368,404)</b>             | <b>(240,789)</b>             | <b>(Amount in ₹)</b>         |

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### IV. Amount recognised in the Balance Sheet

Amount in ₹

| Particulars   | Gratuity                     |                              | Leave Encashment             |                              |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Present value of obligation as at the end of the year | 679,071                      | 1,282,792                    | 120,571                      | 361,375                      |
| Fair value of plan assets as at the end of the year   | -                            | -                            | -                            | -                            |
| Net liability recognized in Balance Sheet             | 679,071                      | 1,282,792                    | 120,571                      | 361,375                      |
| Amount classified as:                                 |                              |                              |                              |                              |
| Short term provision (Refer note 6)                   | 142,484                      | 119,064                      | 72,486                       | 83,950                       |
| Long term provision (Refer note 6)                    | 536,587                      | 1,163,728                    | 48,085                       | 277,425                      |

### V. Net asset/(liability) and actuarial experience gain/(loss) for present benefit obligation ('PBO') and plan assets and employers best estimate for next year

#### (a) Gratuity

Amount in ₹

| Particulars                           | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|---------------------------------------|------------------------------|------------------------------|------------------------------|
| PBO                                   | 679,071                      | 1,282,792                    | 1,651,196                    |
| Plan assets                           | -                            | -                            | -                            |
| Net (liability)                       | 679,071                      | 1,282,792                    | 1,651,196                    |
| Experience (gain)/loss on PBO         | (814,773)                    | (828,284)                    | (164,095)                    |
| Experience (gain)/loss on plan assets | -                            | -                            | -                            |

  

| Particulars                           | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2012 |
|---------------------------------------|------------------------------|------------------------------|
| PBO                                   | 1,256,310                    | 1,017,700                    |
| Plan assets                           | -                            | -                            |
| Net (liability)                       | 1,256,310                    | 1,017,700                    |
| Experience (gain)/loss on PBO         | (256,827)                    | (121,205)                    |
| Experience (gain)/loss on plan assets | -                            | -                            |

#### (b) Earned Leave

Amount in ₹

| Particulars                           | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|---------------------------------------|------------------------------|------------------------------|------------------------------|
| PBO                                   | 120,571                      | 361,375                      | 1,651,196                    |
| Plan assets                           | -                            | -                            | -                            |
| Net (liability)                       | 120,571                      | 361,375                      | 1,651,196                    |
| Experience (gain)/loss on PBO         | (280,829)                    | (176,563)                    | (39,590)                     |
| Experience (gain)/loss on plan assets | -                            | -                            | -                            |

  

| Particulars                             | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2012 |
|---|------------------------------|------------------------------|
| PBO                                     | 403,579                      | 1,651,196                    |
| Plan assets                             | -                            | -                            |
| Net (liability)                         | 403,579                      | 1,651,196                    |
| Experience (gain)/loss on PBO           | 37,473                       | -                            |
| Experience (gain)/loss on plan assets - | -                            | -                            |

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### 30. Loss per share

The calculation of loss per share has been made in accordance with Accounting Standard (AS) - 20 "Earning per Share". A statement on calculation of basic and diluted EPS is as under:

| Loss per share   | Reference | Units | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|-----------|-------|------------------------------|------------------------------|
| Profit/ (loss) after tax & prior period items          | A         | ₹     | (112,434,725)                | (59,459,318)                 |
| Less: Cumulative preference dividend                   | B         | ₹     | (4,000,000)                  | (4,000,000)                  |
| (loss) for equity shareholders                         | C=A-B     | ₹     | (116,434,725)                | (63,459,318)                 |
| Weighted average no. of equity shares                  | D         | Nos.  | 23,565,402                   | 24,046,802                   |
| Add: Dilutive potential equity shares                  | E         | Nos.  | 2,500,000                    | 2,500,000                    |
| Number of equity shares (of ₹10 each) for dilutive EPS | F=D+E     | Nos.  | 26,065,402                   | 26,546,802                   |
| Basic earnings per share (C/D)*                        |           | ₹     | (4.94)                       | (2.64)                       |
| Diluted earnings per share (A/F)*                      |           | ₹     | (4.94)                       | (2.64)                       |

*\*As the company has incurred losses in the current and previous financial years, the effect of potential equity shares is anti dilutive in nature and dilutive loss per share is equal to basic loss per share.*

### 31. Segment reporting

The disclosure as required under Accounting Standard-17 "Segment Reporting" as notified under section 133 of the Companies Act, 2013 read with rule 7 of the Company (Accounts) Rules, 2014 has not been provided as the company deals in one business segment, namely manufacturing of grey cloth and fabric. Currently, there are no reportable geographical segments.

### 32. Leases

The company is a lessee under the cancellable operating lease in respect of its office premises. Rental expense for operating lease for the year ended March 31, 2015 and March 31, 2014 was ₹1,446,020 and ₹ 1,365,480. The Company has not executed any non-cancellable operating leases.

### 33. Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

|  | Amount in ₹    |                |
|--|----------------|----------------|
|  | March 31, 2015 | March 31, 2014 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in   |                |                |
| - Trade payable  | 10,509,223     | 11,397,756     |
| - Expenses payable   | 7,813,974      | 7,256,363      |
| - Payables for capital expenditure   | 139,860        | 139,860        |
| Principal amount due to micro and small enterprises  | -              | -              |
| Interest due on above  | -              | -              |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006   | -              | -              |
| The amount of interest accrued and remaining unpaid at the end of each accounting year   | -              | -              |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006. | -              | -              |
|  | -              | -              |

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### 34. Related party disclosure

The disclosure as required by the Accounting Standard -18 (Related Party Disclosure) are given below:

|   |  |
|---|--|
| (a) Names of related parties:                         |  |
| (i) Key Management Personnel ('KMP')                  | Mr. Pradeep Jain<br>Mrs. Pooja Sabharwal           |
| (ii) Other directors with whom there are transactions | Mrs. Usha Jain<br>(Wife of Mr. Pradeep Jain)       |
| (ii) Relative of KMP                                  | Mrs. Prerna Jain<br>(Daughter of Mr. Pradeep Jain) |

(b) Included in the financial statements are the following amounts relating to transactions with related parties:

|   | Amount in ₹    |                |
|---|----------------|----------------|
|   | March 31, 2015 | March 31, 2014 |
| <b>Transactions with related parties:</b>             |                |                |
| <b>a) Loans taken</b>                                 |                |                |
| <b>Key managerial personnel &amp; their relative</b>  |                |                |
| Pooja Sabharwal                                       | -              | -              |
| Usha Jain   | 516,500        | -              |
| Pradeep Jain  | 1,750,000      | -              |
| Prerna Jain   | 2,500,000      | -              |
| <b>b) Loans repaid</b>                                |                |                |
| <b>Key managerial personnel</b>                       |                |                |
| Pooja Sabharwal                                       | 450,000        | -              |
| <b>c) Expenses</b>                                    |                |                |
| <b>Key managerial personnel &amp; their relative</b>  |                |                |
| Directors' remuneration and sitting fees              |                |                |
| Pradeep Jain  | 900,000        | 1,074,955      |
| Pooja Sabharwal                                       | 900,000        | 1,200,000      |
| Usha Jain   | 20,000         | 60,000         |
| <b>d) Payables</b>                                    |                |                |
| <b>Key managerial personnel &amp; their relatives</b> |                |                |
| <b>Loan payable:</b>                                  |                |                |
| Pooja Sabharwal                                       | -              | 450,000        |
| Prerna Jain   | 2,850,000      | 350,000        |
| Usha Jain   | 1,016,500      | 500,000        |
| Pradeep Jain  | 2,350,000      | 600,000        |
| <b>Director's remuneration/sitting fees payable:</b>  |                |                |
| Pooja Sabharwal                                       | 270,000        | 380,000        |
| Pradeep Jain  | 1,050,000      | 350,000        |

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|                                 |         |           |
|---------------------------------|---------|-----------|
| Usha Jain                       | -       | -         |
| <b>Other payables:</b>          |         |           |
| Pooja Sabharwal                 | 225,168 | 165,259   |
| Usha Jain                       | 13,000  | 13,000    |
| Pradeep Jain                    | 102,115 | -         |
| <b>e) Receivables</b>           |         |           |
| <b>Key managerial personnel</b> |         |           |
| <b>Imprest</b>                  |         |           |
| Pradeep Jain                    | -       | 1,313,507 |

### 35. Payment to auditors (excluding service tax)(Refer note 23)

| Particulars            | Amount in ₹    |                |
|------------------------|----------------|----------------|
|                        | March 31, 2015 | March 31, 2014 |
| Statutory audit        | 275,000        | 275,000        |
| Tax audit fees         | 50,000         | 50,000         |
| Limited review         | 135,000        | 135,000        |
| Out of pocket expenses | 4,555          | 59,967         |
|                        | <b>464,555</b> | <b>519,967</b> |

36. As at March 31, 2015, the accumulated losses of the Company have exceeded the net worth of the Company (excluding revaluation reserves), operation of the company has been minimal in last one year, there have been defaults in repayment of loan and interest thereon to bank and delays in the payment of statutory dues. There has been cash crunch in the financial year for which the company is in advance stage of discussion with certain investors for working capital assistance and equity infusion in near future for which in principle approval is in place and the formalities of creation of charge, documentation is in progress. The company has orders from customers and post execution of necessary formalities the company will be able to start its operations. Accordingly, the management believes that the Company will have sufficient funds to meet its operational requirements and sufficient business in future and accordingly, the financial statements for the year ended March 31, 2015 have been prepared on a going concern basis.

37. During the year, the Company had written back trade payables of ₹ 112,722 (previous year ₹ 2,166,570 ) and salary payable of ₹ 30,048 (₹ 2,594,969 previous year) as the same were outstanding for a long duration and in the opinion of management the same were not considered to be payable by the Company. The amount of liabilities written back in this regard have been included as a part of other income in the Statement of Profit and loss. In the opinion of the management other liabilities were good and considered payable in the normal course of business. (Refer note 17 with regards to other income ( Liabilities no longer required written back)

38. In accordance with Accounting Standard (AS) 22, "Accounting for Taxes on Income" the Company has evaluated deferred tax assets/liabilities on the balance sheet date. No net deferred tax assets have been recognised as at the balance sheet date as no conclusive evidence of future profits is available. Deferred tax on brought forward losses/unabsorbed depreciation has not been recognized in absence of virtual certainty of future taxable profits.

39. The Company in 2008 had issued 2,500,000 optionally convertible cumulative preference shares to SIDBI Venture Capital Limited ("SIDBI") for a consideration of ₹25,000,000. In terms of the Shareholders' Subscription Agreement dated July 22, 2008, SIDBI had the option to either redeem such preference shares at agreed value or have these converted into equity shares. Such redemption or conversion was to be completed in 8 equal installments commencing from September 1, 2010. The Company has approached SIDBI for evaluating various exit options. Subsequent to the balance sheet date, SIDBI has informed that they have extended the time period of settlement of OCCPs upto 30th September 2015 on the same terms and conditions as approved earlier via their letter no. 48/SGF(RTL) dated February 7, 2013 . (Refer note 3 with regards to share capital).

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**40.** During the year, pursuant to a resolution passed by the Board in its meeting held on December 11, 2013 and approval of Calcutta Stock Exchange Limited via Letter No. CSE/LD/8536/2014 dated April 11, 2014 the company has forfeited 481,400 equity shares.

**41.** Previous year's figures have been regrouped/reclassified where necessary to conform to this year's classification.

As per our report of even date  
For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Registration No.: 103523W

For and on behalf of Board of Directors of  
**Runeecha Textiles Limited**

**Raj Kumar Agarwal**  
Partner  
Membership No.: 074715

**Preeti Choudhary**  
Company Secretary  
ICSI M. No A 21658

**Usha Jain**  
Director  
DIN: 01484308

**Pradeep Jain**  
Managing Director  
DIN: 01720702

**Place: New Delhi**  
**Date: 30-06-2015**

# REPORT ON CORPORATE GOVERNANCE

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Corporate Governance assumes a great deal of importance in the business life of the Company. It is imperative for us to manage the business affairs in the most fair and transparent manner with a firm commitment to our values. It is an ethically driven business process that is committed to values aimed at enhancing organization's wealth generating capacities. This is ensured by taking firm business decisions and conducting business with firm commitment to its values while meeting shareholder's expectations. The Company's goal is to find creative and productive ways of delighting its stakeholders, i.e. investors, customers & associates, while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the mandatory Listing Agreement gives an insight into the process of functioning of the Company.

The Securities Exchange Board of India (SEBI) amended the Listing Agreement effective October 1, 2014 to bring in additional governance norms for listed entities. These norms provide for stricter disclosure and protection of investor rights including equitable treatment of minority shareholders. The amended rule require companies to take shareholders approval for related party transaction, establish whistle blower mechanisms, elaborate disclosure on pay packages and have at least one women director on the board. The amended norms are aligned with the provisions of the Companies Act, 2013 and are aimed to encourage companies to adapt best practices on corporate governance.

We believe that an active, well informed and independent board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective board is a pre-requisite for strong and effective corporate governance. At Runeecha Textiles, the board of director is at the core of our corporate governance practices and oversees how the management serves and protects the long-term interest of the stakeholders.

## 1. COMPANY'S PHILOSOPHY

Our corporate governance framework ensures that we make timely disclosures and shares accurate information regarding our financials and performance. Our corporate governance philosophy is based on the following principles:

- Corporate Governance standard should go beyond the law and satisfy the spirit of law.
- Ensure transparency and maintain high level of disclosure.
- Have a simple and transparent corporate structure driven solely by business need.
- Clearly distinguish between personal convenience and corporate resources.

We firmly believe that Board independence is essential to bring objectivity and transparency in the management.

We also believe that corporate governance is not just a destination but a journey to constantly improve sustainable value creation. It is an upward moving target that we collectively strive towards achieving. We strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible.

## 2. BOARD OF DIRECTORS

### a) SIZE AND COMPOSITION OF THE BOARD

The constitution of the Board aims at ensuring Directors' commitment to participant in the affairs of the Company with understanding and competence to deal with current and emerging business issues. The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board and separate its function of governance and management.

The current strength of the Board of Directors (Board) of the Company is of six directors, who are senior, competent and eminent experts from diverse fields and professions. Out of six directors three are promoter directors, three are Non-Executive Independent Director. The Chairman of the Board is an Executive Promoter Director. None of the directors on the board is a member on more than 10 committees and chairman of more than 5 committees (as specified in clause 49 of the listing agreement with stock exchanges), across all companies in which they are directors. The necessary disclosures in this regards have been made by the directors.

# Runeecha Annual Report 2014-15

## Composition of Board of Directors

| Name of the Director           | Age | No. of Directorship* | Committee Chairmanship* | Committee membership* |
|--------------------------------|-----|----------------------|-------------------------|-----------------------|
| <b>Managing Director</b>       |     |                      |                         |                       |
| Mr. Pradeep Jain               | 67  | 1                    | —                       | —                     |
| <b>Non- Executive Director</b> |     |                      |                         |                       |
| Ms. Pooja Sabharwal            | 38  | 1                    | —                       | —                     |
| <b>Non- Executive Director</b> |     |                      |                         |                       |
| Ms. Usha Jain                  | 65  | 1                    | —                       | —                     |
| <b>Independent Directors</b>   |     |                      |                         |                       |
| Mr. Shyam Sunder Madan         | 72  | 1                    | —                       | —                     |
| Mr. R. Shankar                 | 66  | 0                    | —                       | —                     |
| Mr. Surender Malik             | 62  | 2                    | —                       | —                     |

\*other than Runeecha Textiles Limited

## Responsibility of Chairman

Our current practice is to have an Executive Chairman of the Board- Mr. Pradeep Jain.

The Executive Chairman of the Board (the Chairman) is the leader of the board. As a chairman, he is responsible for fostering and promoting the integrity of the board while nurturing a culture where the board works harmoniously for the long-term benefit of the company and the stakeholders. The Chairman is primarily responsible for ensuring that the board provides effective governance for the company. In doing so, the Chairman presides at the meetings of the board and the meetings of the shareholders of the company. The Chairman takes a lead role in managing the board and facilitating communication with directors. The Chairman is responsible for matters relating to governance, including the organisation and composition of the Board, the organisation and conduct of board meetings, effectiveness of the board, board committees and individual directors in fulfilling their responsibilities. The Chairman provides independent leadership to the Board, identify guidelines to the conduct and performance of the directors, evaluate and manage director's performance and with the assistance of the Company Secretary, oversee the management of the board's administrative activities such as meetings, schedules, agenda, communication flow and documentation.

## Definition of Independent Director

According to Section 2(47), 149(6) of the Companies Act, 2013 and the Rules thereunder, and clause 49 of the Listing Agreement, an Independent Director is a person who is not a promoter or employee or one of the key managerial personnel of the company or its subsidiaries. The law also states that the person should not have material pecuniary relationship or transaction with the company or its subsidiaries, apart from receiving remuneration as an independent director.

## Board membership criteria

The nomination and remuneration committee in consultation of the Board, determines the appropriate characteristics, skill and experience required for the Board as a whole and for individual members. Board members are expected to possess requisite qualifications, integrity, expertise and experience of the position. They should also possess deep expertise of the sectors and area relevant to the company and ability to contribute towards company's growth. Board members are expected to rigorously prepare for, attend and participate in all board and applicable committee meeting.

## Selection of new director

The Board is responsible for the selection of the new directors. The Board delegate the screening and selection process involved in selecting new directors to the nomination and remuneration committee which in turn make recommendation to the board on the induction of any new director.



# Runeecha Annual Report 2014-15

## Training of Board Member

All new Non- executive directors inducted on the Board are introduced to our company culture through appropriate orientation sessions. Senior management provides the overview of the operations to familiarize the non-executive director with the operations of the company.

## Membership term

The board constantly evaluates the contribution of the Directors and periodically shares the updates with the shareholders about the re-appointment according to the existing statute. The current law in India mandate the retirement of 2/3<sup>rd</sup> of the board members (who are liable to retire by rotation) every year and qualifies the retiring member for re-appointment. Managing Director is appointed for a term of five years but is eligible for re-appointment after completion of their term.

## Directors' Profile

A brief resume of Directors, nature of their expertise in specific functional areas and company names in which they hold Directorships, Memberships/ Chairmanships of Board Committees, and shareholding in the Company are provided in this Annual Report.

## Board Compensation policy

All board level compensations were approved by the shareholders and disclosed separately in the financial statements. Remuneration for the executive directors consists of fixed component and perquisites. The Compensation payable to the independent director is limited to sitting fees paid for attending the board and committee meetings as determined and approved by the board.

## Shares held and Cash Compensation paid to the Directors for the fiscal year 2014-15

(In Rs. Lakh except share data)

| Name of the director  | Fixed Salary |                        |              | Sitting fees | No. of equity shares held |
|-----------------------|--------------|------------------------|--------------|--------------|---------------------------|
|                       | Basis        | Perquisites/ Allowance | Total Salary |              |                           |
| Pradeep Jain          | 9            | 4.5                    | 13.5         | —            | 8356750                   |
| Pooja Sabharwal       | 9            | 4.5                    | 13.5         | —            | 821260                    |
| Usha Jain             | —            | —                      | —            | 0.2          | 3811350                   |
| Umesh Kumar Khaitan*  | —            | —                      | —            | 0.5          | —                         |
| R Shankar             | —            | —                      | —            | 0.6          | —                         |
| S. B. Mohapatra**     | —            | —                      | —            | 0.6          | —                         |
| Shyam Sunder Madan*** | —            | —                      | —            | —            | —                         |

\*ceased to be director with effect from 18/12/2014

\*\* ceased to be director with effect from 10/11/2014

\*\*\* appointed as Independent director w.e.f. 18/12/2014

## Mechanism for evaluation of Board Members

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the Nomination and Remuneration committee to lay down the evaluation criteria for the performance of executive/ non-executive/ Independent Director. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationship, decision making of the directors, relation to stakeholders, company performance, company strategy and effectiveness of the whole board and its various committees.

## Runeecha Annual Report 2014-15

### b) BOARD MEETINGS

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served.

#### Scheduling and Selection of agenda item for Board meetings

All the Board meetings of the company are held at the Corporate office at Noida, India. The Managing Director and the Company Secretary draft the agenda of each meeting along with explanatory notes and distribute these in advance to the directors. Every board member can suggest the inclusion of an item in the agenda. The Board meets once in a quarter and additional meetings are held as and when necessary. However, the board being represented by the independent directors from various parts of the country, it may not be possible for each of them to present physically at all the meetings and hence, we also use video conferencing facilities to enable their participation. Committee usually meets on the day of the board meeting or as and when require.

#### Number of Board meetings held with dates

During fiscal year 2014-15, the Board of the company met four times on – June 30, 2014, September 01, 2014, November 05, 2014 and March 04, 2015 and the maximum time gap between two meetings was not more than One hundred twenty days. All the necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board of Directors for their consideration. The Company adopts the system of circulating Agenda and Notes to the Directors well in advance. Further, an Action Taken Report on the matters of the previous Board Meetings is also placed before the Board.

#### Attendance of Directors during the Fiscal year 2014-15

| Name of Director      | Last AGM<br>18.12.2014 | Number of Board Meetings |          |
|-----------------------|------------------------|--------------------------|----------|
|                       |                        | Held                     | Attended |
| Pradeep Jain          | Yes                    | 4                        | 4        |
| Pooja Sabharwal       | Yes                    | 4                        | 3        |
| Usha Jain             | Yes                    | 4                        | 4        |
| Umesh Kumar Khaitan*  | No                     | 4                        | 3        |
| S. B. Mohapatra**     | No                     | 4                        | 3        |
| R. Shankar            | No                     | 4                        | 3        |
| Shyam Sunder Madan*** | NA                     | 4                        | 0        |

\*ceased to be the Director with effect from 18/12/2014

\*\* ceased to be the Director with effect from 10/11/2014

\*\*\* Appointed as Director with effect from 18/12/2014

#### Discussion with Independent Director

Pursuant to Schedule IV of the Companies Act, 2013 and the rules made there under, the Independent Directors of the Company shall hold atleast one meeting in a year without the attendance of non- Independent Directors and members of the management. All Independent Directors shall strive to present at such meetings. The meeting shall review the performance of non- Independent Directors and the Board as a whole, review the performance of the Chairman of the Board taking into account the views of the non- executive director and executive director.

#### Materially significant Related Party Transaction

There have been no materially significant related party transactions, monetary transactions or relationship between the Company and directors, the Management, subsidiaries or relatives except for those disclosed in the board's report.

## Runeecha Annual Report 2014-15

### c) INFORMATION PLACED BEFORE THE BOARD:

Information placed before the Board of Directors broadly covers the items specified in Clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on the Board have unrestricted access to all Company related information including that of our employees, as and when necessary. Regular updates provided to the board includes:

- Annual operating plans and budgets, capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front.
- Sale of material nature, of investments, which is not in normal course of business.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders Service.

### Recording minutes of proceedings at Board and Committee meetings

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

### Compliance

The Company Secretary, while preparing the agenda, notes on agenda, minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, as applicable and the Secretarial Standards recommended by the Institute of Company Secretaries of India and also the listing requirement under various clauses of the Listing Agreement.

### d) CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been placed on the Website of the Company i.e. [www.runeecha.com](http://www.runeecha.com). All the Board Members and Senior Management Personnel's have given their affirmations of compliance with the Code. A declaration to this effect signed by Chairman & Managing Director is enclosed and forms part of the Annual Report.

## Runeecha Annual Report 2014-15

### 3. BOARD COMMITTEES

Currently the Board has four committees: the audit committee, the nomination and remuneration committee, Risk Management Committee and stakeholder's relationship Committee. The Chairman of the Board in consultation with the company secretary and the committee Chairperson determines the frequency and duration of the committee meetings. Normally, all the committees meet four times a year. Recommendation of the committee is submitted to the board for approval. The quorum of the committee is two members or one-third of the total members of the committee, whichever is higher.

#### a) AUDIT COMMITTEE

The company had constituted its Audit Committee which comprises of the following Directors mentioned herein below as on March 31, 2015 and the Company secretary acts as the secretary of the said committee.

1. Mr. R Shankar (Independent Director)
2. Mr. Shyam Sunder Madan (Independent Director)
3. Ms. Pooja Sabharwal (Joint Managing Director)

The primary objective of the committee is to monitor and provide effective supervision of Management's financial reporting process, to ensure accurate and timely disclosure with the highest level of transparency, integrity and quality of financial reporting process by the Management, internal auditor and notes the processes and safeguard employed by each of them.

#### Meeting details

There were four committee meetings held during the year i.e. on June 30, 2014, September 01, 2014, November 05, 2014 and March 04, 2015. During the year under review, Mr. Umesh Kumar Khaitan and Mr. S. B. Mohapatra ceased to be the member of the committee and Mr. Shyam Sunder Madan had been introduced as the member of the committee w.e.f. March 04, 2015.

#### Attendance of Audit Committee

| Name of Member        | Number of Meetings |          |
|-----------------------|--------------------|----------|
|                       | Held               | Attended |
| Umesh Kumar Khaitan*  | 4                  | 3        |
| S. B. Mohapatra**     | 4                  | 3        |
| R. Shankar            | 4                  | 3        |
| Pooja Sabharwal       | 4                  | 3        |
| Shyam Sunder Madan*** | 4                  | 1        |

\*Ceased to be the member of the committee with effect from 18/12/2014

\*\* Ceased to be the member of the committee with effect from 10/11/2014

\*\*\*Appointed as member of the committee with effect from 04/03/2015

The Committee has reviewed the internal control over financial reporting put in place to ensure that the accounts of the company are properly maintained and that the transactions are in accordance with the laws and regulations prevailing in the country.

Based upon the committee's discussion with the management and the Auditors, its review of the representations of the Management and the report of the auditors, the committee had recommended to the Board, the appointment of M/s K. N. Gutgutia & Co. as the Statutory Auditors of the company to hold office till the conclusion of the 34<sup>th</sup> Annual General Meeting of the company and necessary resolution appointing them be place before the shareholders.

## **Runeecha Annual Report 2014-15**

The Committee also recommended the appointment of M/s D C Chhajer & Associates, Chartered Accountants as the internal auditor of the company for the financial year ending 31<sup>st</sup> March 2015 to review various operation of the company and determined and approved the fees payable to them.

The Committee recommended the appointment of M/s VLA & Associates, Practicing Company Secretaries as secretarial Auditor of the Company for the financial year ending 31<sup>st</sup> March 2015 to conduct secretarial audit as prescribed under Section 204 and other applicable sections of the companies Act, 2013.

### **Powers of the Audit Committee**

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

### **Role of the Audit Committee inter alia, includes the following:**

The terms of reference are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment, replacement or removal of the statutory auditor and the fixation of audit fees and other services.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required being included in the Directors' Responsibility Statement to be included in Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes in accounting policies and practices with reasons.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements along with accounting standards.
  - f) Disclosure of any related party transactions as per Accounting Standard (AS) 18.
  - g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties
- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit
- Discussion with internal auditors, any significant findings and follow-up thereon
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board

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- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- To review the functioning of the Whistle Blower mechanism
- Approval of appointment of the CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate
- The Company's Board of Directors and/or other Committees of Directors may specifically refer carrying out such other functions as to the Committee.
- Reviewing financial statements.
- Reviewing the following information:
  - The Management Discussion and Analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of internal auditors / chief internal auditor
- To call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to discuss any related issue with the internal and statutory auditors and the management of the Company

### b) STAKEHOLDERS RELATIONSHIP COMMITTEE

The company has constituted its Stakeholders relationship Committee which comprises of the following members as on March 31, 2015:

1. Mr. R. Shankar (Independent Director) as its Chairman.
2. Mr. Pradeep Jain (Managing Director)
3. Ms. Pooja Sabharwal (Joint Managing Director)

### Meeting details

There were four committee meetings held during the year i.e. on June 30, 2014, September 01, 2014, November 05, 2014 and March 04, 2015. The Committee has the mandate to review and redress the shareholders grievance and expresses its satisfaction with the company's performance dealing with investor's grievances and in its share transfer system.

### Attendance of the Committee

| Name of Member  | Number of Meetings |          |
|-----------------|--------------------|----------|
|                 | Held               | Attended |
| R. Shankar      | 4                  | 3        |
| Pooja Sabharwal | 4                  | 3        |
| Pradeep Jain    | 4                  | 4        |

As per the Clause 47 of the Listing Agreement, the Company has designated an e-mail ID exclusively for the purposes of registering the complaints of the investors which is [cs@runeecha.com](mailto:cs@runeecha.com)

# Runeecha Annual Report 2014-15

## Stakeholders relationship committee report for the fiscal year ended 31<sup>st</sup> March 2015

The Committee expresses satisfaction with the company's performance in dealing with investor grievance and in its share transfer system.

The details of the complaints resolved during the fiscal year ended 31<sup>st</sup> March 2015 are as follows:

| Nature of complaint     | Received | Resolved | Pending |
|-------------------------|----------|----------|---------|
| Dividend/Annual Report/ | 5        | 5        | 0       |
| Share transfer          |          |          |         |

It has also been noted that the shareholding in dematerialized mode as on March 31, 2015 was 17047102 (17023402 as of March 31, 2014).

## c) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee consisting of the following Directors as members

1. Mr. R. Shankar,
2. Mr. Shyam Sunder Madan
3. Mr. Pradeep Jain, and
4. Ms. Usha Jain

The purpose of the committee is to oversee the nomination process for the top-level management and executive remuneration structure. The Committee screens identify and review individuals qualified to serve as executive directors, non- executive directors and independent directors consistent with criteria approved by the board.

The Committee will discuss and review all matters pertaining to candidates and will evaluate the candidates in accordance with the process that it sees fit, passing on the recommendation to the Board. The Committee coordinates and oversees the annual self-evaluation of the Board and of individual directors.

The Committee is empowered to decide, review and approve the remuneration packages including pension rights and compensation payments of Executive Directors. During the fiscal year 2014-15, the committee met on 15.11.2014 to consider the candidature of Mr. Shyam Sunder Madan as the Independent Director.

## Attendance of the Committee

| Name of Member      | Number of Meetings |          |
|---------------------|--------------------|----------|
|                     | Held               | Attended |
| R. Shankar          | 1                  | 1        |
| Shyam Sunder Madan* | 1                  | 0        |
| Pradeep Jain        | 1                  | 1        |
| Usha Jain*          | 1                  | 0        |
| Umesh Khaitan**     | 1                  | 0        |

\*appointed as member w.e.f. 04.03.2015

\*\*Ceased to be member w.e.f. 18.12.2014

## Runeecha Annual Report 2014-15

### d) RISK MANAGEMENT COMMITTEE

The Company had validly constituted a Risk Management Committee consisting of the following members:

- |    |                        |                      |
|----|------------------------|----------------------|
| a. | Mr. Shyam Sunder Madan | Independent Director |
| b. | Mr. R. Shankar         | Independent Director |
| c. | Mr. Pradeep Jain       | Managing Director    |

The focus of risk management is to assess risks to the achievement of these key business objectives and to deploy mitigation measures through periodic risk management committee meetings.

### Roles and responsibility of the Committee

The Committee considers the framing of Risk Management Plan and Policy and to oversee the implementation of the same. It further monitors and periodically review and evaluate with respect to risk assessment and risk management process. It obtain reasonable assurance from the management that all known and emerging risks have been identified and mitigated or managed and also perform such other functions as may be necessary or appropriate for the performance of its oversight function.

## 4. SHAREHOLDERS

### Disclosure regarding appointment and re-appointment of Directors

As per the Companies Act, 2013, the term of appointment of Mr. R Shankar will come to end (based on retirement period calculation) at the ensuing AGM. The Companies Act, 2013 provide for appointment of independent director. Section 149(10) of the Companies Act 2013 (effective 1<sup>st</sup> April 2014) provides that independent directors shall hold office for a term of up to five consecutive years on the board of the company and shall be eligible for re-appointment after passing a special resolution by the shareholders of the company.

Sub- section (11) states that no independent director shall be eligible for re-appointment for more than two consecutive terms of five years. Sub-section (13) states that the provision of retirement by rotation as defined in sub-sections (6) and (7) of section 152 of the act shall not apply to such independent directors.

Our non- executive independent directors were appointed as directors liable to retire by rotation under the provision of the erstwhile Companies Act, 1956. The Board had advised that non- executive independent Directors so appointed, continued to serve for the term that was ascertained at the time of their appointment as per the resolution pursuant to which they were appointed. Therefore it stands to reason that only those directors who will complete their present term at the AGM of the company in September 2015 being eligible and seeking re-appointment be considered by the shareholders for re-appointment.

### Communications to the shareholders

The Company communicates with the shareholders at large through its Annual Reports, placing the information on Company's Website, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges, the Registrar of Companies and Website of Ministry of Corporate Affairs. The quarterly results are published in prominent daily newspapers viz. Financial Express and Mahanayak.

Further, the quarterly financial results and Annual Report of the Company are also available on the Company's Website viz. [www.runeecha.com](http://www.runeecha.com).

### SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.



## Runeecha Annual Report 2014-15

### Whistle Blower policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

### Investor Grievance and share transfer

We have a board level share transfer and investor grievance committee to examine and redress the shareholder and investor's complaints. The status of complaints and share transfers is reported to the entire Board. The details of shares transferred and the nature of complaints are provided in the *shareholder information* section of the Annual report. For shares transferred in physical form, the company provides adequate notice to the seller before registering the transfer. The said committee meets as often as required to approve the transfers. For matters regarding share transferred in physical form, share certificates, dividend, and change of address, the shareholders should communicate with 'Link Intime India Private Limited', our registrar and share transfer agent. Their address is published in the *shareholder information* section.

Share transaction in electronic form can be effected in much simpler and faster manner. After a confirmation of sale/purchase transaction from the broker, shareholder should approach the depository participant with a request to debit or credit their account for the transaction. The depository participant will immediately proceed to complete the transaction by updating the account. There is no need for separate communication to the company to register the share transfer.

### Certificate on Corporate Governance

As required by clause 49 of the listing agreement, certificate on corporate governance is annexed to the Director's report.

### CEO and CFO Certification

As required by clause 49 of the listing agreement, the CEO and CFO certification is annexed to the Director's report.

### General Body Meetings

The details of last three Annual General Meetings are given as follows:-

| Financial year ended | Date and Time                   | Venue   | Special resolution passed  |
|----------------------|---------------------------------|---|--|
| 31.03.2012           | 14.09.2012 at<br>11:00 a.m. IST | Sea Princess Hotel, Juhu Tara Road,<br>Juhu Beach, Santacruz (West),<br>Mumbai-400 049                      | —  |
| 31.03.2013           | 14.08.2013 at<br>11:00 a.m. IST | Sea Princess Hotel, Juhu Tara Road,<br>Juhu Beach, Santacruz (West),<br>Mumbai-400 049                      | a) Re- appointment of Mr. Pradeep Jain<br>as the Managing Director.<br>b) Appointment of Ms. Pooja Sabharwal<br>as the Joint Managing Director |
| 31.03.2014           | 18.12.2014 at<br>11:00 am IST   | Kila Chand Conference Room,<br>2 <sup>nd</sup> Floor, IMC Building, IMC Marg,<br>Churchgate, Mumbai- 400020 | —  |

## **Runeecha Annual Report 2014-15**

### **Postal Ballot**

During the financial year 2014-15, resolution for shifting of registered office from the state of Maharashtra to the National Capital Territory of Delhi and appointment of Mr. Surender Malik as Independent Director was placed before the members for passing through postal ballot. The postal ballot was conducted by M/s VLA & Associates, Company Secretaries who was appointed as the scrutinizer and on the basis of the report submitted by him, the chairman declared the result of the postal ballot on April 24, 2015. The percentage of votes cast in favor of the resolution was 100% .

### **Disclosures**

There are no materially significant transactions with related parties i.e. promoters, directors or the management, conflicting with the Company's interest. Also, there has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or SEBI or any other Statutory Authority during the last three years. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has also implemented certain non-mandatory requirements of Clause 49.

### **Disclosures by Management to the Board**

All details on the financial and commercial transactions where Directors may have a potential interest are provided to the Board. The interested Directors neither participate in

the discussion nor vote on such matters.

#### **a) Details of Related Party Transactions**

There has been no materially significant related party transaction except for those as required by the Accounting Standard AS-18, the details of related party transactions are given in Note No. 34 to the Annual Accounts.

#### **b) Initiatives on Prevention of Insider Trading Practices**

In compliance with the SEBI regulation on Prevention of Insider Trading, the Company has instituted a comprehensive code of conduct for its management staff and relevant business associates. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the company and cautions them on consequences of violations.

#### **c) Disclosure of Accounting Treatment in Preparation of Financial Statements**

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its Financial Statements.

### SHAREHOLDER'S INFORMATION

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#### Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is **L99999MH1986PLC038532**.

#### Annual General Meeting

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Day : Monday

Date : September 28, 2015

Time : 03:30 pm

Venue : Kila Chand Conference Room, IMC Building, IMC Marg, Church Gate, Mumbai- 400020

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#### Financial Calendar (Tentative)

| Results for the quarter ending | Tentative dates              |
|--------------------------------|------------------------------|
| June 30, 2015                  | First week of August, 2015   |
| September 30, 2015             | First week of November, 2015 |
| December 31, 2015              | First week of February, 2016 |
| March 31, 2016                 | First week of May, 2016      |
| Annual General Meeting         | September, 2016              |

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#### Dates of Book Closure

Tuesday, September 22, 2015 to Monday, September 28, 2015 (both days inclusive)

**Financial Year-** April 1 to March 31

#### Dematerialization of shares and liquidity

The Shares of the company are tradable compulsorily in electronic mode. Through, Link Intime India Private Limited, Registrar and transfer agent, we have established connectivity with both the depositories that is National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to our shares is INE373L01010 for the equity shares and INE373L03016 for Preference Shares.

Shares held in Demat and physical mode as on 31 March 2015 are as follows:

| Category             | Number of Shares | % of Total Equity |
|----------------------|------------------|-------------------|
| <b>Demat Mode</b>    |                  |                   |
| NSDL                 | 362821           | 1.54              |
| CDSL                 | 16684281         | 70.80             |
| Total                | 17047102         | 72.34             |
| <b>Physical Mode</b> | 6518300          | 27.66             |
| <b>Grand Total</b>   | <b>23565402</b>  | <b>100</b>        |

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To enable us to serve our investor better, we request shareholders whose shares are in physical mode to dematerialise their shares and update their address and bank details with their depositories.

#### Investor Awareness

We are committed to maintaining the highest standards of corporate governance. In continuation of our effort in that direction, the company is providing details in connection with the performances of the company on the website of the company.

## Runeecha Annual Report 2014-15

### Secretarial Audit

Pursuant to Section 204 of the Companies Act, 2013 and the rules thereunder, the Board of Directors of the company appointed M/s VLA & Associates, Practicing Company Secretaries to conduct Secretarial Audit of records and documents of the company. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, all the Regulations and Guidelines of SEBI as applicable to the Company, Listing Agreements with the Stock Exchanges and the Memorandum and Articles of Association of the Company.

The Company obtains a half yearly certificate of compliance from practicing Company Secretary regarding the adherence to the timely transfer of shares as provided in clause 47 (c) of the Listing Agreement and files a copy of the same with the stock exchanges.

### Investor Complaint

| Nature of complaint                       | Received | Resolved | Pending |
|---|----------|----------|---------|
| Dividend/Annual Report/<br>Share transfer | 5        | 5        | 0       |

### Distribution of Shareholding

| Category (Shares) | No. of holders | % to holders | No. of shares   | % to equity |
|-------------------|----------------|--------------|-----------------|-------------|
| 1-500             | 43179          | 97.67        | 4995964         | 21.20       |
| 501- 1000         | 640            | 1.45         | 516204          | 2.19        |
| 1001-2000         | 235            | 0.53         | 365828          | 1.55        |
| 2001-3000         | 60             | 0.14         | 147775          | 0.63        |
| 3001-4000         | 26             | 0.06         | 93647           | 0.40        |
| 4001-5000         | 18             | 0.04         | 81656           | 0.35        |
| 5001-10000        | 25             | 0.05         | 183051          | 0.78        |
| 10001 and above   | 28             | 0.06         | 17181277        | 72.90       |
| <b>Total</b>      | <b>44211</b>   | <b>100</b>   | <b>23565402</b> | <b>100</b>  |

### Share Transfer in physical form

Shares sent for physical transfer are effective after giving notice to the seller for confirmation of sale. Our share transfer committee meets as often as required. The total number of shares transferred in physical form during the financial year 2014-15 was 3300 as against 12200 for the previous financial year.

### Shareholding Pattern

| Category  | March 31, 2015<br>Shareholders<br>(Number) | Voting Strength<br>(%) | No. of shares<br>held |
|---|--|------------------------|-----------------------|
| <b>Promoters, Directors,<br/>Relatives and Associates</b> |  |                        |                       |
| Individual  | 10   | 60.05                  | 14149904              |
| Bodies Corporate  | 2  | 11.42                  | 2690898               |
| <b>Public shareholding</b>                                |  |                        |                       |
| <b>Institutional Investor</b>                             |  |                        |                       |
| Mutual Funds & UTI  | -  | -                      | -                     |
| Banks, Financial  | -  | -                      | -                     |
| Institutions, Insurance Company                           | -  | -                      | -                     |

## Runeecha Annual Report 2014-15

### Non- Institutional Investor

|                         |              |            |                 |
|-------------------------|--------------|------------|-----------------|
| Public Bodies Corporate | 36           | 0.06       | 12882           |
| Individual Shareholders | 44160        | 28.47      | 6708573         |
| Clearing Member         | 2            | 0.01       | 1845            |
| NRIs, OCBs, FIIs        | 1            | 0.00       | 100             |
| <b>Total</b>            | <b>44211</b> | <b>100</b> | <b>23565402</b> |

### Stock Market Data

The high and low of the Share Price of the Company during each month in the last financial year at BSE were as under:

| Month       | BSE  |      | S & P BSE SENSEX |          |
|-------------|------|------|------------------|----------|
|             | High | Low  | High             | Low      |
| <b>2014</b> |      |      |                  |          |
| April       | 7.00 | 6.01 | 22939.31         | 22197.51 |
| May         | 6.31 | 6.00 | 25375.63         | 22277.04 |
| June        | 6.45 | 4.21 | 25725.12         | 24270.20 |
| July        | 7.15 | 4.17 | 26300.17         | 24892.00 |
| August      | 4.78 | 3.77 | 26374.38         | 25232.82 |
| September   | 9.00 | 4.77 | 27354.99         | 26220.49 |
| October     | 9.80 | 7.16 | 27894.32         | 25910.77 |
| November    | 8.35 | 6.03 | 28822.37         | 27739.56 |
| December    | 8.17 | 6.64 | 28809.64         | 26469.42 |
| <b>2015</b> |      |      |                  |          |
| January     | 8.90 | 7.66 | 29844.16         | 26776.12 |
| February    | 8.04 | 7.28 | 29560.32         | 28044.49 |
| March       | 7.22 | 7.22 | 30024.74         | 27248.45 |

Source: [www.bseindia.com](http://www.bseindia.com)

### Listing on stock exchanges

Currently, the Company's securities are listed at Bombay Stock Exchange Limited under permitted category and at Calcutta Stock Exchange Limited. The Company has duly paid the listing fees to the aforesaid stock exchanges for the year 2015-16.

| Exchange                | Code   |
|-------------------------|--------|
| Calcutta Stock Exchange | 11093  |
| Bombay Stock Exchange   | 590124 |

The International Securities Identification Number (ISIN) is INE373L01010 for the equity shares and INE373L03016 for Preference Shares.

### Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversions date and likely impact on equity.

The Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments during the fiscal year 2014-15.

### NOTICE TO THE 29<sup>TH</sup> ANNUAL GENERAL MEETING

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Notice is hereby given that the 29<sup>th</sup>, Annual General Meeting of the members of **Runeecha Textiles Limited** is scheduled to be held on Monday, the 28<sup>th</sup> Day of September 2015 at 03:30 PM at Kilachand Conference Room, second floor, IMC building, IMC Marg, Churchgate, Mumbai 400020 Maharashtra to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2015 and the statement of Profit and Loss Account for the period ended as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of Ms. Pooja Sabharwal (DIN 02269482), who retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED** that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. K. N. Gutgutia & Co., Chartered Accountants (Registration No. 304153E), be and is hereby appointed as Auditors of the Company in place of M/s Haribhakti & Co. LLP, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 34<sup>th</sup> AGM of the Company to be held in the year 2020 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

#### SPECIAL BUSINESS:

##### Item No. 4

Cessation of term of Appointment of Independent Director

**To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:**

"Resolved not to fill for the time being the vacancy caused by the cessation of the term of appointment of Mr. R Shankar, Independent Director, whose term of appointment would cease at the ensuing Annual General Meeting to be held on 28<sup>th</sup> September 2015."

##### Item No. 5

Appointment of Mr. K. M. Lal (DIN: 00016166) as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, Mr. K. M. Lal (holding DIN 00016166), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 28<sup>th</sup> September, 2015 up to 27<sup>th</sup> September, 2016.

#### Registered Office:

Level 3, Neo Vikram, New Link Road,  
Andheri West, Mumbai- 400058, Maharashtra  
Date: 13.08.2015  
Noida  
CIN: L99999MH1986PLC038532

By Order of the Board of Directors  
For Runeecha Textiles Limited

Sd/-  
PreetiChoudhary  
Company Secretary

## Runeecha Annual Report 2014-15

### **Notes:**

1. A Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/ HERSELF. A PROXY SO APPOINTED, NEED NOT BE A MEMBER OF THE COMPANY.**
3. Proxies, in order to be effective, must be received at the corporate office of the company not less than forty-eight hours before meeting. A proxy form for the AGM is enclosed.
4. A brief resume of Directors retiring by rotation and eligible for reappointment is annexed hereto.
5. The Annual Report duly circulated to the members of the Company, is available on the Company's Website at [www.runeecha.com](http://www.runeecha.com).
6. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link Intime.
10. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
11. The Register of Members and Share Transfer Books will remain closed from Tuesday 22<sup>nd</sup> September 2015 to Monday 28<sup>th</sup> September, 2015 (both days inclusive).
12. Members whose shareholdings are in electronic mode are requested to direct changes of address notifications to their respective Depository Participant(s).
13. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Link Intime India Pvt. Ltd. for assistance in this regard.
14. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to Link Intime India (P) Limited for their doing the needful.
15. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Link Intime India Pvt. Ltd./Depositories.
16. Members seeking any information with regard to accounts are requested to write to the company at least 10 days in advance so as to enable the company to keep information ready.
17. Pursuant to Section 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, Annual Report of the Company has been sent through email to those members whose email ID is registered with the Company/ Depository. In case any member wants a physical copy of the Annual Report, he may send a

## Runeecha Annual Report 2014-15

request to the Company Secretary at the Corporate office. Those members who have not registered their email ID are requested to write to the RTA / their Depository Participant for registering the same.

**18. Members are requested to:-**

- Note that copies of Annual Report will not be distributed at the Annual General Meeting.
- Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the attendance slip. Photocopies of Attendance Slip will not be entertained for issuing entry slip for attending Annual General Meeting.
- Quote their Folio/Client ID & DP ID Nos. in all correspondence.
- Note that no gifts/coupons will be distributed at the Annual General Meeting.

**19. Equity Shares of the Company are listed on the following Stock Exchanges:**

**BSE Limited**

PhirozeJeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400 001

**CSE Limited**

7 Lyons Range.  
Kolkata – 700 001

**20. In compliance with the provisions of Section 108 of the Act and the Rules framed hereunder, the Members are provided with the facility to cast their vote electronically through the e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.**

**Instructions for Members for voting electronically are as under:-**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” tab.
- (iii) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID). Members holding shares in physical form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (iv) If you are holding shares in electronic form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (v) For Shareholders holding shares in physical form and first time users holding shares in electronic form, the steps given below are to be followed:

|                       |   |
|-----------------------|---|
| PAN                   | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li></ul>  |
| DOB                   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.   |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul> |



## Runeecha Annual Report 2014-15

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) For Members holding shares in physical form, the login details can be used only for e-voting on the resolutions contained in this Notice. On logging in, Members holding shares in physical form will be directed to the Company selection screen.
- (viii) Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the electronic holders for voting on resolutions of other companies, as well, on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) Click on the EVSN for Runeecha Textiles Limited.
- (x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO, as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "Resolutions File" Link if you wish to view the entire Notice.
- (xii) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the voting done by you.
- (xv) Note for Institutional Shareholders:
  - Institutional shareholders (i.e. other than Individuals, HUFs, NRIs etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- (xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### Other Instructions:

- (i) The e-voting period commences on Friday, September 25, 2015 (10:00 a.m. IST) and ends on Sunday, September 27, 2015 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in electronic form, as on September 22, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast and confirmed by the Member, he shall not be allowed to change it subsequently.

## **Runeecha Annual Report 2014-15**

- (ii) The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on September 22, 2015.
- (iii) Mr. Pramod S Shah, M/s Pramod S. Shah & Associates, Practicing Company Secretary has been appointed as the Scrutinizer to conduct the e-voting process in a fair and transparent manner.
- (iv) The Scrutinizer shall, within a period not exceeding two working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witnesses not in the employment of the Company and submit a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- (vi) The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.runeecha.com](http://www.runeecha.com) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.com) within two days of the passing of the resolutions at the 29<sup>th</sup> AGM of the Company on 28<sup>th</sup> September 2015 and communicated to BSE Limited and Calcutta Stock Exchange of India Limited, where the shares of the Company are listed.

**Registered Office:**

**Level 3, Neo Vikram,  
New Link Road,  
Andheri West,  
Mumbai- 400058  
Maharashtra  
Date: 13.08.2015  
Noida  
CIN: L99999MH1986PLC038532**

**By Order of the Board of Directors  
For Runeecha Textiles Limited**

**Sd/-  
PreetiChoudhary  
Company Secretary**

### Explanatory statement pursuant to Section 102(1) of the Companies Act, 2013

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#### Item No.4

Mr. R Shankar, is a Non- Executive (Independent) Director of the company. He joined the Board of Directors of the company in 29.08.2011. As per the provisions of the Companies Act, 2013, the term of appointment of Mr. R Shankar would cease at the ensuing AGM scheduled to be held on 28<sup>th</sup> September 2015. The board has decided not to fill the casual vacancy so created due to the his retirement

No Director, Key Managerial Personnel or their relatives is concerned or interested in the resolution.

The Board recommends the resolution set out in Item 4 for approval of the members.

#### Item No.5

The Company had received a notice in writing under the provision of section 161 of the Companies Act, 2013 along with deposit, proposing the candidature of Mr. K. M. Lal for the office of Independent Director under clause 49 of the Listing Agreement. The company has received from Mr. K. M. Lal, a consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rule 2014, intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rule 2014 to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013 and a declaration to the effect that he meet the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Mr. K. M. Lal fulfills the conditions specified in the Act and the Rules made thereunder for his appointment as Independent Director and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of Mr. K. M. Lal, as Independent Directors is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the Members at the Registered Office of the Company on all working days, during business hours upto the date of the Meeting.

No Director, Key Managerial Personnel or their relatives except Mr. K. M. Lal to whom the resolution relates, is in any way, concerned or interested in the Resolution.

The Board recommends the resolution set out in Item 5 for approval of the members.

Registered Office:

Level 3, Neo Vikram,  
New Link Road,  
Andheri West,  
Mumbai- 400058  
Maharashtra

Date: 13.08.2015

Noida

CIN: L99999MH1986PLC038532

**By Order of the Board of Directors  
For Runeecha Textiles Limited**

Sd/-

**Preeti Choudhary  
Company Secretary**

### Additional Information on directors recommended for appointment as required under Clause 49 of the Listing Agreement

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#### **Ms. Pooja Sabharwal (DIN 02269482)**

Ms. Pooja Sabharwal, an alumnus of Shri Ram College of Commerce and the University of Leeds (UK), is a Director with RTL. She is dynamic, creative and is constantly stimulated by the ambition of making RTL a successful and an integrated Textile organisation. She brings in rich experience in the field of marketing and business development. Her pedigree also stems from her association at senior capacity in multinationals such as SmithKline Beecham, PerfettiVanmelle, Amway.

#### **Companies (Other than Runeecha Textiles Limited) in which Ms. Pooja Sabharwal holds directorship**

##### **Directorship**

Fresh & Lite Hospitality Pvt. Ltd

##### **Chairperson/ Member of Committee**

None

##### **Shareholding in the Company**

Ms. Pooja Sabharwal holds 821260 equity shares of the company.

#### **Mr. K. M. Lal (DIN: 00016166)**

Mr. K. M. Lal is a retired Government official belonging to Indian Administrative Services and retired as Chairman, Staff Selection Commission, Government of India. He has vast experience in the field of finance, accounts, audit, taxation, legal, project and general management. He had held various senior level positions in Government Ministries and offices.

#### **Companies (Other than Runeecha Textiles Limited) in which Mr. K M Lal holds directorship**

##### **Directorship**

SREI Capital Market Limited

Panacea Biotec Limited

Hindustan Wires Limited

Polylink Polymers (India) Limited Gem Sugars Limited

Lexicon Public Relations and Corporate Consultants Pvt. Ltd.

Newrise Healthcare Pvt. Ltd.

##### **Chairperson/ Member of Committee**

Chairperson- 3 Member- 5

##### **Shareholding in the Company**

NIL.

## PROXY FORM

{Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014}

### RUNEECHA TEXTILES LIMITED

CIN: L99999MF1986PLC038532

Regd. Office: Level 3, Neo Vikram, New Link Road, Andheri West, Mumbai- 400058

29th Annual General Meeting- 28th September 2015

|                        |                      |
|------------------------|----------------------|
| Name of the member(s): | e-mail Id:           |
| Registered address:    | Folio No/ Client Id: |
|                        | DP Id:               |

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

Name : \_\_\_\_\_ e-mail id: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

or failing him/her

Name : \_\_\_\_\_ e-mail id: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

or failing him/her

Name : \_\_\_\_\_ e-mail id: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **29th Annual General Meeting** of the Company, to be held on Monday, the 28<sup>th</sup> day of September 2015 at 03:30 p.m. at Kilachand Conference Room, second floor, IMC building, IMC Marg, Churchgate, Mumbai 400020 Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolutions  | For | Against |
|--|-----|---------|
| <b>Ordinary Business</b>   |     |         |
| 1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors  |     |         |
| 2. Re- appointment of Ms. Pooja Sabharwal who retires by rotation  |     |         |
| 3. Appointment of Auditors and fixing their remuneration   |     |         |
| <b>Special Business</b>  |     |         |
| 4. Resolved not to fill for the time being the vacancy caused by the cessation of the term of appointment of Mr.R Shankar, Independent Director, at the AGM held on 28 <sup>th</sup> September 2015. |     |         |
| 5. Appointment of Mr. K. M. Lal as an Independent Director   |     |         |

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

Signature of shareholder

Affix a  
15paise  
Revenue  
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

#### Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Corporate Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



## Attendance Slip

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**RUNEECHA TEXTILES LIMITED**

**CIN: L99999MF1986PLC038532**

**Regd. Office:Level 3, Neo Vikram, New Link Road, Andheri West, Mumbai- 400058**

**29th Annual General Meeting- 28th September 2015**

Registered Folio no./ DP ID no./ Client ID no. :

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

No. of Shares held

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

I hereby certify that I am a member/ Proxy for the member of the company.

I hereby record my presence at the 29<sup>th</sup> Annual General Meeting of the company at Kilachand Conference Room, second floor, IMC building, IMC Marg, Churchgate, Mumbai 400020 Maharashtra

.....  
Name of the member/ Proxy  
(in BLOCK letters)

.....  
Signature of the Member/ Proxy

*Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of Annual report to the AGMs*





## **Registration Form for Service of Documents through Electronic Mode**

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To,  
Runeecha Textiles Limited,  
G-25, 2<sup>nd</sup> Floor, Sector-3,  
Noida-201 301 (U.P.)

**Sub.:- Electronic Mode of service of documents**

**Ref.:- MCA General Circular No. 18/2011 dated 29.04.2011- Green Initiative**

I/We agree to receive communication viz. Annual Report, Notice etc. From the Company in electronic mode as mentioned in the above referred circular. Please register my e-mail id in your records for sending such communication through e-mail.

**Folio No.** : \_\_\_\_\_

**Name of 1<sup>st</sup> Registered Holder** : \_\_\_\_\_

**Name of Joint Holder(s)** : \_\_\_\_\_

**Registered Address** : \_\_\_\_\_

\_\_\_\_\_

**E-mail ID (to be registered)** : \_\_\_\_\_

**Date:** \_\_\_\_\_ **Signature of the first holder:** \_\_\_\_\_

### **IMPORTANT NOTES:-**

1. Shareholders are requested to keep Company informed as and when there is any change in the e-mail address.
2. The above form after receipt from the shareholders will be send by the company to its share transfer agent viz. M/s Link Intime India Pvt. Ltd. for doing the needful in the matter.





**Runeecha Textiles Limited**

Corporate Office:

G- 25, 2<sup>nd</sup> Floor, Sector-3,

Noida- 201301 (U.P.)

Tel.: 0120-2533011/12, Fax: 0120-2533010

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

# FORM A

Pursuant to Clause 31(a) of the Listing Agreement

|    |  |  |
|----|--|--|
| 1. | Name of the company                            | Runeecha Textiles Limited  |
| 2  | Annual financial statements for the year ended | March 31, 2015   |
| 3  | Type of Audit observation                      | <p>Matter of Emphasis- Paragraph inserted in the Auditor's Report</p> <p>Attention is invited to</p> <p>a) Note No. 36 of the financial statements regarding preparation of the financial statements on a going concern basis.</p> <p>b) Note no. 39 wherein the management has explained reasons for disclosing optionally convertible cumulative preference shares, which were overdue for redemption and have been granted extension, as preference shares under shareholders' funds.</p> |
| 4  | Frequency of observation                       | Matters specified in point (a) and (b) appeared for the second time  |
| 5  | To be signed by                                |  |
|    | Managing Director                              | Mr. Pradeep Jain   |
|    | Audit Committee Chairman                       | Mr. R Shankar  |
|    | Auditor of the Company                         | <p>For Haribhakti &amp; Co. LLP<br/>Chartered Accountants<br/>ICAI Registration no. 103523W</p> <p>Raj Kumar Agarwal<br/>Partner<br/>Membership No. 074715</p> <p>Place: New Delhi<br/>Date: 30.06.2015</p>  |