



**NATIONAL HANDLOOM DEVELOPMENT
CORPORATION LIMITED**

**32nd Annual Report
2014-15**



MISSION

To serve as a National Agency for the promotion and development of the Handloom sector.

CORPORATE OBJECTIVE

1. To enhance its competitive edge in providing quality raw material i.e. yarn, dyes & chemicals through improved supply chain management.
2. To maintain viability of operations through effective utilization of available resources.
3. To take up the developmental programmes so as to contribute to increasing the awareness of schemes / products and marketing avenues etc.
4. To continue to act as a channel for routing Central Government funds, loans & grants to handloom agencies to aid in speedy implementation of programmes for development of the sector.
5. To ensure increasing contribution from personnel through training/counselling and to ensure career progression opportunities.



CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me immense pleasure to welcome you all to the 32nd Annual General Meeting of the corporation. The notice convening the AGM, Balance Sheet and Directors' Report for the year ended 31st March 2015 are already with you and with your permission, I take them as read. I consider it as my privilege to address and share my views on performance of the corporation and future scenario.

PERFORMANCE OVERVIEW:

Your corporation achieved a turnover of Rs.2216.96 crore (Previous year – Rs. 1840.03 crore) during 2014-15. The net profit after tax has increased to Rs.25.40 crore in FY 2014-15 as against Rs. 12.03 crore during the previous year.

Your corporation has recommended a dividend of Rs.5.11 crore for the year 2014-15 as against Rs. 2.41 crore during the previous year.

It is a matter of great satisfaction that your corporation is a debt free corporation and the treasury functions are so well managed that the entire working capital is met out from its internal resources and there is no burden of interest cost on the corporation, which is the silver lining, considering the thin contribution margins of the corporation.

FUTURE SCENARIO:

The last decade has seen path breaking initiative to provide support to the handloom sector. During the FY 2006-07, the office of DC (Handlooms) has revised the depot scheme, wherein, the depot charges were increased from 1% to 2.5% keeping the transportation reimbursement at similar level. Further, in order to mitigate the cost disadvantage of handloom sector, the office of DC (Handlooms) has allowed 10% price subsidy on cotton hank and domestic silk yarn to be distributed in the handloom sector under Yarn Supply Scheme (YSS) and also increased the transportation re-imburement on yarn other than silk & jute from 1% to 2.5% w.e.f. 06th Jan., 2012. The 10% price subsidy has been allowed on woollen yarn as well w.e.f. 17th Jan., 2014.

The corporation has also undertaken organisational restructuring and redeployed more and more officers and staff to the field offices to generate more business. This has resulted in increase in turnover from Rs.417.16 crore during the FY 2006-07 to Rs.2216.96 crore during the FY 2014-15, **increasing it more than five folds just in a span of 8 years.**

The corporation is supplying approximately 19% of the total hank yarn production and there is a huge business opportunity to capture the remaining 81% of the untapped hank yarn supplies. The availability of this huge business opportunity makes your corporation more confident and ambitious. However, we need to spruce up our work style and aggressively look for more business opportunities. Introduction of 100 gms. pouches of dyes & chemicals in Varanasi, enabling supply of azo free, quality material at incremental cost to the weavers. This is being replicated in other handloom clusters thus expanding the business portfolio of dyes and chemicals.



INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The corporation has evolved a system of internal control commensurate with the size of the corporation. In order to make the internal control more effective, besides comprehensive internal audit manual, the new check points are also advised to the internal auditors from time to time on need basis. The internal audit of the corporation is conducted by the internal audit team of the corporation as well as outside independent Chartered Accountants. As per the decision of the Audit Committee, the head office and regional offices of the corporation are audited by the internal audit wing and outside Chartered Accountants alternatively every year. The internal control and audit systems are being reviewed periodically by the Audit Committee and corrective measures are taken, wherever necessary, for continuous improvement.

CORPORATE GOVERNANCE:

Your corporation believes that good corporate governance practices in the long term leads to creation of wealth to all the stakeholders. A report on corporate governance practices, being followed by the corporation and management discussion and analysis report are placed before you as Annexure to the Directors' Report.

ACKNOWLEDGEMENT:

Any accomplishment requires human contribution and the growth of NHDC has no different story. I, on my behalf and on behalf of the Board place on record appreciation for hard work of our committed and competent employees, whose sincere and continuous efforts have yielded 'Good' results. I am grateful to the members of the Board, shareholders, Ministry of Textiles, other government departments, C&AG auditors, Statutory and Branch Auditors for their continuous guidance and support. I also express sincere gratitude to various bankers, user agencies, spinning mills, manufacturers of dyes & chemicals and business associates, who have reposed confidence in your corporation.

I look forward to your continued support for corporation's growth in the future.

**Sd/-
(Alok Kumar)
Chairman**

**Dated: 20th Oct., 2015
Place: New Delhi**



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Notice for Thirty Second Annual General Meeting

Notice is hereby given that the Thirty Second Annual General Meeting of the Corporation will be held on 24th Nov. 2015 (Tuesday) at 12.00 Noon at 10th Floor, Vikas Deep, 22, Station Road, Lucknow - 226 001 to transact the following business :-

1. Receiving, considering and adopting the Director's Report, audited Balance Sheet, Statement of Profit & Loss, Cash Flow Statement, Statutory Auditor's Report and Secretarial Audit Report for the Year 2014 -15
2. Appointment of Directors, if any
3. Declaration of Dividend.

By the order of the Board of Directors
**National Handloom Development
Corporation Ltd.**

Sd/-
(Jai Gopal Mahajan)
Company Secretary

Place : Lucknow

Date : 21st Oct., 2015

NOTE :

A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and a proxy need not be a member of the corporation

To,
Shareholders/
Statutory Auditors / Secretarial Auditors



BOARD OF DIRECTORS (As on 24.11. 2015)

Shri Alok Kumar (Chairman)

Development Commissioner (Handloom)
Ministry of Textile, Govt. of India

Shri R.V.S. Mani

Dy. Secretary, I.F.W.
Ministry of Textile, Govt. of India

Shri Sarvepalli Srinivas (Managing Director)

**Company Secretary and
Dy. General Manager (F & A)**
Shri Jai Gopal Mahajan

STATUTORY AUDITORS

A. Srivastava & Co.
Chartered Accountants, Lucknow

SECRETARIAL AUDITORS

Amit Gupta & Associates
Practising Company Secretaries, Lucknow

BRANCH AUDITORS

M/s J.K. Verma & Co., Panipat
M/s Krishna Anurag & Co., Varanasi
M/s R. Tulsian & Company, Kolkata
M/s D.K. Rao & Associates, Hyderabad
M/s G.G.A. & Associates, Coimbatore
M/s George & Regi. Kannur

PRINCIPAL BANKERS

Indian Bank
United Bank of India
Union Bank of India
Indian Overseas Bank
HDFC Bank
Axis Bank

REGISTERED OFFICE

10th & 11th Floors, "Vikas Deep"
22-Station Road,
Lucknow - 226 001
CIN No. : U17299UP1983GOI005974



BOARD OF DIRECTORS' REPORT



DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting the Thirty Second Annual Report on the working of the Corporation together with the audited accounts for the financial year 2014-15.

1. FINANCIAL RESULTS:

	2014-15	(Rs. in lac) 2013-14
Sales Turnover	221696.30	184003.11
Profit after tax	2540.00	1203.28
Appropriations:		
Proposed dividend	511.00	241.00
Corporate tax on dividend	104.03	40.96
Reserve for Developmental Activities	24.30	15.80
Transfer to Post Retirement Medical Corpus	18.39	10.32
Depreciation on asset not having remaining useful life as per provisions of Companies Act, 2013	11.14	
Free reserve & surplus	4888.00	3016.86
Total reserve	4952.08	3066.68

The amount carried to free reserve & surplus during the FY 2014-15 is Rs.1871.14 lac (Previous Year - Rs. 895.20 lac). There is no change in the nature of business of the corporation during the year under review.

2. PERFORMANCE RATING UNDER MOU:

The performance of your Corporation has been rated as '**Excellent**' by the Department of Public Enterprise (DPE) for the year 2013-14. The performance of your corporation qualifies '**Excellent**' rating based on the Memorandum of Understanding (MOU) measurement criteria, for the year 2014-15 also.

3. DIVIDEND:

Your Corporation has recommended a **dividend of Rs.511 lac**, which is 20.12% of post tax profits and 26.89% of paid up equity capital.

4. HANDLOOM SCENARIO:

The handloom sector is one of the largest unorganized economic activities after agriculture and constitutes an integral part of the rural and semi- rural livelihood which provides direct and indirect employment to more than 43 lac weavers and allied workers.

For holistic and sustainable development of handloom sector and welfare of handloom weavers, the Government of India is implementing following schemes and programmes during 12th Plan:

- (1) **National Handloom Development Programme:** National Handloom Development Programme (NHDP) is being implemented as a centrally sponsored programme for development of handlooms, having following components:-
 - (i) **Comprehensive Handlooms Development Scheme (CHDS)** has been formulated by merging the components of Integrated Handloom Development Scheme (IHDS), Marketing & Export Promotion Scheme (MEPS) and Diversified Handloom Development Scheme (DHDS), implemented during the 11th Plan. Sub-components of the CHDS are as follows:-
 - Development of handloom clusters of different sizes



- Consolidation of existing handloom clusters in 2 years
- Group Approach Project
- Marketing Incentive
- Organizing handloom exhibitions, both in India and abroad for marketing of handloom products
- Strengthening of handloom organizations/ Institutions
- Handloom Census
- Publicity, monitoring, supervision, training and evaluation of the scheme

(ii.) **Revival, Reform and Restructuring (RRR) Package for handloom sector:** RRR package covers waiver of overdue loan involving 100% principal and 25% of interest as on 31st March, 2010 and recapitalization assistance to the eligible apex and primary weavers cooperative societies & individual weavers and also provides fresh loan at 6% interest rate alongwith credit guarantee for 3 years.

The RRR Package was approved for implementation upto 28th Feb., 2014. For providing access to subsidized term loan as well as working capital loan to handloom weavers not covered under loan waiver package, Government has approved Concessional Credit Component. The loan is sanctioned to weavers at 6% interest and Government of India interest subvention is maximum 7% and to leverage the loan, Government provides margin money assistance upto Rs.10,000/- per weaver and credit guarantee through Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE).

(2.) Handloom Weavers Comprehensive Welfare Scheme:

This scheme has 2 components namely Health Insurance Scheme (HIS) and Mahatma Gandhi Bunkar Bima Yojana (MGBBY). The HIS aims at enabling the weaver community to access healthcare facilities. The HIS will be implemented on Rashtriya Swasthya Bima Yojana (RSBY) platform by Ministry of Health & Family Welfare which covers a family of five members. It also provides outpatient (OP) treatment facility. On the other hand, MGBBY aims to provide insurance cover to handloom weavers in the case of natural as well as accidental death and in cases of total or partial disability. A scholarship of Rs.300/- per quarter per child subject to two children studying in standard IX to XII is also provided under MGBBY.

(3.) Yarn Supply Scheme (YSS):

This scheme makes available all types of yarn at Mill Gate Price to the eligible handloom agencies and the depot operating expenses @ 2% and transportation expenses are being reimbursed by Government of India. Further, to provide the subsidized yarn to handloom weavers in order to compete with powerloom and mill sector, a new component of 10% price subsidy on cotton hank yarn, domestic silk yarn and woolen yarn is also provided.

(4.) Implementation of the handlooms (Reservation of Articles for Production) Act, 1985:

Government of India promulgated the Handloom (Reservation of Articles for Production), Act 1985 dated 29th March, 1985, with a view to protect the interests and livelihood of the handloom weavers in the country. Under the Act, protection to the handlooms sector was extended by way of reserving certain textile articles for exclusive production by handlooms. On the recommendation of the Advisory Committee, 11 articles were reserved vide Notification No.2160(E) dated 03rd Sept., 2008. The following offices have been empowered to implement the Act:

- The office of the Development Commissioner for Handlooms (including Enforcement Wings and Weaver Centres)
- The Office of the Textile Commissioner
- The Office of the State Director/ Commissioner Incharge of Handlooms. The designated officer should not be below the rank of Assistant Director in the State Government.



5. PERFORMANCE REVIEW AND STATE OF AFFAIRS OF THE CORPORATION:

The turnover of the corporation has gone up by 20% over the previous year from Rs.184003.11 lac in the FY 2013-14 to Rs.221696.30 lac in the FY 2014-15.

The profit before tax has gone up by 110% from Rs 1839.40 lac in the FY 2013-14 to Rs.3860.08 lac in the FY 2014-15 and the net profit after tax has gone up by 111% from Rs. 1203.28 lac in the FY 2013-14 to Rs.2540.00 lac in the FY 2014-15 on account of increase in turnover and increase in service charges under Yarn Supply Scheme (YSS) from 1.5% to 2% of yarn value. The net worth of the corporation has gone up from Rs. 4916.86 lac as on 31st March, 2014 to Rs.6788.00 lac as on 31st March, 2015.

It is a matter of great satisfaction that the corporation is a debt free corporation and is able to manage its entire working capital requirement from its internal resources.

The Government of India has been implementing the 'Yarn Supply Scheme' (YSS) through your corporation, facilitating the uninterrupted and easy availability of yarn at reasonable prices so as to maintain the economic viability of the weaving community. Cotton hank yarn is the major consumed variety in the handloom sector. Other varieties of yarn have also been used based on the demand and preferences received through market feed back by the handloom weavers.

Depots are also set up through handloom agencies for ensuring easy and uninterrupted supplies. Uptill 31st March, 2015, the number of depots notified as stabilized as per Board approved criteria are 790 nos. (762 nos. as on 31st March, 2014). Depots are considered as stabilized, where there are atleast two transactions during the last 12 months in case the depot was allotted in earlier years and atleast one transaction where the depot was allotted during the current year.

To mitigate the cost disadvantage of Handloom sector, the Government of India has allowed 10% price subsidy on hank yarn to be distributed in the handloom sector under YSS w.e.f. 06th Jan., 2012. The subsidy is being provided upfront in the invoice to the beneficiaries. Corporation is supplying the yarn to the handloom weavers under the 10% Price Subsidy component of the scheme.

The yarn supplies during the year 2014-15 were 1487.42 lac kg. valuing Rs.216729.90 lac which include 1484.30 lac kg. valuing Rs.216077.51 lac under Yarn Supply Scheme as compared to supplies of 1270.03 lac kg. valuing Rs. 180350.15 lac which include 1262.09 lac kg. valuing Rs. 178845.79 lac under the Yarn Supply Scheme during the last financial year 2013-14. The yarn supplies under the 10% Price Subsidy Component of Yarn Supply Scheme (included in the yarn supplies mentioned above) during the year 2014-15 were 286.34 lac kg. valuing Rs.102683.49 lac as compared to 227.02 lac kg. valuing Rs.70939.97 lac during the last financial year 2013-14.

Corporation is arranging quality dyes for the benefit of handloom weavers and the supplies during the financial year 2014-15 were 36.90 lac kg. valuing Rs.4947.87 lac as compared to supplies of 36.31 lac kg. valuing Rs. 3569.00 lac during the last financial year 2013-14.

Corporation is negotiating the yarn rates with the suppliers centrally for purchase of bulk quantities to obtain bulk quantity discounts with a view to provide the yarn to Handloom weavers at competitive/ lowest rates. Rates are placed on corporation's website as well, on monthly basis for access by the weaver agencies, resulting in better transparency.

Corporation is operating 10 nos. Warehouses (Previous year 5 nos.) at Guwahati (Assam), Samudragarh (West Bengal), Sitapur (Uttar Pradesh), Chirala (Andhra Pradesh), Kannur (Kerala), Bhubaneshwar (Odisha), Karimnagar (Telangana), Agartala (Tripura), Godda (Jharkhand) and Moradabad (Uttar Pradesh) for ensuring timely supply to the handloom weavers/ agencies. The yarn supply made through these warehouses during the year 2014-15 was 2.28 lac kg. valuing Rs.645.67 lac as against 0.41 lac kgs. valuing Rs.126.13 lac during the last financial year 2013-14.



Corporation has entered into the MoU with 13 nos. supplier mills, so as to ensure regular supply of yarn from them in a time bound manner.

The debtors recovered (out of outstanding as on 31st March, 2014) during the FY 2014-15 as %age of debtors outstanding as on 31st March, 2014 is 95%.

6. DEVELOPMENTAL ACTIVITIES AND MARKETING SUPPORT:

- i) Under the research and developmental activities, the corporation has undertaken Development of new products by using different kinds of yarn for the benefit of handloom weavers. During the year 12 nos. (Previous year - 08 nos.) of such products have been developed by the corporation.
- ii) In order to increase the availability of better quality yarn and also the options in the form of alternative supplier mills, the corporation has organized 03 nos. (Previous year – 02 nos.) Buyers' Seller Meets in North Eastern Region and 09 nos. (Previous year - 11 nos.) Buyers' Seller Meets in other than North Eastern Region during the year.
- iii) In order to disseminate/ propagate the various schemes run by the office of DC (Handlooms), Ministry of Textiles for the benefit of handloom weavers, corporation has organized 14 nos. (Previous year - 12 nos.) One Day Sensitization Programmes on dissemination of Government Scheme in the states of Himachal Pradesh, Jammu & Kashmir, Uttaranchal and North Eastern region.
- iv) The loom coverage in individual weavers fold by issuing the yarn passbooks has increased by 12.35% to 1.91 lac looms as on 31st March, 2015 against 1.70 lac looms as on 31st March, 2014.
- v) In order to enable the weavers to know the yarn used and products manufactured in other states, the corporation has organized 5 nos. (Previous year Nil) Familiarisation/ Knowledge sharing visits of handloom weavers to other states during the year.
- vi) Corporation has provided marketing support to the handloom weavers through organization of exclusive exhibitions, wherein, they can sell their products directly to the consumers at better price. In this regard, 19 nos. 'SILKFAB' exhibitions (Previous year - 20 nos.) were organized at Chennai, Mumbai, Ernakulam, Ahmedabad, Jabalpur, Surat, Kolkata, Bhubaneswar, Bangalore, New Delhi, Chandigarh, Bhopal, Nashik, Lucknow, Hyderabad, Indore, Vishakhapatnam, Aurangabad and Patna , while 02 nos. 'WOOLFAB' exhibitions (Previous year - 03 nos.) at Lucknow and Bhopal, 01 no. 'Handloom of India' exhibitions (Previous year - Nil) at Delhi and 02 nos. 'National Handloom Expo (Previous year - Nil) at Ahmedabad and Delhi were organized during the year.

The total sale in the Exhibitions during the year was Rs. 88.99 crore (Previous year - Rs.101 crore).

- vii) The increase in yarn supplies in quantitative terms during 2014-15 over the previous year in the state of Jammu & Kashmir was 17% (Previous year - 58%), in the states of Uttaranchal and Himachal Pradesh was 27% (Previous year - 22%) and in north Eastern region was (-)11% [Previous year - 8%].

7. COMPUTERISATION:

Corporation has implemented the Tally ERP9 with effect from 01st April, 2009 for yarn activity at all its Regional Offices and at head office. Accordingly, all the data punching is being done in Tally ERP9 now and the manual system, wherever, used earlier has been discontinued. The 10% price subsidy on hank yarn under YSS announced by the Govt. of India on 6th Jan., 2012 and stock handling has also been incorporated in Tally ERP9. All the reports have been finalized and stabilized.

By implementation of Tally ERP9, for the first time the data of the entire corporation for the yarn activity has been placed on the same platform and it can be accessed any time at the Head Office as well. It has resulted in timely and accurate information, elimination of manual records and avoiding duplicity of work.



In order to meet the changing needs, corporation is planning to procure/ develop a new software which will take care of all the activities of the corporation together, as also it will be extended to the customer's as well as supplier's place.

8. CORPORATE GOVERNANCE:

Your corporation firmly believes and accords highest importance to ethical business conduct, transparency, accountability and equity in all facets of its operations, which leads to creation of wealth for its stakeholders. A report on 'Corporate Governance Practices' being followed by the corporation and 'Management Discussion and Analysis Report' are annexed to the Directors' Report.

The Public Enterprises Survey data for the year 2013-14 was submitted to the department of Public Enterprises on 20th Aug., 2014 and the audited accounts of the corporation for the year 2013-14 were placed on the website of the corporation on 20th Aug., 2014. Further, the quarterly progress reports on Corporate Governance for all the quarters during the year 2014-15 have been submitted to Department of Public Enterprises on or before 05th day after the close of the quarter against the due date of 15th day after the close of the quarter.

The annual score (Based on the average of quarterly reports) in the annual evaluation report on Corporate Governance submitted to the Department of Public Enterprises for the year 2014-15 comes to 90% i.e. 'Excellent'.

9. PERSONNEL DEVELOPMENT & INDUSTRIAL RELATIONS:

Corporation has been laying a lot of emphasis on development of Human Resource and in this context, it has been extending support for up-gradation of the skill through organization of In-house Training Programmes as well as deputing its personnel to specific programmes/ seminars/ workshops organized by the outside agencies of repute, wherein, 68 employees (Previous year – 46 employees) from Commercial Department, 35 employees (Previous year – 18 employees) from Finance & Accounts Department and 18 employees (Previous year – 13 employees) from Personnel & Administration Department have been nominated for different type of trainings/ seminars during the year 2014-15.

Corporation had introduced Voluntary Retirement Scheme (VRS), which was in operation during the year 2014-15 for secretarial staff, but none of the employee opted VRS during the year. Total number of employee of the Corporation as on 31st March, 2015 now stands at 208 (Previous year - 193) which include 23 (11%) employees belonging to Scheduled Castes (SC) category, 06 (3%) employees belonging to Scheduled Tribes (ST) category, 29 (14%) employees belonging to Other Backward Classes (OBC) category and 05 (2%) employees of Physically Handicapped (PH) category.

The turnover per employee is Rs.10.66 crore (Previous year – Rs. 9.53 crore) and the Profit After Tax (PAT) per employee is Rs.12.21 lac (Previous year Rs. 6.23 lac).

The Industrial relations have been cordial and remained peaceful during the year under review.

10. PROGRESSIVE USE OF HINDI:

Corporation is committed to the progressive use of Hindi in its day to day working. Corporation has been publishing "RAJBHASHA SURABHI" magazine on half yearly basis i.e. in the month of September and March.

Further Corporation has been awarded 1st prize for outstanding performance for the year continuously for the 18th time among 56 offices for progressive use of Hindi by the 'Nagar Rajbhasha Karyanvayan Samiti', Lucknow and 2nd prize for publication of "RAJBHASHA SURABHI" magazine.



11. (i) BOARD OF DIRECTORS:

The Board of the corporation is well structured except the appointment of independent directors, for which, request has been made to the Administrative Ministry for their induction on the Board. Presently, it consists of 3 members, of whom, two are the nominee of the government of India (including Chairman) and one is the Functional Director (i.e. Managing Director). The Directors on the Board are appointed by the Government of India in terms of Article 94 of the Articles of Association of the corporation.

Constitution of Board of Directors and the related information is placed herein below:

Name & category of the Director	No. of Board meetings with attendance since last AGM	Attendance in last AGM	No. of outside Directorships as on 31 st March, 2015	No. of outside board committee membership/ chairmanship as on 31 st March, 2015
Government Director:				
a. Shri Alok Kumar, Chairman-NHDC DC (Handlooms), Ministry of Textiles, DIN No. 06517942 (From 01st May., 2015)	2/2	- N.A. -	-	-
b. Shri Samir Kumar Biswas, Chairman-NHDC DC (Handlooms), Ministry of Textiles, DIN No.01664091 (Uptill 01st May., 2015)	1/1	- N.A. -	04 - Council of Handicraft Dev. Corpn. - National Centre for Design & Product Development - India Exposition Mart Ltd. - Indian Institute of Carpet Technology	-
c. Shri Dinesh Kumar Chairman-NHDC DC (Handlooms), Ministry of Textiles, DIN No. 01658847 (Uptill 12th Dec., 2014)	1/1	Yes	03 - NEHDC Ltd., - HEPC - Bharat Handloom Marketing Company Ltd.	-
d. Shri R V S Mani, Dy. Secretary, Integrated Finance Wing Ministry of Textiles, DIN No.06982441 (From 02nd Sept., 2014)	3/3	- N.A. -	03 - CCIC - BIC - Textile Committee	-
e. Shri A K Sharma Dy. Secretary, Integrated Finance Wing Ministry of Textiles, DIN No.06471388 (Uptill 02nd Sept., 2014)	1/1	Yes	02 - CCIC - BIC	01 - BIC (Member – Audit Committee)
Functional Director:				
f. Shri Sarvepalli Srinivas Managing Director DIN No. 02292051 (From 01st May, 2013)	4/4	Yes	02 - BIC - Bharat Handloom Marketing Company Ltd.	



The Board of the corporation met 04 times during the year 2014-15 at regular intervals (12th May 2014, 30th July 2014, 24th Nov., 2014 & 24th March 2015) and all the information required in accordance with DPE guidelines were placed before the Board.

(ii) AUDIT COMMITTEE:

In accordance with the provisions of section 177 of the Companies Act 2013, the meetings of Audit Committee were held during the year under review. The terms of reference of the Audit Committee, as proposed in the DPE guidelines on Corporate Governance for CPSEs was noted by the Audit Committee in its 23rd meeting held on 08th Dec., 2010. The composition of Audit Committee and the related information is placed herein below:

Name/ category	Position in Audit Committee	No. of meetings with attendance during the year
Shri Samir Kumar Biswas, Government Director (w.e.f. 12 th Dec, 2014)	Chairman	1/1
Shri Dinesh Kumar Government Director (Uptill 12 th Dec., 2014)	Chairman	4/4
Shri R V S Mani, Government Director (w.e.f. 02 nd Sept., 2014)	Member	2/2
Shri A K Sharma Government Director (Uptill 02 nd Sept., 2014)	Member	1/2
Smt. Indrani Kaushal Government Director (Uptill 05 th June, 2014)	Member	0/1
Shri Sarvepalli Srinivas Functional Director (w.e.f. 01 st May, 2013)	Member	5/5

The Audit Committee met 5 times during the year 2014-15 at regular intervals (12th May 2014, 30th July, 2014, 01st Sept. 2014, 24th Nov., 2014 and 24th March, 2015). The Independent Directors, as and when appointed by the Ministry in future, will be inducted in the Audit Committee.

12. INDEPENDENT DIRECTOR'S DECLARATION:

Directors on the Board of the corporation are appointed by the Administrative Ministry. Corporation has been requesting the Ministry to appoint the independent directors. The appointment of Independent directors is yet to be made by the Ministry. During the year there was no independent director on the board of the corporation. Thus, the declaration pertaining to independent director does not apply.

13. DISCLOSURE ON REAPPOINTMENT OF INDEPENDENT DIRECTORS:

During the year there was no independent director on the Board of the corporation. Hence, disclosure pertaining to reappointment of independent directors does not apply.



14. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, ATTRIBUTES, INDEPENDENCE ETC.:

Vide notification F.No.1/2/2014-CL.V dated 05th June, 2015, Ministry of Corporate Affairs, Government of India, has exempted Government companies from disclosure of this information under section 134(3)(e) of the Companies Act, 2013.

15. ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEE AND DIRECTORS:

Vide notification F.No.1/2/2014-CL.V dated 05th June, 2015, Ministry of Corporate Affairs, Government of India, has exempted Government companies from disclosure of this information under section 134(3)(p) of the Companies Act, 2013, in case the directors are evaluated by the administrative ministry of the company. Since, the director on the Board of the corporation are evaluated by the Administrative Ministry i.e. Ministry of Textiles, hence not applicable.

16. DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) APPOINTED AND RESIGNED

As per communication received from the Office of Development Commissioner for Handlooms, Ministry of Textiles, Government of India, following changes had taken place among directors on Board of the corporation, since last Annual General Meeting:

1.	Shri Alok Kumar	Chairman	From 01 st May, 2015
2.	Shri Samir Kumar Biswas	Chairman	Uptill 01 st May, 2015
3.	Shri Dinesh Kumar	Chairman	Uptill 12 th Dec., 2014
4.	Shri RVS Mani	Director	From 02 nd Sept., 2014
5.	Shri A K Sharma	Director	Uptill 02 nd Sept., 2014

Your Directors place on record the appreciation for guidance and valuable services rendered by Shri Dinesh Kumar and Shri Samir Kumar Biswas as Chairman and Shri A K Sharma as director, during their tenure on the Board of Corporation.

There is no change (appointment/ resignation) in Key Managerial Personnel (KMP) during the year.

Director on the Board of the corporation hold their office at the pleasure of President of India.

17. MANAGING DIRECTOR RECEIVING COMMISSION OR REMUNERATION FROM HOLDING OR SUBSIDIARY COMPANY:

Corporation has no holding or subsidiary company, hence not applicable.

18. RATIO OF DIRECTORS' REMUNERATION TO MEDIAN EMPLOYEES' REMUNERATION AND OTHER DISCLOSURES:

During the year, the remuneration of Managing Director was Rs. 22.48 lac and median employee's remuneration was Rs.4.78 lac. The Managing Director's remuneration comes to 470% of median employees' remuneration.

19. DIRECTOR'S RESPONSIBILITY STATEMENT:

In view of provisions of the Companies Act, 2013, your Directors hereby declare that:-

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.



- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the corporation at the end of the financial year and of the profits of the corporation for that period.
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the corporation and for preventing and detecting fraud and other irregularities.
- iv) the directors had prepared the annual accounts on a going concern basis and
- v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The corporation has evolved a system of internal control commensurate with the size of the corporation. In order to make the internal control more effective, besides comprehensive internal audit manual, the new check points are also advised to the internal auditors from time to time on need basis. The internal audit of the corporation is conducted by the internal audit team of the corporation as well as outside independent Chartered Accountants. As per the decision of the Audit Committee, the head office and regional offices of the corporation are audited by the internal audit wing and outside Chartered Accountants alternatively every year. The internal control and audit systems are being reviewed periodically by the Audit Committee and corrective measures are taken, wherever necessary, for continuous improvement.

21. VIGILANCE:

The vigilance department of the corporation is headed by the Vigilance Officer, who reports to the Managing Director of the corporation. The Vigilance Department follows the guidelines issued by the Central Vigilance Commission from time to time. Corporation is adopting preventive vigilance. No case is pending for follow up/ action as on 31st March, 2015, with the Vigilance Department of the corporation.

Vigilance week is observed every year to educate the employees about safe business practices in their day to day working. During the year, 'Vigilance Awareness Week' with the theme "Combating Corruption - Technology as an enabler" was observed from 27th Oct., 2014 - 01st Nov., 2014. The week was started with taking the pledge (vigilance), by the employees, administered by the Vigilance Officer of the corporation. During the week, essay writing competition and debate competition on topics relating the vigilance were conducted, wherein, various employees participated. Vigilance week was observed at head office as well as at all regional offices of the corporation.

22. REPLY TO AUDITOR'S COMMENTS:

The report of Statutory Auditors' alongwith comments of C&AG U/s 143(5) & 143(6) of Companies Act, 2013 is placed in the Annual report. The reply to the comments, if any, of the Statutory Auditors and C&AG is placed as annexure to the Directors' Report.

23. SECRETARIAL AUDIT REPORT AND REPLY TO THE COMMENTS OF SECRETARIAL AUDITORS:

The report of Secretarial Auditors' U/s 204(1) of Companies Act, 2013 and reply to the comments, if any, of the Secretarial Auditors is placed as annexure to the Directors' Report.

24. FRAUDS REPORTED BY THE CORPORATION IN NOTES ON ACCOUNTS:

An employee posted at yarn depot - Pondru, misappropriated an amount of Rs.4.66 lac received by



him towards sales of yarn at the depot. An inquiry was conducted against him and suitable action has also been taken against him as per rules of the corporation. During the year, a sum of Rs.3.60 lac has been recovered from him and the balance amount of Rs.1.06 lac has been recovered from him after 31st March, 2015.

2 no. cheque leaves of Indian Bank - Hyderabad account of the corporation were stolen from the Regional Office and thereafter, these cheques were drawn by the accused for Rs.5 lac each (Total Rs.10 lac) and encashed through his account in IDBI Bank - Hyderabad by putting forged signatures on the cheques. FIR was lodged against the accused with the local police station and a case was also registered in appropriate court. Simultaneously, the claim was also lodged with the Indian Bank - Hyderabad for Rs.10 lac (as per RBI guidelines) alongwith forensic lab report. An amount of Rs.3.20 lac has been received from the Hon'ble Court on 25th April, 2015 in cash, which was deposited by the local police in the Hon'ble Court after recovery of it from the accused. The balance amount of Rs.6.80 lac has been recovered from the Indian Bank after 31st March, 2015.

25. CONTINGENT ASSETS:

Interest receivable from the parties under legal proceedings is Rs.65.23 lac (Previous year - Rs. 65.23 lac).

26. LOANS & GUARANTEES:

Corporation has not given any loan or guarantee, hence not applicable.

27. RELATED PARTY TRANSACTIONS:

Corporation has no related party transaction.

28. MATERIAL CHANGES AND COMMITMENTS AFTER DATE OF FINANCIAL STATEMENTS:

Steps have been taken to close the Joint Venture Company named M/s Bharat Handloom Marketing Company Ltd. (BHMCL) based on the decision of its Board of Director in their meeting held on 01st Nov., 2014. The corporation has received a net amount of Rs.66.04 lac from M/s BHMCL (after deducting the proportionate expenses relating to the incorporation etc., worth Rs.3.96 lac) on 24th March, 2015 towards the return of the capital.

29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:

Corporation is not carrying on any manufacturing activity. Accordingly, the issue pertaining to Technology absorption does not apply to corporation. Similarly, corporation is not dealing in foreign exchange, as it is not carrying on any import/ export activity. During the year, there is no foreign exchange transaction.

30. RISK MANAGEMENT POLICY:

Corporation is not dealing in foreign exchange. Further, the surplus funds, if any, are invested in short term deposits with the banks, which include mainly public sector banks. Thus, there is no financial risk.

31. CORPORATE SOCIAL RESPONSIBILITY (CSR):

During the year, corporation revised its CSR Policy in accordance with the provisions of Section 135 of newly enacted Companies Act 2013 and revised DPE guidelines. The revised policy named 'NHDC CSR & Sustainability Policy 2014' has been uploaded on corporation's website, after its approval by the Board of Directors in its meeting held on 24th Nov., 2014.



CSR COMMITTEE:

The terms of reference of the CSR Committee, as proposed in the DPE guidelines on Corporate Governance for CPSEs was noted by the CSR Committee in its 1st meeting held on 24th Nov., 2014. The composition of CSR Committee and the related information is placed herein below:

Name/ category	Position in CSR Committee	No. of meetings with attendance
Shri Samir Kumar Biswas Government Director (w.e.f. 12 th Dec., 2014)	Chairman	1/1
Shri Dinesh Kumar Government Director (Uptill 12 th Dec., 2014)	Chairman	1/1
Shri R V S Mani Government Director (w.e.f. 02 nd Sept., 2014)	Member	2/2
Shri Sarvepalli Srinivas Functional Director (w.e.f. 01 st May, 2013)	Member	2/2

The CSR Committee met 2 times during the year 2014-15 at regular intervals (24th Nov.2014 & 24th March 2015).

The details of average net profit u/s 198 of the Companies Act 2013 and CSR expenditure is placed herein below:-

S.No.	Particulars	UOM	2014-15	2013-14
1.	Average net profit (as per Section 198 of Companies Act, 2013) for the last 3 years.	Rs. in lac	1095.22	692.11
2.	CSR expenditure incurred	Rs. in lac	74.20	36.20
3.	CSR expenditure incurred as %age of average net profit for the last 3 years	%age	6.77%	5.23%
4.	Prescribed CSR expenditure	%age	2%	2%



Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lac)	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in Lac)	Cumulative expenditure upto the reporting period (Rs. in Lac)	Amount spent: Direct or through implementing agency* (Rs. in Lac)
1.	Distribution of handlooms alongwith start up raw material and/ or 'Add on' equipments/ accessories to BPL weaver in North Eastern and Hilly Areas.	Handloom Sector	Project was undertaken in North Eastern and Hilly areas: Aizwal and Serchhip in the state of Mizoram. Bishnupur in the state of Manipur. Kullu, Mandi and Kangra in the state of Himachal Pradesh. Kathua, Udhampur, Samba and Doda in the State of Jammu & Kashmir. Bageshwar, Pithoragarh, Champawat, Dehradun, Almorha, Uttarkashi and Chamoli in the State of Uttarakhand.	15.75	15.64 (Direct expenditure)	15.64	15.64 (Direct expenditure)
2.	Distribution of Battery Linked Inverter Lighting Units (BLILU) to BPL weavers in North Eastern and Hilly Areas	Handloom Sector	Project was undertaken in North Eastern and Hilly areas: Imphal East and Ukhrul in the state of Manipur. Aizwal and Serchhip in the state of Mizoram. Darrang, Morigaon and Kamrup in the state of Assam. Bardhaman in the state of West Bengal. Kullu and Mandi in the state of	34.25	33.73 (Direct expenditure)	49.37	33.73 (Direct expenditure)



			Himachal Pradesh, Kathua, Udhampur, Samba and Doda in the state of Jammu & Kashmir. Rudraprayag, Dehradun, Uttarkashi, Chamoli, Pithoragarh, Almorha, Bageshwar and Champawat in the state of Uttarakhand.				
3.	Distribution of Blankets in Jammu and Kashmir to help the flood affected victims	Other	Project was undertaken in the state of Jammu and Kashmir only	24.85	24.83 (Direct expenditure)	74.20	24.83 (Direct expenditure)
	TOTAL			74.85	74.20		74.20

As per DPE guidelines on CSR, the corporation continued the CSR activity during the year 2014-15 and provided handlooms alongwith start up raw material and/ or 'Add on' equipments/ accessories, Battery Linked Inverter Lighting Units (BLILU) to BPL weavers in North Eastern and Hilly Areas and blankets to help the flood affected victims in Jammu and Kashmir. Corporation has spent an amount of Rs.74.20 lac (Previous year - Rs.36.20 lac) for this purpose during the year, which comes to 6.77% (Previous year - 5.23%) of the average Net Profit (as per section 198 of Companies Act 2013) for the last 3 years.

The number of beneficiaries covered under the CSR activity (handlooms alongwith start up raw material and/ or 'Add on' equipments/ accessories and BLILUs) is 469 (Previous year - 278).

32. NAME OF COMPANY BECOMING/ CEASING TO BE SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE:

Corporation had formed a joint venture company named Bharat Handloom Marketing Company Ltd. (BHMCL), among NHDC (35%), ACASH (55%) and Exim Bank (10%), which was incorporated on 12th Feb., 2014. The Board of M/s BHMCL in its meeting held on 1st Nov., 2014 observed that the company has not been able to take off its activities as envisaged and it would not be advisable to duplicate the efforts due to the reasons of undertaking similar type of activities by the other CPSEs under the Ministry of Textiles. In view of this Board decided that the company M/s Bharat Handloom Marketing Company Ltd. (BHMCL) may be closed with immediate effect.

Accordingly, steps have been taken to close the company. The corporation has received a net amount of Rs.66.04 lac from M/s BHMCL (after deducting the proportionate expenses relating to incorporation etc., worth Rs.3.96 lac) on 24th March, 2015, towards return of the capital.

Corporation has no subsidiary or associate company.



33. CONSOLIDATED FINANCIAL STATEMENT:

Corporation has no subsidiary, hence, the consolidated financial statements are not applicable to the corporation.

34. DEPOSITS:

Corporation has not accepted any deposit from public under Chapter-V of the Companies Act, 2013.

35. GOING CONCERN STATUS:

There is no change in going concern status of the corporation.

36. ISSUE OF SHARES WITH DIFFERENTIAL RIGHT, SWEAT EQUITY, EMPLOYEE STOCK OPTION:

Corporation has not issued any share with differential right, sweat equity, employee stock option during the year, hence, not applicable.

37. ACKNOWLEDGEMENT:

Your Board is thankful to the Ministry of Textiles, Office of Development Commissioner for Handlooms, Government of India and other Ministries and departments in Central and State governments for their support and guidance given to the corporation in carrying out its activities and operations.

Your Directors are grateful to the Comptroller & Auditor General of India, Members of Audit Board, Statutory and Branch Auditors and Bankers for their help, cooperation and guidance.

Your Board expresses sincere gratitude to the various user agencies/ other concerned agencies for their support and confidence reposed in the organization and looks forward to mutually rewarding relationship in future.

Your Directors wish to place on record their appreciation for the continued co-operation received from all the Spinning Mills and Manufacturers of dyes & chemicals and fabrics directly as also through their organised set-ups. Your Board also wishes to record its deep gratitude to all the members of NHDC family for their enthusiasm, dedicated work and cooperation and look for their continuous involvement.

For and on behalf of Board of Directors

Dated: 20th Oct., 2015
Place: New Delhi

Sd/-
(Alok Kumar)
Chairman



ANNEXURE TO DIRECTORS' REPORT
EXTRACT OF ANNUAL RETURN- FORM NO.MGT-9

I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	U17299UP1983GOI005974
ii) Registration Date	22 nd Feb., 1983
iii) Name of the Company	National Handloom Development Corporation Ltd.
iv) Category / Sub-Category of the Company	Public Company
v) Address of the Registered office and contact details	10 th & 11 th Floors, 'Vikas Deep', 22-Station Road, Lucknow – 226001 Phone – 0522-2635133
vi) Whether listed company Yes / No	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	- N.A. -

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):-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Yarn	1311	97.76%

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
-	-	-	-	-	-

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (1) Indian Central Govt	-	1900000	1900000	100%	-	1900000	1900000	100%	-
Sub-total (A) (1):-									



(2) Foreign a) NRIs - Individuals b) Other – Individuals c) Bodies Corp. d) Banks / FI e) Any Other.... Sub -total (2): -	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	1900000	1900000	100%	-	1900000	1900000	100%	-
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) FIIs h) Foreign Venture Capital Funds i) Others (specify)									
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-



ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify)									
Sub-total (B)(2)									
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1900000	1900000	100%	-	1900000	1900000	100%	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Central Govt.	1900000	100%	-	1900000	100%	-	
	Total	1900000	100%	-	1900000	100%	-	

(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	1900000	100%	1900000	100%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	1900000	100%	1900000	100%



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

Central Govt.

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	1900000	100%	1900000	100%
	Date wise Increase / Decrease in Promoters Share holding during the year.	-	-	-	-
	At the End of the year	1900000	100%	1900000	100%

(v) Shareholding of Directors and Key Managerial Personnel:

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
1.	For Each of the Directors and KMP				
	Shri Samir Kumar Biswas, Chairman & Director				
	At the beginning of the year	-	-	-	-
	Shares acquired on 12 th Jan., 2015 during the year	02	0.0001%	02	0.0001%
	At the End of the year	02	0.0001%	02	0.0001%
2.	Shri R V S Mani, Director				
	At the beginning of the year	-	-	-	-
	Share acquired on 02 nd Sept., 2014 during the year	01	0.00005%	01	0.00005%
	At the End of the year	01	0.00005%	01	0.00005%
3.	Shri Sarvepalli Srinivas, Managing Director				
	At the beginning of the year	01	0.00005%	01	0.00005%
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the End of the year	01	0.00005%	01	0.00005%
4.	Shri Jai Gopal Mahajan, KMP				
	At the beginning of the year	01	0.00005%	01	0.00005%
	Date wise Increase/ Decrease in Share holding during the year	-	-	-	-
	At the End of the year	01	0.00005%	01	0.00005%



V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year • Addition • Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI . REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR:

(Rs. in lac)

Sl. no.	Particulars of Remuneration	Name of MD Shri Sarvepalli Srinivas	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.35	20.35
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.13	2.13
	(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	-	-
	Total (A) Ceiling as per the Act	22.48	22.48



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

(Rs. In lac)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	DGM (F&A) and Company Secretary	CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		16.73		16.73
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.12		0.12
	(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		-		-
	Total		16.85		16.85

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES UNDER COMPANIES ACT 2013:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



ANNEXURE TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

a. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

NHDC's philosophy on Corporate Governance envisages ethical business conduct and attainment of highest level of transparency, accountability and equity in all facets of operations and all its interactions with its stakeholders including shareholders, employees, bankers, auditors and the Government. The corporation constantly endeavours to achieve the highest levels of standards of corporate governance in order to enhance the long term stakeholders' value and maintain good standards of Corporate Governance. Corporation has well established, transparent and fair administrative set up to provide for professionalism and accountability.

b. BOARD OF DIRECTORS:

The Board of the corporation is well structured except the appointment of independent directors, for which, request has been made to the Administrative Ministry for their induction on the Board. Presently, it consists of 3 members, of whom, two are the nominee of the government of India (including Chairman) and one is the Functional Director (i.e. Managing Director). The Directors on the Board are appointed by the Government of India in terms of Article 94 of the Articles of Association of the corporation.

Constitution of Board of Directors and the related information is placed herein below:

Name & category of the Director	No. of Board meetings with attendance since last AGM	Attendance in last AGM	No. of outside Directorships as on 31 st March, 2015	No. of outside board committee membership/ chairmanship as on 31 st March, 2015
Government Director:				
Shri Alok Kumar, Chairman-NHDC DC (Handlooms), Ministry of Textiles, DIN No. 06517942 (From 01st May., 2015)	2/2	- N.A. -	-	-
Shri Samir Kumar Biswas, Chairman-NHDC DC (Handlooms), Ministry of Textiles, DIN No.01664091 (Uptill 01st May., 2015)	1/1	- N.A. -	04 - Council of Handicraft Dev. Corpn. - National Centre for Design & Product Development - India Exposition Mart Ltd. - Indian Institute of Carpet Technology	-



Name & category of the Director	No. of Board meetings with attendance since last AGM	Attendance in last AGM	No. of outside Directorships as on 31 st March, 2015	No. of outside board committee membership/ chairmanship as on 31 st March, 2015
Government Director:				
Shri Dinesh Kumar Chairman-NHDC DC (Handlooms), Ministry of Textiles, DIN No. 01658847 (Uptill 12th Dec., 2014)	1/1	Yes	03 - NEHHDC Ltd., - HEPC - Bharat Handloom Marketing Company Ltd.	-
Shri R V S Mani, Dy. Secretary, Integrated Finance Wing Ministry of Textiles, DIN No.06982441 (From 02nd Sept., 2014)	3/3	- N.A. -	03 - CCIC - BIC - Textile Committee	-
Shri A K Sharma, Dy. Secretary, Integrated Finance Wing Ministry of Textiles, DIN No. 06471388 Uptill 02nd Sept., 2014	1/1	Yes	02 - CCIC - BIC	01 BIC (Member– Audit Committee)
Functional Director:				
Shri Sarvepalli Srinivas Managing Director DIN No. 02292051 (From 01st May, 2013)	4/4	Yes	02 - BIC - Bharat Handloom Marketing Company Ltd.	-

The Board of the corporation met 04 times during the year 2014-15 at regular intervals (12th May 2014, 30th July 2014, 24th Nov., 2014 & 24th March 2015) and all the information required in accordance with DPE guidelines were placed before the Board.

Brief resume of the directors on the Board:

- (i) **Shri Alok Kumar (51 years)**, is an **IAS Officer** of 1988 batch of Uttar Pradesh cadre. He joined as Development Commissioner for Handlooms in Ministry of Textiles, Government of India and as ex-officio Chairman in National Handloom Development Corporation Ltd., w.e.f. 01st May, 2015. He holds a bachelor degree in Civil Engineering and MBA in Finance.

He has wide experience in various sectors. He has served in various important positions in the Central and State Government of Uttar Pradesh including CMD of UP Power Generation Company, UP Power Transmission Company, Managing Director of UP State Road Transport Corporation, Secretary – Government of UP in Housing, Industries, Vocational Education Departments, Secretary – Central Electricity Regulatory Commission, Director General of Employment & Training/ Joint Secretary in the Ministry of Labour & Employment.



(ii) **Shri Samir Kumar Biswas (53 years) IAS (MH 1990) [Till 01st May, 2015]** has been Development Commissioner for Handlooms and Handicrafts, Ministry of Textiles, Government of India. He joined the National Handloom Development Corporation (NHDC) as ex-officio chairman w.e.f. 12th Dec., 2014. He holds a bachelor degree in Electrical Engineering from IIT – Madras, PG diploma from IIM - Bangalore and MBA (Finance) from Mumbai University. He has wide experiences in various sectors. He has served in various positions in the State Government of Maharashtra including Municipal Commissioner of Solapur, MD of Maharashtra State Financial Corporation, Maharashtra State Textile Corporation Ltd., CEO of Dharavi Redevelopment Project etc.

(iii) **Shri Dinesh Kumar (57 years), IAS (AP: 1983)) [Till 12th Dec., 2014]** has been Development Commissioner for Handlooms in Ministry of Textiles, Government of India. He joined the National Handloom Development Corporation (NHDC) as ex-officio chairman w.e.f. 05th Feb., 2014. Before this, he was working as Executive Director (Storage & Transport) in Food Corporation of India (FCI) stationed at Delhi. In addition to that he held important assignments in State of Andhra Pradesh, such as Principal Secretary to Chief Minister of Andhra Pradesh, Department of Finance and Department of Energy, besides, working as Commissioner, Disaster Management and Chairman-cum-Managing Director (CMD), Central Power Distribution Company in Hyderabad (Andhra Pradesh). He did M.Sc. and M. Phil in Botany from Delhi University, besides doing his MBA from University of Ljubljana, Slovenia and International Central for Public Enterprises (ICPE). Shri Dinesh Kumar has also been nominee Director of the Board of Handloom Export Promotion Council (HEPC) and North Eastern Handicrafts & Handlooms Development Corporation (NEHDC) and Bharat Handloom Marketing Company Ltd.

(iv) **Shri R V S Mani (55 years)** is Deputy Secretary, Integrated Finance Wing of the Ministry of Textiles, Government of India. He joined the corporation as a nominee Director on 02nd Sept., 2014. He has a Masters in HRD, L.L.B., PG Diploma in Alternative Dispute Resolution. He joined Central Secretariat Service in July, 1986. Before joining in Ministry of Textiles as Deputy Secretary in Sept., 2014, he has worked in Lok Sabha Secretariat, Department of Heavy Industry/ Department of Industrial Policy and Promotion, Ministry of Home Affairs, Central Board of Film Certification, Ministry of Urban Development. He has mostly dealt in legal and finance matters. Presently, he is handling Integrated Finance Wing of the Ministry of Textiles.

He is also a nominee Director on the Board of CCIC Ltd. and BIC Ltd.

(v) **Shri A K Sharma (56 years) [Till 02nd Sept., 2014]** is Deputy Secretary, Integrated Finance Wing of the Ministry of Textiles, Government of India. He joined the corporation as a nominee Director on 12th Dec., 2012 and then on 05th June, 2014. He is a Commerce Graduate and is a Central Secretariat Service (CSS) Officer. He joined Central Secretariat Service in September, 1984 in the Ministry of Home Affairs.

Before joining in Ministry of Textiles as Deputy Secretary in Nov., 2012, he has worked in Prime Minister's Office (for over 9 years), Department of Personnel and Training (over 6 years), Ministry of Home Affairs, Ministry of Health and Ministry of Finance (over 7 years). He has mostly dealt in Establishment/ Personnel, Parliament and Finance matter. Presently, he is handling Integrated Finance Wing of the Ministry of Textiles.

He has also been a nominee Director on the Board of CCIC Ltd. and BIC Ltd.

(vi) **Smt. Indrani Kaushal: (43 years) [Till 05th June, 2014]**, is an Additional Economic Adviser in Ministry of Textiles, Government of India. She is an Indian Economic Service (1995 batch) officer.

She joined Ministry of Textiles on 04th Oct., 2013. She has served in different capacities as Director/ Deputy Secretary in Ministry of Finance, Ministry of Steel, Department of Telecom and Department of Consumer Affairs.



She has a Masters in Economics from Delhi School of Economics and also Masters in Governance & Development from Institute of Development Studies, U.K. She also served as nominee Director on the Board of HEPC, CCIC & BIC up till 02nd May, 2014.

- (vii) **Shri Sarvepalli Srinivas: (53 years)**, joined the corporation as Managing Director on 01st May, 2013. He is a graduate in Commerce and holds a Post Graduate Diploma in Advertising & Public Relations from the Indian Institute of Mass Communications, New Delhi.

In a career spanning over two decades, he has experience in leading public and private sectors in power equipment, logistics, chemicals, crisis communication and banking, handling corporate communications, brand building, corporate affairs and fostering international linkages. He was General Manager, Export – Import Bank of India, Mumbai prior to joining NHDC.

He has been holding additional charge of Chairman cum Managing Director – BIC and also director on the Board of Bharat Handloom Marketing Company Ltd.

c. AUDIT COMMITTEE:

In accordance with the provisions of section 177 of the Companies Act 2013, the meetings of Audit Committee were held during the year under review. The terms of reference of the Audit Committee, as proposed in the DPE guidelines on Corporate Governance for CPSEs was noted by the Audit Committee in its 23rd meeting held on 08th Dec., 2010. The composition of Audit Committee and the related information is placed herein below:

Name/ category	Position in Audit Committee	No. of meetings with attendance during the year
Shri Samir Kumar Biswas, Government Director (w.e.f. 12 th Dec, 2014)	Chairman	1/1
Shri Dinesh Kumar Government Director (Uptill 12 th Dec., 2014)	Chairman	4/4
Shri R V S Mani, Government Director (w.e.f. 02 nd Sept., 2014)	Member	2/2
Shri A K Sharma Government Director (Uptill 02 nd Sept., 2014)	Member	1/2
Smt. Indrani Kaushal Government Director (Uptill 05 th June, 2014)	Member	0/1
Shri Sarvepalli Srinivas Functional Director (w.e.f. 01 st May, 2013)	Member	5/5



The Audit Committee met 5 times during the year 2014-15 at regular intervals (12th May 2014, 30th July, 2014, 01st Sept. 2014, 24th Nov., 2014 and 24th March, 2015). The Independent Directors, as and when appointed by the Ministry in future, will be inducted in the Audit Committee.

d. REMUNERATION COMMITTEE:

Vide notification no.1/2/2014-CL.V dated 05th June, 2015, Ministry of Corporate Affairs, Government of India, has exempted Government Companies from provisions of sub-sections (2), (3) and (4) of Section 178 of the Companies Act, 2013 pertaining to Remuneration Committee, except with regard to appointment of senior management and other employees.

Further, the corporation is an organisation with social objectives having very thin contribution margin just sufficient to meet its overheads, it is not able to pay the Performance Related Payment (PRP) to its employees. Thus, the provisions of DPE guidelines on Corporate Governance in respect of Remuneration Committee do not apply to the corporation. Besides, the number of employees in the corporation is also small (i.e. 208 as on 31st March, 2015).

In view of above, no need has been felt to have a separate remuneration committee and the other matters relating to remuneration, if any, are placed directly to the Board of Directors.

e. GENERAL BODY MEETING:

The last 03 Annual General Meetings (AGMs) were held as under:

AGM for the FY	Date & time of AGM	Venue of the AGM
2013-14	30 th Sept., 2014/ 12.00 Noon	Registered Office, Lucknow
2012-13	27 th Sept., 2013/ 11.00 A.M.	Registered Office, Lucknow
2011-12	27 th Sept., 2012/ 4.30 P.M.	Udyog Bhavan, New Delhi

f. DISCLOSURES:

i. Details of remuneration paid to the Functional Director are as under:

Name of Functional Director	Gross salary	Perquisites	(Rs. in lac)
			Total
Shri Sarvepalli Srinivas Managing Director	20.35	2.13	22.48

- ii. During the year, there was no related party transaction.
- iii. It is reaffirmed that no penalty has been imposed by any of the statutory body.
- iv. The corporation has a Whistle Blower Policy duly approved by the Board, which has been circulated to all the employees of the corporation and also placed on the website www.nhdcltd.co.in of the corporation. Further, it is affirmed that no personnel has been denied access to the Audit Committee.
- v. The corporation is complying with all the requirements of the Guidelines on Corporate Governance for CPSEs except the appointment of independent Directors, for which a request has been sent to the Administrative Ministry for the needful. As regards, the Remuneration Committee, the same has been explained above.



- vi. The Presidential directives issued by the Government of India has been complied by the corporation during the year and also during the last 3 years.
- vii. During the year, no expenditure has been debited in the books of accounts which are not for the purposes of business.
- viii. During the year, no expenses which are of personal nature have been incurred for the Board of Directors and top management.
- ix. Administrative and Office Expenses during the year is 20.50% of the total expenses as against 15.72% last year. Increase in administrative expenses is mainly on account of increase in conveyance, electricity and security expenses. Further, the Financial Expenses are negligible, since corporation is a debt free corporation.

g. MEANS OF COMMUNICATION:

The entire paid up share capital of the corporation is held by the Government of India. The Annual report including annual accounts of the corporation are sent to the Government of India and also placed on the website www.nhdcltd.co.in of the corporation. The annual accounts are also filed with the Ministry of Corporate Affairs, Government of India.

h. AUDIT QUALIFICATIONS:

The comments on accounts for the year ended 31st March, 2015 by the Comptroller & Auditors General of India under section 143(6) of the Companies Act 2013 are placed in the Annual report.

i. TRAINING OF BOARD OF DIRECTORS:

The corporation furnishes a set of documents in a folder form to the directors on their joining the Board. This includes important data about the functioning and performance of the corporation, Code of Business Conduct & Ethics for the Board members, Corporate Governance Guidelines etc.

j. WHISTLE BLOWER POLICY:

The corporation has laid down a Whistle Blower Policy duly approved by the Board. The policy has been circulated to all the employees of the corporation and also placed on the website www.nhdcltd.co.in of the corporation.

k. CODE OF CONDUCT:

The corporation has laid down the Code of Conduct & Business Ethics for the Board members and senior management of the corporation. A copy of the Code is displayed on the website www.nhdcltd.co.in of the corporation. All the Board members and key officers have affirmed their compliance to the code. A declaration to this effect is annexed to this report.

I. COMPLIANCE CERTIFICATE:

This report duly complies with the requirements of DPE Guidelines on Corporate Governance for CPSEs and covers all the suggested items mentioned in the Annexure - VII of the Guidelines. The quarterly/ annual reports on the compliance with the Corporate Governance requirements prescribed by the DPE are also sent to the Administrative Ministry regularly/ timely. The certificate obtained from the Practicing Company Secretary regarding compliance to the conditions of guidelines on Corporate Governance for CPSEs has been annexed to the report.



CORPORATE GOVERNANCE CERTIFICATE

To,
The Members,
National Handloom Development Corporation Limited
10th Floor, Vikas Deep, 22-Station Road, Lucknow-226001

We have examined the compliance of the conditions of Corporate Governance of National Handloom Development Corporation Limited, (hereinafter referred to as "Corporation") for the year ended on 31st March, 2015 as stipulated in the guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 of Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India and annexure mentioned there under (hereinafter referred to as 'Guidelines')

The compliance to the conditions of Corporate Governance is the responsibility of the management. Our examination is limited to the procedures and implementation thereof, adopted by the corporation for ensuring the compliance to the conditions of Corporate Governance as stipulated in above mentioned guidelines. It is neither an audit nor an expression of opinion on the financial statement of the Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the corporation has complied with the conditions of Corporate Governance as stipulated in above mentioned guidelines except the provision regarding composition of Board, Audit Committee and Nomination & Remuneration Committee due to non-appointment of adequate number of Independent directors by the concerned Ministry & risk management plan.

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

For Amit Gupta & Associates
Company Secretaries

Sd/-
Amit Gupta
Proprietor
C.P.No.4682

Date: September 19, 2015
Place: Lucknow



FORM NO. MR.3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

National Handloom Development Corporation Limited,

(CIN - U17299UP1983GOI005974)

10th-11thFloors,Vikas deep,22 Station Road, Lucknow, Uttar Pradesh India - 226001

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit,

We hereby report that in our opinion

- i.* The company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also
- ii.* That the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- i.* The Companies Act, 2013 (the Act) and the rules made there under;
- ii.* The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under - **not applicable as the securities issued by Company were not listed during the period under review;**
- iii.* The Depositories Act, 1996 and the Regulations and Bye-laws framed there under - **not applicable as the securities issued by Company were not listed during the period under review;**
- iv.* Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not applicable as the Company has not made any such transaction during the financial year under review;**
- 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 - **not applicable as the securities issued by Company were not listed during the period under review and also the Company**



has not acquired shares of any Listed Company during the period under review;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - **not applicable as the securities issued by Company were not listed during the period under review;**
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **not applicable as the Company has not made any public offer of securities during the period under review;**
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - **Not applicable as the Company has not granted any options during the financial year under review;**
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **not applicable as the securities issued by Company were not listed during the period under review;**
- 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 - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review;**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back/propose to buyback any of its securities during the financial year under review.**

vi. The other laws as may be applicable specifically to the company: NIL

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (**not applicable as not notified during the period under review**); and
- (ii) Listing Agreements entered into by the Company with Stock Exchanges (**not applicable as the securities issued by Company were not listed during the period under review**)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observations:

1. Where as in terms of the provisions of Section 149(4) & 149(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company was required to appoint at least two Independent Directors on the Board of the Company, the Company could not comply with the same. However as informed by management the Company being a Government Company has requested its administrative ministry for making necessary appointments.
2. Where as in terms of the provisions of Section 149(1) of the Companies Act, 2013 read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company was required to appoint at least one Women Director on the Board of the Company latest by 31st March, 2015, the Company could not comply with the same. However as



- informed by management the Company being a Government Company has requested its administrative ministry for making necessary appointment.
3. Whereas in terms of the provisions of Section 177(1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and Its Powers) Rules, 2014, the Company was required to constitute an Audit Committee of the Board. The Company has constituted the Audit Committee of the Board consisting of three directors. However, the Audit Committee does not include independent directors as per the requirement of the Act for the reason mentioned at Para-1 above.
 4. Whereas in terms of the provisions of Section 178(1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and Its Powers) Rules, 2014, the Company was required to constitute a Nomination & Remuneration Committee of the Board, however the Company has not constituted the same. As informed by the management, the company being government company is exempted from the provisions of sub section (2), (3) & (4) of Section 178 of Companies Act 2013 with regard to appointment and remuneration of Directors on its Board except the appointment of senior management and other employees. The management has further informed that the number of employees in the corporation is also small (208), accordingly, no need has been felt by the corporation to have a remuneration committee and the matter relating to remuneration of senior management and other employees, if any, are placed directly to the Board of Directors.
 5. Whereas in terms of the provisions of Section 134(3) of the Companies Act, 2013, the Company was required to have a Risk Management Policy, the Company has not adopted any formal Risk Management policy. However as informed by management the Company has adopted all necessary measures for management of the risk.
 6. Whereas in terms of the provisions of Section 203 of the Companies Act, 2013, the Company was required to have certain Key Managerial Personnel. The Company is having Managing Director and Company Secretary, however no person designated as Chief financial officer. As informed by the management, Company Secretary of the Corporation is also heading the finance department in capacity of Dy. General Manager (Finance & Accounts), although not specifically designated as Chief Financial Officer of the corporation.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. However the Board of Company has no Independent Directors & Women Director, where as in terms of the provisions of Section 149(4), 149(5) & 149(1) of the Companies Act, 2013 read with rule 4 & 3 of the Companies (Appointment And Qualification Of Directors) Rules, 2014, the Company was required to appoint at least two Independent Directors & a women director on the Board of the Company latest by 31st March, 2015. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance



with applicable laws, rules, regulations and guidelines. However considering the size and operations, further improvements may be considered by the Company to further strengthen the systems and process.

We further report that during the audit period there was no major event in the company, requiring reporting.

**For Amit Gupta & Associates
Company Secretaries**

Sd/-

Amit Gupta

Proprietor

Membership No. : F5478

C.P. No. 4682

Date: 19.09.2015

Place: Lucknow

Note: This report should be read with the letter of even date by the Secretarial Auditors.



**To,
The Members,**

National Handloom Development Corporation Limited,
(CIN - U17299UP1983GOI005974)
10th -11th Floors, Vikas deep, 22 Station Road, Lucknow, Uttar Pradesh India - 226001

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

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

**For Amit Gupta & Associates
Company Secretaries**

Sd/-

Amit Gupta
Proprietor
Membership No. : F5478
C.P. No. 4682

Date: 19.09.2015

Place: Lucknow



Declaration by the Managing Director regarding Compliance with the Code of Conduct by the Board Members and Senior Management during the Financial Year 2014-15.

I, Sarvepalli Srinivas, Managing Director, National Handloom Development Corporation Limited, do hereby declare that all the Members of the Board of Directors and the Senior Management Team of the corporation have affirmed their compliance to the Code of Business Conduct and Ethics of the Corporation during the FY 2014-15.

**Sd/-
(Sarvepalli Srinivas)
Managing Director**

**Place: Lucknow
Dated: 07th July, 2015**



ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. HANDLOOM SCENARIO:

The handloom sector is one of the largest unorganized economic activities after agriculture and constitutes an integral part of the rural and semi-rural livelihood which provides direct and indirect employment to more than 43 lac weavers and allied workers.

For holistic and sustainable development of handloom sector and welfare of handloom weavers, the Government of India is implementing following schemes and programmes during 12th Plan:

1) **National Handloom Development Programme:** National Handloom Development Programme (NHDP) is being implemented as a centrally sponsored programme for development of handlooms, having following components:-

(i) **Comprehensive Handlooms Development Scheme (CHDS)** has been formulated by merging the components of Integrated Handloom Development Scheme (IHDS), Marketing & Export Promotion Scheme (MEPS) and Diversified Handloom Development Scheme (DHDS), implemented during the 11th Plan. Sub-components of the CHDS are as follows:-

- Development of handloom clusters of different sizes
- Consolidation of existing handloom clusters in 2 years
- Group Approach Project
- Marketing Incentive
- Organizing handloom exhibitions, both in India and abroad for marketing of handloom products
- Strengthening of handloom organizations/ Institutions
- Handloom Census
- Publicity, monitoring, supervision, training and evaluation of the scheme

(ii) **Revival, Reform and Restructuring (RRR) Package for handloom sector:** RRR package covers waiver of overdue loan involving 100% principal and 25% of interest as on 31st March, 2010 and recapitalization assistance to the eligible apex and primary weavers cooperative societies & individual weavers and also provides fresh loan at 6% interest rate alongwith credit guarantee for 3 years.

The RRR Package was approved for implementation upto 28th Feb., 2014. For providing access to subsidized term loan as well as working capital loan to handloom weavers not covered under loan waiver package, Government has approved Concessional Credit Component. The loan is sanctioned to weavers at 6% interest and Government of India interest subvention is maximum 7% and to leverage the loan, Government provides margin money assistance upto Rs.10,000/- per weaver and credit guarantee through Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE).

2) Handloom Weavers Comprehensive Welfare Scheme:

This scheme has 2 components namely Health Insurance Scheme (HIS) and Mahatma Gandhi Bunkar Bima Yojana (MGBBY) The HIS aims at enabling the weaver community to access healthcare facilities. The HIS will be implemented on Rashtriya Swasthya Bima Yojana (RSBY) platform by Ministry of Health & Family Welfare which covers a family of five members. It also provides outpatient (OP) treatment facility. On the other hand, MGBBY aims to provide insurance cover to handloom weavers in the case of natural as well as accidental death and in cases of total or partial disability. A



scholarship of Rs.300/- per quarter per child subject to two children studying in standard IX to XII is also provided under MGBBY.

3) Yarn Supply Scheme (YSS):

This scheme makes available all types of yarn at Mill Gate Price to the eligible handloom agencies and the depot operating expenses @ 2% and transportation expenses are being reimbursed by Government of India. Further, to provide the subsidized yarn to handloom weavers in order to compete with powerloom and mill sector, a new component of 10% price subsidy on cotton hank yarn, domestic silk yarn and woolen yarn is also provided.

4) Implementation of the handlooms (Reservation of Articles for Production) Act, 1985:

Government of India promulgated the Handloom (Reservation of Articles for Production), Act 1985 dated 29th March, 1985, with a view to protect the interests and livelihood of the handloom weavers in the country. Under the Act, protection to the handlooms sector was extended by way of reserving certain textile articles for exclusive production by handlooms. On the recommendation of the Advisory Committee, 11 articles were reserved vide Notification No.2160(E) dated 03rd Sept., 2008. The following offices have been empowered to implement the Act:

- The office of the Development Commissioner for Handlooms (including Enforcement Wings and Weaver Centres)
- The Office of the Textile Commissioner
- The Office of the State Director/ Commissioner Incharge of Handlooms. The designated officer should not be below the rank of Assistant Director in the State Government.

2. STRENGTH AND WEAKNESSES:

Corporation has a national network having presence in 29 States/ Union Territories through 6 Regional Offices, 2 Zonal Offices and 33 Branch Offices. No other body in the handloom sector has such a wide presence in the country. The presence of the corporation serves as an effective tool to intervene the market so as to restrict the monopolistic character of the private traders, in order to keep the hank yarn rates within a reasonable level. Corporation serves a noble cause of social responsibility by catering to a sector, which consists of poor artisans/ handloom weavers in unorganised sector, engaged in the production of items of high cultural heritage and traditional value of Indian culture.

Few employees are going to superannuate at various levels in the next few years. To fill the vacuum that may be created by the superannuation of the employees at various levels, corporation has planned not only to train/ gear up its middle level executives to take up the higher responsibilities but also making fresh recruitment at the induction level as well as senior levels depending upon the requirements. During the last 10 years prior to the year 2010-11, the recruitment of fresh employees is negligible. It is hoped that the fresh recruitment will imbibe new blood in the corporation with a better mix of existing employees having organisational experience and new employees with outside experience.

3. OPPORTUNITIES AND THREATS:

Presently, the corporation is catering to 19% (approximately) of the total hank yarn production to the handloom sector and there is a large scope to expand the business by reaching the untapped handloom sector consuming 81% of the total hank yarn production. In this regard the efforts are being made to increase the coverage by accessing new agencies.

The yarn market is well developed and there is a competition with the private traders which are already well established and offer comparatively better credit and other facilities to the weavers. To combat the same, the corporation is obtaining and negotiating the yarn rates centrally for bulk quantity discounts with a view to provide yarn to the handloom weavers at competitive/ lowest rates. Rates are placed on the corporation's website as well on monthly basis for access by the handloom weavers' agencies, resulting in better transparency.



4. OUTLOOK:

The corporation believes that it will continue to be on its growth platform achieving new heights year by year. To further strengthen its position the corporation keep re-assessing its strengths and weaknesses and preparing its business plan accordingly which shall enable the corporation to identify its new growth area.

5. SEGMENT-WISE AND PRODUCT WISE PERFORMANCE:

Yarn, being the main raw material supplied to the handloom sector, continues to be the highest contributor to the turnover of the corporation. Its contribution has decreased marginally from 98.01% of the total turnover of the corporation during the year 2013-14 to 97.76% during the year 2014-15. The percentage share of the dyes and chemicals has increased from 1.94% during the year 2013-14 to 2.23% during the year 2014-15. The segment wise analysis of the operations of the corporation is placed herein below:

S.No.	Segment/ product	2014-15		2013-14	
		Turnover	Percentage	Turnover	Percentage
1.	Yarn	2167.30	97.76%	1803.50	98.01%
2.	Dyes & chemicals	49.48	2.23%	35.69	1.94%
3.	Fabric	0.18	0.01%	0.84	0.05%
	Total	2216.96	100.00%	1840.03	100.00%

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The corporation has evolved a system of internal control commensurate with the size of the corporation. In order to make the internal control more effective, besides comprehensive internal audit manual, the new check points are also advised to the internal auditors from time to time on need basis. The internal audit of the corporation is conducted by the internal audit team of the corporation as well as outside independent Chartered Accountants. As per the decision of the Audit Committee, the head office and regional offices of the corporation are audited by the internal audit wing and outside Chartered Accountants alternatively every year. The internal control and audit systems are being reviewed periodically by the Audit Committee and corrective measures are taken, wherever necessary, for continuous improvement.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The turnover of the corporation has gone up by 20% over the previous year from Rs.1840.03 crore in the FY 2013-14 to Rs.2216.96 crore in the FY 2014-15.

The profit before tax has gone up by 110% from Rs. 18.39 crore in the FY 2013-14 to Rs.38.60 crore in the FY 2014-15 and the net profit after tax has gone up by 111% from Rs. 12.03 crore in the FY 2013-14 to Rs.25.40 crore in the FY 2014-15 on account of increase in turnover and increase in service charges under Yarn Supply Scheme (YSS) from 1.5% to 2% of yarn value. The net worth of the corporation has gone up from Rs. 49.17 crore as on 31st March, 2014 to Rs.67.88 crore as on 31st March, 2015.

The capital structure of the corporation remained unchanged with the paid up capital of Rs.19 crore divided into 19 lac equity share of Rs.100/- each in the FY 2014-15. The corporation has recommended a dividend of Rs.5.11 crore being 20.12% of post tax profits and 26.89% of equity capital.

The performance of the Corporation has been rated as 'Excellent' by the Department of Public Enterprise (DPE) for the year 2013-14. However, for the year 2014-15, the performance of the corporation qualifies 'Excellent' rating based on the Memorandum of Understanding (MOU) measurement criteria.



It is a matter of great satisfaction that the corporation is a debt free corporation and is able to manage its entire working capital requirement from its internal resources.

8. DEVELOPMENT IN HUMAN RESOURCE INCLUDING NUMBER OF PERSONS EMPLOYED:

Employees' efficiency has been the key focus of the corporation. Various training programmes in technical, managerial and IT areas are organized for upgrading the skills of the employees of the corporation. Total 121 employees (Previous year - 77 employees) have been nominated for different types of trainings/ seminars during the year 2014-15.

Total no. of employees of the corporation as on 31st March, 2015 is 208 (Previous year – 193 nos.). Employees' relation during the year remained harmonious and cordial.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR):

During the year, corporation revised its CSR Policy in accordance with the provisions of Section 135 of newly enacted Companies Act 2013 and revised DPE guidelines. The revised policy named 'NHDC CSR & Sustainability Policy 2014' has been uploaded on corporation's website, after its approval by the Board of Directors in its meeting held on 24th Nov., 2014.

Corporation has constituted the CSR Committee, which met 2 times during the year 2014-15 at regular intervals (24th Nov., 2014 and 24th March, 2015).

The corporation continued the CSR activity during the year 2014-15 and provided handlooms alongwith start up raw material and/ or 'Add on' equipments/ accessories, Battery Linked Inverter Lighting Units (BLILU) to BPL weavers in North Eastern and Hilly Areas and blankets to help the flood affected victims in Jammu and Kashmir. Corporation has spent an amount of Rs.74.20 lac (Previous year – Rs.36.20 lac) for this purpose during the year, which comes to 6.77% (Previous year - 5.23%) of the average Net Profit (as per section 198 of Companies Act 2013) for the last 3 years.

The number of beneficiaries covered under the CSR activity (handlooms alongwith start up raw material and/ or 'Add on' equipments/ accessories and BLILUs) is 469 (Previous year - 278).

10. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis Report describing the corporation's objectives, projections and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The actual results may, however, differ substantially or materially from those expressed or implied. Important developments that could affect the corporation's operations include significant changes in the political and economic environment in India that involves litigations and handloom activity in the country.



**ANNEXURE TO THE DIRECTORS' REPORT
REPLY OF THE BOARD OF DIRECTORS ON THE COMMENTS OF THE
STATUTORY AUDITORS ON THE ACCOUNTS FOR THE FY 2014-15**

S.No.	<u>Comments of Statutory Auditors</u>	<u>Reply of the Board of Directors</u>
1.	Fraud amounting to Rs.10 lac [Para 1(a)]	The FIR was lodged against the accused with the police station and a case was also registered in appropriate court. Simultaneously, the claim was lodged with Indian Bank – Hyderabad for Rs.10 lac. The recovery of Rs.3.20 lac has been received through hon'ble court from accused on 25 th April, 2015 and the balance amount of Rs.6.80 lac has been recovered from Indian Bank on 14 th Aug., 2015.
	Fraud amounting to Rs.4.66 lac [Para 1(b.)]	An inquiry was conducted against the employee and suitable action has been taken against him as per rules of the corporation. A sum of Rs.3.60 lac has been recovered from him before 31 st March, 2015 and balance amount of Rs.1.06 lac was recovered on 11 th May, 2015. The necessary steps have been taken by the corporation to avoid re-occurrence of such incidents in future.
2.	Vigilance Report [Para 2]	The Vigilance Department reports those matters to the ministry in its quarterly reports, which are referred to it by the Competent Authority of the corporation for investigation and report thereon. The above said matters of fraud were investigated by the management itself. Management has lodged FIR in one case and took action against the employee as per corporation's rules in another case. Further, the entire amount has been recovered in both these cases. Since, the matter was neither referred to the Vigilance Department nor was it investigated by the Vigilance, accordingly, these matters were not reported in the Quarterly Vigilance Report to the Ministry. However, the above issues have been disclosed in Notes on Accounts of the financial statement of the corporation for the FY 2014-15.
3.	Service Book [Para 3]	Suggestion of audit has been noted.
4.	Marketing Complex - Handloom Haveli, New Delhi [Para 4]	The shops in Handloom Haveli – New Delhi, were procured from HUDCO by utilizing the corpus fund (marketing complex) and allotted to the handloom agencies. However, the registration of shops in the name of handloom agencies is still pending. Till that time, the operational expenses viz; property tax, service/ electricity



		<p>charges etc., are paid by the corporation out of the corpus fund and recovered from the agencies.</p> <p>Out of Rs.51.78 lac paid to HUDCO towards service/ electricity charges, an amount of Rs.26.09 lac has been recovered from the agencies uptill 31st March, 2015. Similarly, out of the property tax (including interest) of Rs.26.27 lac paid by the corporation during FY 2013-14 and onwards, an amount of Rs.4.21 lac has been recovered up till 31st March, 2015.</p> <p>Corporation is making necessary follow up and also recovering the dues from the agencies. Further, an amount of Rs.141.90 lac is lying with the corporation towards the 50% grant refundable to these agencies.</p> <p>The amount outstanding, if any, at the time of registration of shop will be adjusted from the grant amount refundable to the agencies or recovered in full from them before registration of the shops in their name.</p> <p>The corpus fund (Mktg. complex) is held by the corporation on behalf of Government of India, for setting up the marketing complexes. Accordingly, it is shown on liability side as well as on assets side of the Balance sheet separately. As regards the agency wise details, corporation maintains a memorandum record separately for further details on marketing complexes.</p>
5.	Internal audit [Para 5]	<p>All the accounting and commercial records are maintained in the Regional Office concerned only. The Branch Office(s) of the corporation is a one man office under the respective Regional Office, just to collect indents from the agencies and send it to the regional office for further necessary action and records, besides following up for the payments. Accordingly, internal audit as well as Statutory branch audit is conducted at Regional Offices and not at the branch office(s).</p> <p>The regional office ensures safe custody of valuable records viz; cheque books, purchase book, sales book etc.</p> <p>However, the suggestions of the auditor have been noted.</p>
6.	Financial Delegation of Powers [Para 6]	<p>The bank authorization was revised last by the Board in its 130th Meeting held on 11th June, 2012, wherein, designation of Chief Manager was mentioned. The Chief Manager (F&A) and Chief Manager (P&A) were promoted to DGM (F&A) and DGM (P&A) respectively w.e.f. 01st</p>



		<p>Jan., 2014. Since, no change was required in the amount limit, already sanctioned by the Board, after June, 2012, no revision in bank authorization was put up to the Board. However, the ratification/ revision in bank authorization due to change in designation of various officers on account of promotion has been approved by the board in its 143rd meeting held on 17th Sept., 2015. The bank authorization in respect of various officers is communicated to the bank both by name and designation under the signature of the competent authority. This is to apprise that no cheque has ever been signed by an officer of lower designation than the one authorized by the Board.</p> <p>Vide circular no.388 dated 4th March, 2014, Managing Director, based on the Board authorization, has sub - delegated the powers to sanction various expenses viz; postage, electricity, health check up at head office, reimbursement of children education as per rule etc., to DGM (P&A) and reimbursement of medical expenses as per rule to DGM (F&A). Since, the reimbursement of medical expenses as per rule are part of terms & conditions of appointment pertaining to salary and other employee benefits, no specific concurrence is required considering the authorization given vide the above said circular dated 04th March, 2014.</p> <p>Vide circular no.389 dated 4th March, 2014, Managing Director has sub-delegated the powers to DGM (F&A) and OSD to sanction all types of petty expenses up to Rs.2000/- at one time. The petty expenses incurred, if any, by the DGM (F&A) pertains to meeting expenses, which is not for the personal benefit of DGM (F&A). Hence, no specific concurrence is required considering the authorization given vide the above said circular dated 04th March, 2014.</p>
7.	Corpus Fund (Marketing Complex) [Para 7]	<p>The corpus fund (Marketing Complex) was received for establishment of marketing complexes at Navi Mumbai, Jaipur, Indore and New Delhi. The marketing complexes at Navi Mumbai, Jaipur and Indore are complete and handed over to the handloom agencies. Accordingly, the corpus fund amounting to Rs.188.22 lac in respect of these complexes was returned to the Government vide demand drafts dated 05th Sept., 2003.</p> <p>However, the corpus fund in respect of marketing complex – New Delhi, alongwith the interest accumulated so far, is lying with the corporation pending registration of shops in the name of Handloom agencies. After registration of shops, the amount lying in corpus fund will be returned to the government alongwith the accumulated</p>



		interest or utilized for setting up further marketing complexes as per directions of the Government of India.
8.	Corpus Fund (Mega Cluster) [Para 8]	<p>Out of Rs.650 lac received as corpus fund for mega cluster and interest accrued thereon, an amount of Rs.575 lac has been transferred to the Regional Offices for utilization in the supply of yarn in mega clusters uptill 31st March, 2015 and another amount of Rs.125 lac transferred in May 2015.</p> <p>Vide G.O. dated 3rd Dec., 2010, it was directed that NHDC will invest the surplus fund in fixed deposits till the period it remains unutilized and the interest earned thereon be credited back to this fund only. Accordingly, the unutilized funds are invested in fixed deposits and interest thereon is credited back to the corpus fund as per directions of the Government of India.</p>

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Sd/-
(Alok Kumar)
Chairman**

**Dated: 20th Oct., 2015
Place: New Delhi**



ANNEXURE TO THE DIRECTORS' REPORT
REPLY OF THE BOARD OF DIRECTORS ON THE OBSERVATIONS OF THE
SECRETARIAL AUDITORS FOR THE FY 2014-15

S.No.	Observations of Secretarial Auditors	Reply of the Board of Directors
1.	Appointment of independent directors	Corporation, being a government company, has requested the Administrative Ministry for appointment of independent Directors on the Board of the corporation.
2.	Appointment of a woman director.	Corporation, being a government company, has requested the Administrative Ministry for appointment of a woman Directors on the Board of the corporation.
3.	Constitution of Audit Committee consisting of independent directors.	The corporation has constituted the Audit Committee of the board consisting of three directors. For appointment of independent directors, corporation has submitted a request to the Administrative Ministry.
4.	Constitution of Nomination & Remuneration committee	Corporation, being a government company, is exempted from the provisions of sub section (2), (3) & (4) of Section 178 of Companies Act 2013 with regard to the appointment and remuneration of directors on its Board except the appointment of senior management and other employees. Further, the number of employees in the corporation is also small i.e. 208. Accordingly, no need has been felt by the corporation to have a Nomination & Remuneration committee and the matter relating to remuneration of senior management and other employees, if any, are placed directly to the Board of Directors.
5.	Risk Management Policy.	Although, the corporation has not adopted any formal Risk Management Policy, yet, it has adopted all necessary measures for management of risk.
6.	Chief Financial Officer as per Section 203 of the Companies Act 2013.	The Dy. General Manager (F&A) is heading the Finance Department of the corporation, although, not specifically designated as Chief Financial Officer of the corporation.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-

(Alok Kumar)
Chairman

Dated: 20th Oct., 2015
Place: New Delhi



INDEPENDENT AUDITOR'S REPORT

To,
The Members,
National Handloom Development Corporation Limited,
Lucknow, Uttar Pradesh.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of National Handloom Development Corporation Limited, which comprises of Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, along with summary of the significant accounting policies and other explanatory information.

The audit of Accounts of 6 Regional Offices has been carried out by the Branch Auditors in accordance with the allocation made by the Comptroller and Auditor General of India (C&AG). The details of Regional Office Statutory Auditors have been indicated as under:-

Sl. No.	Name of the Regional Office	Name & Address of the Branch Statutory Auditors
I	National Handloom Development Corporation Limited, Kannur, Kerala.	M/s. George & Regi, Chartered Accountants, B.B. Complex, South Bazar, Kannur-670002.
II	National Handloom Development Corporation Limited, Kolkata, West Bengal.	M/s. R. Tulsian & Co. Chartered Accountants, 7/1C Jatindra Mohan Avenue, Kolkata-700006
III	National Handloom Development Corporation Limited, Varanasi, Uttar Pradesh.	M/s. Krishna Anurag & Co., Chartered Accountants, C-27/273-C-14, 1st Floor, Indian Press Colony, Maldahiya, Varanasi-221002
IV	National Handloom Development Corporation Limited, Panipat, Haryana.	M/s. J.K. Verma & Co. Chartered Accountants 191, FF, HUDA, Sector-11-12, Phase-II, Panipat (Haryana)-132103
V	National Handloom Development Corporation Limited, Hyderabad, Andhra Pradesh.	M/s. D.K. Rao & Associates, Chartered Accountants, 402, Prashanth Towers, Plot No-8, Srinivasa Nagar (W) Hyderabad-500038.
VI	National Handloom Development Corporation Limited, Coimbatore, Tamilnadu.	M/s. GGA & Associates, Chartered Accountants No.62, Kondasamy Layout, Kalidas Road, Ram Nagar, Coimbatore-641009

We have taken into consideration the Reports of Branch Auditor together with other particulars and information made available to us by the Head Office.

Management's Responsibility for the Financial Statements

The Company's Management 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 Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 read with rules 7 of the Companies (Accounts) rules, 2014 with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the Audit Report under the provisions of the Act and the rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of the Chartered Accountants of India specified under section 143 (10) of the Act. Those standards require that we comply with ethical requirements and plan and perform audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness whether the Company has in place and an adequate internal financial control system over financial reporting and the operating the 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 stand alone financial statements.

Emphasis of Matter

1. During the financial year ending 31st March 2015, the undernoted cases of fraud and miss-appropriation have taken place in the Corporation's Regional Office Hyderabad.
 - a) The case of fraud took place in Regional Office Hyderabad where by putting the forged signature of the authorized officer of the branch, the incumbent drawn Rs.10,00,000.00 from Indian Bank, Himayat Nagar Branch, Hyderabad vide Cheque No. 809692 and 905900 (Rs. 5.00 Lac each) which were debited in Corporation's Regional Office, Bank Current Account on 14-08-2014 and 01-09-2014 respectively.
The recovery of Rs.3,20,000.00 has been received through Hon'ble Court from accused on 25th April 2015 and balance of Rs. 6,80,000.00 on 14th August 2015, has been recovered as per the reply submitted by the Corporation.



b) The miss-appropriation of Cash of Rs. 4,66,149.00 took place at the Corporation's Yarn Depo- Ponduru (Branch of R.O. Hyderabad) by an employee posted there. Out of misappropriated amount a sum of Rs. 3,60,338.00 was recovered before 31st March 2015 and balance of Rs.1,05,811.00 was recovered on 11th May 2015 as per the reply submitted by the Corporation.

However, the above issues were disclosed by the Corporation in Note No. 18 vi & viii of the Financial Statements.

2. As per the Quarterly Vigilance Report submitted by the Corporation to Ministry of Textiles to Govt. of India, Udyog bhawan, New Delhi vide report no. F.A./ H.V./2014-2015/1125 dated 08-07-2014, F.A./ H.V./2014-2015/2002 dated 01-10-2014, F.A./ H.V./2014-2015/2872 dated 02-01-2015 and F.A./ H.V./2014-2015/1 dated 01-04-2015.

The corporation has nominated Dy. General Manager (F&A)/ Company Secretary as a Vigilance Officer who is sending the Quarterly Report to the above Ministry as stated above. The incidence of Fraud of miss-appropriation of fund as stated above took place in during the second quarter of financial year 2014-2015 but nothing has been mentioned about the above incidence in their Quarterly Vigilance Reports submitted by Dy. General Manager (F&A) / Company Secretary to the above Ministry for the quarter ending Sept-2014, Dec-2014 and March-2015 respectively. The above Quarterly Vigilance Reports is indicating either NIL or Not Applicable.

However, the above issues were disclosed by the Corporation in Note No. 18 vi & viii of the Financial Statements.

3. During the course of audit, while verifying the personal records of employees in the HR Department of the Corporation, it has been observed that the Corporation is not maintaining Service Book. The maintaining of Service Book of every employee in the Corporation is a basic document for ascertaining the date of joining, pay scale of every employee, as well as various facilities being extended / provided by the Corporation to them. For determining the retirement benefits, the date of birth and personal Bio-data etc. of every employee are required to be maintained in the Service Book along with the photograph of the employee.

In the absence of Service Book it cannot be ascertained whether the benefits to the employees are being given according to their eligibility on the post. Whether yearly increments are given timely as per the Service Rules, the data which are being provided to outside agency for getting the actuarial valuation of gratuity and leave encashment payable to the employees are not linked in the absence of service book.

4. There are 30 shops in Handloom Haveli, New Delhi, in the possession of Corporation under the Agreement. These shops have been allotted to agencies longtime back. Electricity and Maintenance Charges along with the Property Tax are being paid by the Corporation from Corpus Fund. From perusal of the records of the Corporation, we have not been able to establish the nexus of allotment of above shops to the allottees by the Corporation. In most of the cases, the Recovery of expenditure is not being made from the allottees of the above shops. The Corporation is also incurring substantial amount of expenditure as stated above and charging to the Corpus Fund. The recovery performance from the above shops is not to the tune of the expenditure which is being incurred by the Corporation. Details of recoverable amounts are indicated as under:-

Sl. No.	Name of Charges	Charges due from the allottees 31-3-2015 Rs. (in Lacs)
1	Service/ Electricity Charges	25.69
2	Property Tax	22.85



The above recoverable amount from the agencies is not being reflected in the financial statements of the Corporation.

5. As per the policy of the Corporation the Internal Audit work of three Regional Offices including Head Office- Lucknow, have been outsourced and the internal audit work of remaining three Regional Offices have been done by the Internal Audit Department of the Corporation. All the Regional Offices are having the branch offices in various districts of different States but from the perusal of the internal audit reports of all the Regional Offices as well as Head Office, it has nowhere being indicated in the internal audit reports of the regional offices / head offices that the working of the branch offices have been covered in the internal audit reports of the respective Regional Offices and Head office. The Internal Auditor of the Regional Offices/ Head Office, are to be advised that they should cover the working of branch offices.

Further, emphasis should be given by the internal auditors of all the Regional Offices and Head Office in undernoted areas specially:

- i. The Internal Control System of all Regional Offices should be re-examined by the Internal Auditor and comment should be incorporated in their Internal Audit Report.
 - ii. The Internal Auditor should ensure safe custody of valuable records like cheque issue register along with cheque books, purchase books, sales books etc. and fortnightly/ monthly verification of Bank Reconciliation Statement should be done to avoid any miss-happening.
 - iii. Monthly Reporting System of the Regional Offices to the Head Office of the Corporation and comment of the Internal Auditors, if any, found during the course of audit.
 - iv. The Internal Auditor of all the Regional offices are also to ensure that records of actual beneficiaries of the 10% subsidy is being maintained by the Regional Offices properly. This will ensure end use of subsidy being given by the Govt. of India.
6. The Financial Delegation of Powers as approved by the Board in it's Board Meeting No. 130th dated 11th June 2012, the designation of Dy. General Manger (F& A) / C.S. is nowhere indicated either in the Board Note/ resolution passed by the Board in this regard delegating the financial powers to various officers of the Corporation. On perusal of the payment vouchers it has been observed that Dy. General Manager (F & A)/ C.S. is approving/ sanctioning the expenditure and payments are being released accordingly. Even the payment advices which are being given to the banks for releasing the payments on behalf of the Corporation, the Dy. General Manager (F & A)/ C.S. signing the payment advices without having any financial delegation to him. The management of the Corporation may like to ratify the above Board Note with retrospective effect delegating the financial powers to Dy. General Manager (F & A)/ C.S.to regularized the payments which have been sanctioned by the Dy. General Manager (F & A)/ C.S. without having any authority.

Further, it has also been noticed that Dy. General Manager (F & A)/ C.S. is also sanctioning his own expenditure while as per the financial handbook of the Govt; only the Chief Executive of the Corporation can be **SELF** Drawing and Disbursing Officer and no one else. This anomaly being crept in the Corporation is also required to be regularized.

7. During Scrutiny of Balance sheet as at 31stMarch-2015, it is noted that in Liabilities side under (4) other long term liabilities (Corpus) for Rs. 19.80 Crores have been reflected in Non-Current Liabilities Head. Out of this total Rs. 19.80 Crores a sum of Rs. 16.25 Crores (including interest upto 31st March 2015) pertains to Corpus Fund of Marketing Complex. This fund has been



created from time to time after getting Grants form Govt. of India from year 1996. The audit party found that first grant from Govt. of India was received through G.O. No. 8/4/95-DCH/NHDC dated 29.03.1996. As per normal system of Govt. of India, unutilized funds along with interest should be refunded to the granting authority. Keeping this fund at the NHDC without any future plan is not justified. This is reported for an action plan from NHDC in respect of Rs.16.25 Crores and approval of the Govt. of India for utilization of fund / refund to Govt. of India as early as possible.

8. While making the perusal of Balance Sheet and other related documents, the audit party found that Note no.4 (B) is given in Notes on Accounts for Corpus Fund (Mega Cluster) under Non Current Liabilities- Other Long Term Liabilities. We have to report that the following sanctions were made by the Govt. of India vide different sanctions which are noted as under:-

Sl. No.	Sanction No. of GOI	Date of Sanction of Grant in Aid	Amount (Rs.)	Remarks
1	5/21/2009-DCH/MHCDS/Varanasi/NHDC	15-01-2010	1,50,00,000.00	Varanasi Handloom Mega Cluster
2	5/21/2009-DCH/MHCDS/Varanasi/NHDC	18-03-2010	3,50,00,000.00	Varanasi Handloom Mega Cluster
3	5/23/2009-DCH/MHCDS/Sivasagar(Assam)/NHDC	30-03-2010	1,50,00,000.00	Sivasagar (Assam) Handloom Mega Cluster

These sanctions were made for Specific Purposes based on 11 terms and conditions which are specified in the respective Government Orders. Point No. 10 of the terms and conditions enumerate that "The Utilization Certificate in respect of Grant released under present sanction will be submitted under General Financial Rule 19- A within a period of 12 months of the closure of the financial year." It is found that during the financial year 2014-2015, the total amount of Rs. 5,75,00,000.00 has been transferred for utilization in Mega Cluster.

We are of the opinion that either this amount should have been expended for specified purposes or it should have been returned to Government of India alongwith the interest of Rs.2,79,73,112.00, it is highlighted that sanction of year 2010, cannot be utilized for the purposes in financial year 2014-15 and onwards.

Our opinion is not modified in respect of these matters.

Opinion

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

Report on Other Legal and Regulatory Requirements:

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit:



- b. In our opinion proper books of account as required by Law have been kept by the National Handloom Development Corporation Limited, Lucknow, as far as it appears from our examination of those books
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d. In our opinion, the balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with rules 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on 31st March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015, from being appointed as director in terms of section 164(2) of the Act.

For A. SRIVASTAVA & CO.
FR No. 511001C
(Chartered Accountants)

Sd/-
CA Akhilesh Kumar Srivastava
Partner
M. No. 089673

Place: Lucknow
Date: 18-09-2015



ANNEXURE TO AUDITORS' REPORT ON EVEN DATE ON THE ACCOUNTS OF NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED 31.03.2015 REGARDING OTHER LEGAL AND REGULATORY REQUIREMENTS

S.No	Particulars	Auditors Remark
(i)	(a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
	(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	All the Fixed Assets have been physically verified by the Management during the year at regular intervals. No material discrepancies were found.
(ii)	(a) whether physical verification of inventory has been conducted at reasonable intervals by the management;	As informed to us, physical verification of inventory is conducted by the Management at regular intervals. In our opinion the frequency of verification is reasonable.
	(b) Are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business? If not, the inadequacies in such procedures should be reported;	In our opinion and according to the information and explanations given to us including audit reports of Regional Offices given by the Statutory Auditors, the procedure of physical verification of inventory followed by the management were found reasonable and adequate in relation to the nature of business and size of the Corporation.
	(c) whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;	In our opinion and according to the information and explanation given to us including Audit Reports of Regional Offices given by the Statutory Auditors, the Inventory records are being maintained properly. It was informed that no discrepancies were noticed in the physical verification of inventory except in case of Hyderabad Region for which point no 1 (b) under "Emphasis of the Matter" may be referred to our Audit Report.
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,	The Corporation including all Regional offices have not granted any loans secured or unsecured to companies, firms, or other parties covered in the register maintained under section 189 of the Companies Act, 2013.



	(a) whether receipt of the principal amount and interest are also regular; and	Not Applicable
	(b if overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest;	Not Applicable
(iv)	Is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services? Whether there is a continuing failure to correct major weaknesses in internal control system.	In our opinion and according to the information and explanations given to us including the Audit Reports of the Regional Office except Para 1 (a) of our Audit Report, there is an adequate internal control system commensurate with the size of the company and nature of its business for purchase of inventory, fixed assets and for the sale of goods and services. In the course of our Audit we have not observed any continuing failure to correct major weaknesses in the internal controls.
(v)	In case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	The Corporation has not accepted any deposits. In view of this the provisions of section 73 and 76 or any other relevant provision of the Companies Act, 2013 does not apply.
(vi)	where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, whether such accounts and records have been made and maintained;	As informed to us the Corporation is not required to maintain the cost records, under section 148(1) of the Companies Act, 2013.
(vii)	(a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the	The company is regular in depositing undisputed statutory dues including provident fund (remitted to NHDC ECPF Trust), Income Tax, Service Tax and Sales Tax with the appropriate authorities. Employee's State Insurance, Wealth Tax,

	<p>appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.</p>	<p>Customs Duty, Excise Duty and Cess are not applicable to the company.</p>
	<p>(b) in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).</p>	<p>According to the records of the Corporation, no undisputed amounts payable in respect of Sales Tax, Professional Tax. The Corporation is yet to make the payment of Self Assessment Tax for A.Y. 2015-16 till the date of report.</p> <p>Further as per Audit Reports of Regional Offices, the undernoted amount payable in respect of Professional Tax was in arrear as at 31-03-2015 for a period of more than six months from the date they became payable.</p> <ol style="list-style-type: none"> 1) <u>Regional Office Hyderabad:</u> Professional Tax was in arrears as at 31-03-2015 for a period of more than six months from the date they became payable. 2) <u>Regional Office Coimbatore:-</u> For the year 2011-12 and 2012-13, the Sales Tax Department arbitrarily rejected some of the exempted sales claimed by the R.O. and raised a demand of Rs. 53.88 lacs. This order has been challenged by the R.O. in the Hon'ble Madras High Court which has granted stay on any further proceeding in the matter on 11-12-2014 & gave 8 weeks time to file their counter, which they have not filed till the date of audit at Regional Office. 3) <u>Regional Office Panipat:-</u> For the year 2006-07 and 2007-08, Rs. 136.35 lacs payable to Trade Tax Department, against which appeal has been filed by depositing part payment of Rs. 18.75 lacs in respect of Sales Tax.
	<p>(c) whether the amount required to be transferred to investor education and</p>	<p>As informed to us the Investor Education and Protection Fund is not</p>



	protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.	applicable to the Corporation.
(viii)	whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year;	Corporation has no accumulated Cash losses. The Corporation has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
(ix)	Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported;	As per the information and explanations given to us, there is no dues payable by the Corporation to any financial institutions, banks and debenture holders.
(x)	whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company;	As per the information and explanations given to us, the Corporation has not given any guarantee for loans taken by others by way of pledge of shares, debentures and other securities.
(xi)	whether term loans were applied for the purpose for which the loans were obtained;	The Corporation has not taken any term loan.
(xii)	whether any fraud on or by the company has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.	As per the information and explanations given to us and as reported by the management there were two incidents noticed during the financial year at Regional Office Hyderabad as mentioned in our Audit Report Para 1 (a) & 1 (b) under "Emphasis of Matter" heading.

For A. SRIVASTAVA & CO.
FR No. 511001C
(Chartered Accountants)

Sd/-
CA Akhilesh Kumar Srivastava
Partner
M. No. 089673

Place: Lucknow
Date: 18-09-2015



COMPLIANCE CERTIFICATE

We have conducted the audit, of accounts M/s National Handloom Development Corporation Limited (NHDC) for the year ended 31st March, 2015 in accordance with the directions/ sub- directions issued to us by the C & AG of India under section 143(5) of the Companies Act, 2013 and we certify that we have complied with all the directions/ sub-directions issued to us by submitting our report dated 18.09.2015.

For A. SRIVASTAVA & CO.

F.R.No. 511001C

(Chartered Accountants)

Date : 18-09-2015

Place: Lucknow

Sd/-

(CA Akhilesh Kumar Srivastava)

Partner

M.No. 089673



**OBSERVATIONS OF STATUTORY AUDITORS U/S 143(5) OF COMPANIES ACT 2013
FOR THE YEAR 2014-15**

S.NO.	PARTICULARS	STATUTORY AUDITOR'S OBSERVATIONS
(1)	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.”	Not Applicable.
(2)	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons thereof and the amount involved.	No such case was noticed.
(3)	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	As informed to us, the company has no inventory lying with the third party and has not received any assets as gift from the Government or other authorities.
(4)	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	The details are enclosed at Annexure-“1”.



Annexure "1"

**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED (NHDC)
STATEMENT OF COURT CASES STATUS AS ON MARCH, 2015**

Sl. No.	Name of Agencies	Outstanding Amount (Rs.)	Court at which Case Filed	Year of Filing	Status of Legal Case
A CASES AGAINST DEBTORS					
1.	Ishwarya Colors	14,57,962.00	Principal Dist Court Tiruppur	2013	Court decided in favour of the Management & The Proceedings for sale of Property in Trial Court.
2.	DJ Mercerising	84,462.00	Coimbatore Court	2006	Rs. 0.40 Lacs Received during Court proceeding out of the total outstanding Amount Rs. 1.24 lakhs. Accused appeared before Majisterate. Peitioned for recall of warrant posted for Judgement.
3.	National Dyeing	4,52,713.00	Coimbatore Sub Court	2014	Summon to be served through Court
4.	PKR Textiles	8,53,424.00	Erode Sub Court	2011	Got Exparte J judgement and Decree further submitted to Erode Sub Court for filling up.
5.	Royal Dyeing Pvt. Ltd.	5,26,553.00	Kanpur Court	2011	Case filed at Kanpur Court property attached our side argument is continuing.
6.	Srinidhi Fabrics	1,77,320.00	Erode Sub Court	2011	Expatee Judgement won Property already attached noticed served thro Court on 18.02.2015 Opp. Party Field Vakalath and Judge ordered to File counter by Opp. Party Summons served to the Accused thro Court & Judge ordered to File counter by respondent.
7.	Nandaliamman Textile	1,03,665.00	Mumbai Court		Notice served from Mumbai
8.	Sri Kanaka Durga	68,926.00	Mumbai Court		Notice served from Mumbai
9.	S.T. Designs	3,39,038.00	High Court Bangalore	2006	Civil Case review Pettion accepted by Court Paper Book to be submitted.
10.	Lakshmi Dyeing	1,31,134.00	Coimbatore Court	2008	Before Judgement Property to be Obtained & Attached
11.	Sri Kumaran Dyers	7,18,558.00	Coimbatore Court	2007	Case won EP to be filed at Coimbatore Court.
12.	Vijay Kumar Mills	21,35,585.00	Tiruppur Court	2009	Case won EP to be filed at Liquidating Office at Chennai.
13.	Vaishnavi Tex	1,75,703.00	Sattur Court	2015	Court ordered for Issuance of Warrant to Opp. Party.
14.	Sandhya Enterprises	9,51,000.00	Chennai Court	2002	Case Newly Numbered.
15.	UPICA	4,22,067.00	Panipat Court	2010	Court Proceedings are Under Process.
16.	Sukhi Garments	2,81,380.00	Kolkata Court	2006	As per Lawyer final order is expected by 21 st September, 2015
17.	Sri Chaitanya TSS Ltd.	6,21,046.00	Kolkata Court	2013	Case was fixed for Service return on 22/4/15. Our Lawyer appeared on 22/4/15 and filed all the process with Fee before LD. Court for Notice under seal and signature by LD. Court to the accused persons. Expected to receive the Report through our layer in the end of Sep. 2 015
18.	H/L WCS Akbarpur	1,87,262.00	Lucknow Court	1994	Court proceedings are under process.
	Total (A)	96,87,798.00			
B. CASE AGAINST DEFERRED ACCRUED INTEREST					
1.	MSHC Nagpur	1,79,34,694.00	Nagpur Court	2008	Court proceedings are under process.
	Total (B)	1,79,34,694.00			
C. CASE AGAINST SUPPLIERS					
1.	Purvanghal SK Mill	7,26,947.00	Kanpur Court	2004	Court proceedings are under process.
	Total (C)	7,26,947.00			
	Grand Total (A+B+C)	2,83,49,439.00			



SUB-DIRECTIONS IN RESPECT OF NATIONAL HANDLOOM DEVELOPMENT CORPORATION, UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013, FOR THE YEAR 2014-15

S.NO.	PARTICULARS	STATUTORY AUDITOR'S OBSERVATIONS
(1)	<u>GRANT:</u>	
(i)	Whether separate Bank Account for each grant maintained.	No
(ii)	Whether unspent amount refunded to sanctioning authority/agency? If not, it may be suitably commented upon;	No. Kindly refer to Annexure- No. 2 for comment of the audit.
(2)	<u>LAND:</u>	
(i)	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold for which title/lease deeds are not available.	Yes.
(3)	<u>CONFIRMATION OF BALANCES:</u>	
(i)	Whether amount of (a) bank balances (b) trade receivables (c) trade payables (d) loans and advances for which third party confirmation was not made available has been reported?	All the bank balances are confirmed. However, status of balance confirmation (including third party confirmation) received and %age thereof in respect of accounts receivables, account payables and advances has been reported in the notes (no.7& 16) on accounts.
(ii)	Where such balance has been confirmed by respective parties, whether it varies widely from the amounts reflected under respective heads in the financial statements, and if so, difference to be disclosed.	In our opinion there is adequate system of the management for confirmation and reconciliation of balances for F.Y. 2014-2015. However, the Corporations should make vigorous efforts to make the balance confirmation from the parties to maximum extent.
(4)	<u>RECONCILIATION OF DEPOSITS:</u>	
(i)	Whether the deposits/advances made by the Company to the Customs, Excise, Income tax, Sales tax (VAT), Service tax and other authorities have been verified and reconciled with the respective authorities?	No discrepancy was noticed during the course of audit.



(5)

EMPLOYEE BENEFITS:

(i)

Independent verification may be made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post-retirement medical benefits etc.

Corporation has practice to submit all these details to the Actuary so as to enable valuer to do the actuarial valuation.

For A. SRIVASTAVA & CO.

F.R.No. 511001C

(Chartered Accountants)

Sd/-

(CA Akhilesh Kumar Srivastava)

Partner

M.No. 089673

Date : 18-09-2015

Place: Lucknow

**ANNEXURE-2**

**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED (NHDC)
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015
(IN REFERENCE TO PARA NO. (ii) OF SUB – DIRECTIONS IN RESPECT OF NATIONAL HANDLOOM
DEVELOPMENT CORPORATION, UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013)**

1. During Scrutiny of Balance sheet as at 31st March-2015, it is noted that in Liabilities side under (2 b) other long term liabilities (Corpus) for Rs. 19.80 Crores have been reflected in Non-Current Liabilities Head. Out of this total Rs. 19.80 Crores a sum of Rs. 16.25 Crores (including interest upto 31st March 2015) pertains to Corpus Fund of Marketing Complex. This fund has been created from time to time after getting Grants form Govt. of India from year 1996. The audit party found that first grant from Govt., of India was received through G.O. No. 8/4/95-DCH/NHDC dated 29.03.1996. As per normal system of Govt. of India, unutilized funds alongwith interest should be refunded to the granting authority. Keeping this fund at the NHDC without any future plan is not justified. This is reported for an action plan from NHDC in respect of Rs.16.25 Crores and approval of the Govt. of India for utilization of fund / refund to Govt. of India as early as possible.
2. While making the perusal of Balance Sheet and other related documents, the audit party found that Note no.4 (B) is given in Notes on Accounts for Corpus Fund (Mega Cluster) under Non Current Liabilities- Other Long Term Liabilities. We have to report that the following sanctions were made by the Govt. of India vide different sanctions which are noted as under:-

Sl. No.	Sanction No. of GOI	Date of Sanction of Grant in Aid	Amount (Rs.)	Remarks
1	5/21/2009-DCH/MHCDS/Varanasi/NHDC	15-01-2010	1,50,00,000.00	Varanasi Handloom Mega Cluster
2	5/21/2009-DCH/MHCDS/Varanasi/NHDC	18-03-2010	3,50,00,000.00	Varanasi Handloom Mega Cluster
3	5/23/2009-DCH/MHCDS/Sivasagar(Assam)/NHDC	30-03-2010	1,50,00,000.00	Sivasagar (Assam) Handloom Mega Cluster
	TOTAL RS.		6,50,00,000.00	

These sanctions were made for Specific Purposes based on 11 terms and conditions which are specified in the respective Government Orders. Point No. 10 of the terms and conditions enumerate that “The Utilization Certificate in respect of Grant released under present sanction will be submitted under General Financial Rule 19- A within a period of 12 months of the closure of the financial year.” It is found that during the financial year 2014-2015, the total amount of Rs. 5,75,00,000.00 has been transferred for utilization in Mega Cluster.

We are of the opinion that either this amount should have been expended for specified purposes and it should have been returned to Government of India alongwith the interest of Rs.2,79,73,112.00, it is highlighted that sanction of year 2010 cannot be utilized for the purposes in financial year 2014-15.



Date : 15.10.2015

To,

The Chairman,
National Handloom Development Corporation Limited
10th & 11th Floor, Vikas Deep,
22, Station Road,
Lucknow - 226001

Sub.: Comments of the Comptroller and Auditor General of India Under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of National Handloom Development Corporation Limited for the year ended 31st March, 2015.

Sir,

I am forwarding the comments of the Comptroller and Auditor General of India Under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of National Handloom Development Corporation Limited for the year ended 31st March, 2015. These comments should be published in the company's Annual Report.

Your's faithfully

Sd/-

(Vimalendra Patwardhan)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II
New Delhi-110002

Encl. : as above



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF NATIONAL HANDLOOM DEVELOPMENT
CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH, 2015**

The preparation of financial statements of National Handloom Development Corporation Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on Independent Audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 September 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of National Handloom Development Corporation Limited for the year ended 31 March, 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my Audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of the
Comptroller and Auditor General of India**

**Sd/-
(Vimalendra Patwardhan)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II
New Delhi**

**Place : New Delhi
Date : 15.10.2015**



SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTIONS:

The financial statements have been prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles, the provisions of Companies Act' 2013 and applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

FIXED ASSETS:

The assets acquired/ purchased are recorded on the basis of purchase value.

DEPRECIATION AND IMPAIRMENT OF ASSETS:

Depreciation on fixed Assets is charged on straight-line method. Depreciation is calculated on pro-rata basis on all additions made during the year in which the assets are put to use/ brought on charges. However, 100% depreciation is charged on the assets acquired during the year where individual cost does not exceed Rs.5000. Depreciation is calculated as per useful life of assets mentioned in Schedule – II of the Companies Act 2013, earlier it was calculated (up to F.Y. 2013-14) as per the rate of depreciation prescribed in Schedule XIV of the Companies Act 1956.

The carrying amount of assets is tested at each Balance Sheet date for impairment so as to determine and provide for the impairment loss, if any, required or the reversal, if any, required for impairment loss recognized in previous periods.

GRANTS:

The expenses against Grants-in-aid have been incurred on specific purposes and are adjusted accordingly in specific grant received from Government. Grants/ Receivable from Government are recognized on accrual basis keeping in view the certainty of its ultimate collection.

INVENTORIES:

The valuation of stocks is at cost or net realizable value, whichever is lower. Goods-in-transit due to sales return or otherwise are valued at purchase price.

SALES:

The sales of yarn, dyes & chemicals and fabrics represent the value of goods dispatched to customers.

CLASSIFICATION OF EXPENDITURE:

All expenses and incomes are accounted for under natural heads of account. Wherever necessary, allocation of expenditure on the functional basis has been made.

INTEREST ON OVERDUE BILLS:

Interest on overdue bills is provided for delayed payments as per terms of credit decided with them. The unrealized overdue interest is shown as Deferred Accrued Interest.

FINANCE CHARGES:

Finance charges levied on customers of Dyes & Chemicals are recognized as revenue on receipt basis in view of uncertainty in its ultimate collection.



ACCOUNTING OF RETIREMENT BENEFITS:

- (a) Liability towards Gratuity is provided based on the actuarial valuation as per AS-15.
- (b) Liability towards Leave Encashment is provided based on the actuarial valuation as per AS-15.
- (c) Leave travel concession is allowed as per rules of the corporation and booked in accounts in the year in which it is availed by the employees.

PRIOR PERIOD ADJUSTMENTS:

Prior Period Adjustments are those adjustments applicable to prior periods arising from correction of fundamental errors & omissions.

RESERVE FOR DEVELOPMENTAL ACTIVITIES:

Expenditure incurred by the Corporation on developmental activities from its own sources including expenditure incurred over and above the grant-in-aid received from Government of India are charged to Reserve for Developmental Activities directly which have been appropriated out of profits of the Corporation.

SEGMENT ACCOUNTING POLICY:

Segment Accounting policies are in line with the accounting policies of the corporation. However, the following specific accounting policies have been followed for segment reporting:

- a) Segment Revenue includes sales and other income directly identifiable with/ allocable to the segments including inter-segment revenue. The income, which relate to the corporation as a whole and not allocable to the segments is included in "Other Un-allocable Income".
- b) Expenses that are directly identifiable with/ allocable to the segments are considered for determining the segment result. The expenses, which relate to the corporation as a whole and not allocable to the segments are included under "Other Un-allocable Expenditure".
- c) Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to the corporation as a whole and not allocable to any segment.

TAXES ON INCOME:

Tax income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act 1961 and based on the expected outcome of assessments/ appeals.

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

Deferred tax assets are recognized and carried forward to the extent, that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED
BALANCE SHEET AS AT 31st MARCH 2015

PARTICULARS	NOTE NO.	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
1	2	3	4
I. EQUITY AND LIABILITIES			
1 Shareholder's funds			
a) Share Capital	1	190000000	190000000
b) Reserves and Surplus	2	495207597	306668468
2 Non- current liabilities			
a) Deferred tax liabilities (Net)	3	-21550361	-28457743
b) Other long term liabilities (Corpus)	4	198052986	219901728
c) Other long term liabilities	4	-	-
d) Long term provisions	5	-	-
3 Current liabilities			
a) Short term borrowings	6	-	-
b) Trade payables	7	2208114340	1707909393
c) Other current liabilities	8	783726722	523333919
d) Short term provisions	9	272829761	221369782
TOTAL		4126381045	3140725547
II. ASSETS			
1 Non current assets			
(a) Fixed Assets			
i) Tangible assets	10	118225308	47156023
ii) Intangible assets	11	207003	358152
iii) Capital work in progress	12	3194300	0
b) Long term loans and advances	13	359078	271633
c) Other non current assets(Corpus)	14	198052986	219901728
2 Current assets			
a) Inventories	15	13238103	9154520
b) Trade receivable	16	1755917033	1485663094
c) Cash and cash equivalents	17	404783936	659812416
d) Short term loans and advances	18	1623390958	710356744
e) Other current assets	19	9012340	8051237
TOTAL		4126381045	3140725547

Note 1 to 30 and significant Accounting Policies annexed to Balance sheet as at the end of current reporting period and Statement of Profit and Loss and cash flow for the year ended on that date form an integral part of Accounts.

Sd/-
Jai Gopal Mahajan
Dy. Gen. Manager (F&A)/ Company Secretary

Sd/-
Sarvepalli Srinivas
Managing Director

Sd/-
Alok Kumar
Chairman

As per our Report of even date
For A Srivastava & Co.
Chartered Accountants

Sd/-
CA Akhilesh Kumar Srivastava
Partner
M.No. 089673
F.R.No. 511001C

Place: Lucknow
Date: 18.09.2015



NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2015

PARTICULARS	NOTE NO.	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
I. (a) Revenue from operations	20	22169630328	18400310568
(b) Grant in-aid against reimbursement of expenditure under Yarn Supply Scheme	20	2168976222	1616917664
II. Other Income	21	65690521	74454472
III. Total Revenue (I+II)		24404297071	20091682704
IV. Expenses:			
Purchases of stock in trade	22	23163502844	19081579977
Reimbursement of Transportation/depot charges	23	642274775	570846727
Changes in inventories/stock in trade	24	-4083583	-1084206
Employee benefits expenses	25	151931975	186785087
Finance costs	26	0	0
Depreciation and amortization expenses	10 & 11	4897931	2332182
Other expenses	27	50286819	42833754
Total Expenses		24008810761	19883293521
V. Profit before exceptional and extraordinary items and tax (III-IV)		395486310	208389183
VI. Exceptional items	28	9478627	24449208
VII. Profit before extraordinary items and tax (V-VI)		386007683	183939975
VIII. Extraordinary Items			
IX. Profit before tax (VII- VIII)		386007683	183939975
X. Tax expense:			
1 Current Tax	29	125100000	80835000
2 Deferred Tax	3	6907382	-17222568
XI. Profit (Loss) for the period from continuing operations (IX - X)		254000301	120327543
XII. Profit/loss from discontinuing operations			
XIII. Tax expenses of discontinuing operations			
XIV. Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		0	0
XV. Profit(Loss) for the period (XI + XIV)		254000301	120327543
XVI. (i) Earnings per equity share (Before extra ordinary items)			
(1) Basic		138.67	76.20
(2) Diluted		138.67	76.20
(ii) Earnings per equity share (After extra ordinary items)			
(1) Basic		133.68	63.33
(2) Diluted		133.68	63.33

Note 1 to 30 and significant Accounting Policies annexed to Balance sheet as at the end of current reporting period and Statement of Profit and Loss and cash flow for the year ended on that date form an integral part of Accounts.

Sd/-
Jai Gopal Mahajan
Dy. Gen. Manager (F&A)/ Company Secretary

Sd/-
Sarvepalli Srinivas
Managing Director

Sd/-
Alok Kumar
Chairman

As per our Report of even date
For A Srivastava & Co.
Chartered Accountants

Sd/-
CA Akhilesh Kumar Srivastava
Partner
M.No. 089673
F.R.No. 511001C

Place: Lucknow
Date: 18.09.2015



NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED

NOTES ON ACCOUNTS

1 SHARE CAPITAL

	Figures as at the end of current reporting period (Rs.)		Figures as at the end of the previous reporting period (Rs.)	
Authorized				
20,00,000 Equity shares (Previous year 20,00,000 Equity shares) of Rs. 100/- each		<u>20,00,00,000</u>		<u>20,00,00,000</u>
Issued, Subscribed & Paid-up				
18,98,465 Equity shares of Rs. 100/- each fully paid in cash held by Government of India through DCH office (Previous year 18,98,465 Equity shares of Rs. 100/- each)	189846500		189846500	
1,535 Equity shares of Rs. 100/- each fully paid up without payment being received in cash (Shares allotted to The President of India through DCH Office against company's incorporation expenses, (Previous year 1,535 equity shares of Rs. 100/- each)	153500	190000000	153500	190000000
TOTAL		190000000		190000000



2 RESERVES & SURPLUS

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
(A) RESERVES:		
(I) Reserve for developmental Activities as per last Balance sheet	2496547	2499969
Add : Amount transferred from Statement of Profit & Loss	2430000	1580000
Less : Utilization during the year	2427149	1583422
Total (i)	2499398	2496547
(II) Post Retirement Medical Corpus As per last Balance sheet	2485803	1723862
Add : Amount transferred from Statement of profit & loss	1839000	1032000
Add : Interest Earned during the year	260151	172834
Less : Utilization during the year	676608	442893
Total (ii)	3908346	2485803
Total (i+ii)	6407744	4982350
(B) SURPLUS		
As per last Balance sheet	301686118	212166370
Add : Amount transferred from Statement of Profit & Loss		
Current year profit	254000301	120327543
Less:-		
Proposed Dividend	51100000	24100000
Corporate Tax on Dividend	10402938	4095795
Amount transferred to reserve for developmental activity	2430000	1580000
Transferred to post retirement medical corpus	1839000	1032000
Depreciation on Assets not having remaining life as on 31.03.2014 as per Companies Act 2013	1114628	0
SURPLUS(B)	488799853	301686118
TOTAL (A+B)	495207597	306668468
Proposed Dividend per Equity Share	26.89	12.68

(i) An amount of Rs. 1839000 (Previous year Rs. 1032000) being 1% of the profit before tax (PBT) for FY 2013-14 has been contributed to the "Post Retirement Medical Corpus" during FY 2014-15. The medical benefit under "Post Retirement Medical Scheme" is allowed to the superannuated employees by utilizing the said medical corpus.

(ii) An amount of Rs. 1114628 (Previous Year Nil) has been adjusted from Surplus towards Depreciation during the year in respect of the Tangible and Intangible Assets which have no remaining life as on 31.03.2014, in accordance with the provisions of the Companies Act 2013.



3. DEFERRED TAX LIABILITY (Net)

The break up of net deferred tax liability as at the end of current reporting period is as under:

Components of Deferred Tax Assets and Deferred Tax Liability	As at the end of current reporting period	
	Deferred Tax Assets (Rs.)	Deferred Tax Liability (Rs.)
Deferred Tax Liabilities		
Difference between book value of depreciable assets as per books of accounts and written down value as per tax depreciation		5457204
Other deferred tax liability giving rise to timing difference		6096002
Deferred Tax Assets		
Provision for doubtful debts and advances etc.	12834483	
Provision for leave salary	19840659	
Provision for Deceased Employee Scheme	231976	
Other deferred tax asset giving rise to timing difference- (VRS)	196449	
Total	33103567	11553206
Net Deferred Tax Liability/ (Asset) as at the end of current reporting period		-21550361
Net Deferred Tax Liability/ (Asset) as at the end of previous reporting period		-28457743
Net Liability / (Asset) charged to Statement of Profit and Loss during the current reporting period		6907382

Considering the average rise in salary and D.A., the assumption for salary escalation rate for the purpose of Actuarial Valuation for the current year was reduced from 18% to 16%. As a result of which excess provision against Leave Salary has been written back during the year resulting in decline in Deferred Tax Asset.



4 NON CURRENT LIABILITIES – OTHER LONG TERM LIABILITIES

I) Other Long Term Liability (Corpus)

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
(A) Corpus Fund (Marketing Complex)		
a) Receipt from Govt. of India	82580850	82580850
b) Less: Amount adjusted/ refunded to Govt.	48158949	48158949
c) Principle amount refundable to Govt. (a-b)	<u>34421901</u>	<u>34421901</u>
d) Amount realized from agencies including adjustments	96929609	96655743
e) Less: Amount paid for acquisition of space/ other expenses etc. for complexes on behalf of agencies	92485036	91441116
f) Refundable to agencies (d-e)	<u>4444573</u>	<u>5214627</u>
g) Balance (a-b+d-e) or (c+f)	38866474	39636528
h) Amount of Interest earned less miscellaneous expenditure	123713400	109528872
Total (g+h)	162579874	149165400
(B) Corpus Fund (Mega Cluster)		
a) Receipt from Govt. of India	65000000	65000000
b) Amount of Interest earned	<u>27973112</u>	<u>23236328</u>
c) Total (a+b)	92973112	88236328
d) Less: Amount transferred for utilization in Mega Cluster	57500000	17500000
Balance (c-d)	35473112	70736328
GRAND TOTAL (A+B)	198052986	219901728
II) Other Long Term Liabilities		
	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
Security Deposit	-	-
Total	0	0

- (i) Funds released by the Govt. of India amounting to Rs. 82580850 (Previous Year Rs. 82580850) for outright purchases of Marketing Complexes at Mumbai, Indore, Jaipur, and New Delhi on behalf of user agencies, after initially crediting them to Corpus Fund (Marketing Complex) Account, have been utilized for purchase of Marketing Complexes. The amount of Rs. 96929609 (Previous Year Rs. 96655743) received from user agencies has been credited to the corpus fund and expenditure incurred on setting up of marketing complexes amounting to Rs. 92485036 (Previous Year Rs. 91441116) has been charged to the corpus fund. The interest earned on fixed deposits created from unspent corpus fund, after adjusting the Misc. expenditure if any, amounting to Rs. 123713400 (Previous Year Rs. 109528872) has been credited thereto.



- (ii) As per Government directives, the funds released by Govt. of India amounting to Rs. 65000000 (Previous Year Rs. 65000000) for supply of yarn to the Handloom weavers in Varanasi and Sivsagar Mega cluster have been utilized for arranging the yarn supply to handloom weavers in Mega Cluster. The amount of interest earned on fixed deposits amounting to Rs. 27973112 (Previous Year Rs. 23236328) has been credited thereto.

5 NON - CURRENT LIABILITIES - LONG TERM PROVISION

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
	0	0

6 CURRENT LIABILITIES - SHORT TERM BORROWINGS

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
Secured Loans		
From banks against hypothecation of book debts and moveable assets	-	-
	0	0

Corporation has taken an over-draft limit of Rs. 2000000 at Regional Office Panipat against security of Fixed Deposits.

7 CURRENT LIABILITIES – TRADE PAYABLES

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
Sundry creditors (Includes Rs.1191677841 payable to S.S.I units – Previous year Rs.908577601)	2104856439	1579989973
Advance from customers/others	103257901	127919420
Total	2208114340	1707909393



- (i) The balance confirmation is a continuous process. The year end balances as at the end of current reporting period has been sent to all the creditors and other parties for confirmation, however, confirmation has been received as follows:-

Particulars	Total		Confirmation received as at the end of current reporting period		% of Confirmation of balances as at the end of current reporting period	
	No. of agencies	Amount outstanding (Rs.)	No. of agencies	Amount outstanding (Rs.)	No. of agencies (%)	Amount outstanding (%)
Creditors	598	2104856439	234	1108793777	39.13	52.68
Advance from customers/ others.	1486	103257901	204	26563236	13.73	25.73

The confirmed balances shown above do not include those, where there is any dispute, but only those balances where the entries on account of difference/ reconciliation are acceptable to both the parties. The balances which are pending for confirmation will be reviewed and reconciled in due course and the adjustment, if any, required in these cases will be made as soon as reconciled.

- ii) Sundry Creditors includes amount of Rs. 443293684 (Previous year Rs. 290264391) payable to Small Scale Industries, outstanding for more than 30 days as at the end of current reporting period. The amount due to creditors being small scale industries as above has been withheld based on the arrangement with them, wherein, the payment will be released to them only after realization of the payment from the corresponding debtors.
- iii) Besides above, there are no micro and small enterprises, to whom the company owes dues which are outstanding for more than 45 days as at the end of current reporting period. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties had been identified on the basis of information available with the corporation. This has been relied upon by the auditors.

8 CURRENT LIABILITIES – OTHER CURRENT LIABILITIES

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of the previous reporting period (Rs.)
Security deposits	936472	660739
Govt. grants/participation money (See detail below)	13195980	10297172
Retention money	341649	341649
Earnest money	654762	650717
Corpus fund (Cluster development)	136578237	131985237
Corpus fund (Mega Cluster)	57500000	17500000
Transportation and depot payable	542549238	337485242
Other Liabilities	31970384	24413163
Total	783726722	523333919



i) Grant Statement

DETAILS OF GOVERNMENT GRANTS & PARTICIPANTS MONEY FOR THE CURRENT REPORTING PERIOD

(In Rs.)

SL. NO.	PARTICULARS	OPENING BALANCE 1.4.2014	RECEIVED DURING THE YEAR		TOTAL	TRANSACTIONS DURING THE YEAR		TOTAL	BALANCE AS ON 31.03.2015
			FROM GOVT.	FROM PARTICIPANTS		EXPENSES	REFUND/ TRANSFER		
1	2	3	4	5	6 (3+4+5)	7	8	9 (7+8)	10(6-9)
	MARKETING EXHIBITION EXPENSES								
a	SILK FAB, NASIK	0	1000000	1227504	2227504	3202072	-974568	2227504	0
b	SILK FAB, CHANDIGARH	0	1000000	1223437	2223437	3192756	-969319	2223437	0
c	SILK FAB DELHI	0	1000000	3345577	4345577	5323323	-977746	4345577	0
d	NATIONAL LEVEL SPECIAL HANDLOOM EXHIBITION CUM SALE	0	0	1189071	1189071	3029754	-1840683	1189071	0
e	SILK FAB, JABALPUR	0	1000000	1629381	2629381	3605616	-976235	2629381	0
f	SILK FAB MUMBAI	0	1000000	3603818	4603818	5562178	-958360	4603818	0
g	SILK FAB BHOPAL	0	1000000	972940	1972940	2751034	-778094	1972940	0
h	SILK FAB, AHMEDABAD	0	1000000	2083682	3083682	4055173	-971491	3083682	0
i	SILK FAB, SURAT	0	1000000	1258069	2258069	3221810	-963741	2258069	0
j	SILK FAB VISAKHAPATNAM	0	1000000	1090158	2090158	3048643	-958485	2090158	0
k	SILK FAB LUCKNOW	0	1000000	2320745	3320745	4280392	-959647	3320745	0
l	SILK FAB KOLKATA	0	1000000	2496621	3496621	4471886	-975265	3496621	0
m	SILK FAB INDORE	0	1000000	2233478	3233478	4213975	-980497	3233478	0
n	SILK FAB BHUBANESWAR	0	1000000	1868922	2868922	3848127	-979205	2868922	0
o	SILK FAB CHENNAI	0	1000000	2246708	3246708	4212096	-965388	3246708	0
p	SILK FAB BANGLORE	0	1000000	1832920	2832920	3819596	-986676	2832920	0
q	WOOL FAB, BHOPAL,	0	1000000	295908	1295908	1870669	-574761	1295908	0
r	WOOL FAB, LUCKNOW,	0	1000000	527585	1527585	2482034	-954449	1527585	0
s	SILK FAB RANCHI 2013-14	144699	881389	0	1026088	1026088	0	1026088	0
t	SILK FAB EARNAKULAM	0	1000000	1872875	2872875	3854741	-981866	2872875	0
u	SILK FAB HYDERABAD	0	1000000	1857797	2857797	3818850	-961053	2857797	0
v	SILK FAB HYDRABAD 2013-14	513509	960969	0	1474478	1474478	0	1474478	0
w	SILK FAB AURANGABAD	0	1000000	693320	1693320	2686565	-993245	1693320	0
x	SILK FAB PATNA	0	1000000	2361100	3361100	1927625	0	1927625	1433475
y	NATIONAL LEVEL EXPO AHMEDABAD	0	1900000	3740090	5640090	7267186	-1627096	5640090	0
z	NATIONAL LEVEL EXPO NEW DELHI	0	1900000	1080090	2980090	650632	0	650632	2329458
2	CLUSTER DEV. PROGRAMME (BURDWAN)	1844000	0	0	1844000	1555756	0	1555756	288244
3	TRAINING PROGRAMME								
a	VARANASI H/L MEGA CLUSTER 04 EXTENSION COUNTER	167218	825000	0	992218	584744	0	584744	407474
b	GRANT FOR INFORMATION EDUCATION & COMMUNICATION	6775176	0	0	6775176	760563	0	760563	6014613
c	GRANT FOR SUPPLY OF H/L PARTS	92395	13000000	0	13092395	13092395	0	13092395	0
d	GRANT FOR DISTRIBUTION OF 2000 BATTERY LINKED INVERTER LIGHTING UNITS	0	22300000	0	22300000	21595531	0	21595531	704469
e	GRANT FOR FOUNDATION STONE LAYING CEREMONY FOR SETTING UP OF TRADE FACILITATION CENTRE AND CRAFT MUSEUM	0	7627559	0	7627559	7627559	0	7627559	0
f	GRANT FOR ADMN. COST FOR DIST. OF BLILUs	0	256500	0	256500	256241	0	256241	259
g	GRANT FOR BASELINE SURVEY OF WEAVER IN VARANASI CLUSTER	0	672000	0	672000	0	0	0	672000
h	GRANT FOR CFC VARANASI ORGANISING SEMINAR ON DISSEMINATION OF GOVT. SCHEMES	0	0	0	0	540626	-540626	0	0
i	QUALITY DYEING TRAINING PROGRAMME	0	0	0	0	590883	-590883	0	0
j	PRODUCT DIVERSIFICATION	0	0	0	0	518382	-518382	0	0
k	BUYER SELLER MEET AT AGARTALA	0	439400	0	439400	356315	0	356315	83085
l	BUYER SELLER MEET AT IMPHAL	0	486000	0	486000	408834	0	408834	77166
m	BUYER SELLER MEET AT GUWAHATI	0	484500	0	484500	395616	0	395616	88884
n	BUYER SELLER MEET AT BHUVNESWAR	0	127250	0	127250	127250	0	127250	0
o	BUYER SELLER MEET AT VIJAYWADA	0	115000	0	115000	108395	0	108395	6605
p	BUYER SELLER MEET AT HUBLI	0	115000	0	115000	100327	0	100327	14673
q	BUYER SELLER MEET AT MUMBAI	0	118750	0	118750	118750	0	118750	0
r	BUYER SELLER MEET- COIMBATORE	0	225000	0	225000	198571	0	198571	26429
s	BUYER SELLER MEET AT KANCHIPURAM	0	225000	0	225000	141979	0	141979	83021
t	BUYER SELLER MEET AT KASHIPUR	0	145000	0	145000	84050	0	84050	60950
u	BUYER SELLER MEET AT MUMBAI	0	737500	0	737500	1397839	-660339	737500	0
v	BUYER SELLER MEET AT PANIPAT	0	185000	0	185000	185000	0	185000	0
w	BUYER SELLER MEET AT KULLU	0	80000	0	80000	80000	0	80000	0
x	BUYER SELLER MEET AT BHAGALPUR	0	145000	0	145000	0	0	0	145000
y	GRANT FOR FASHION SHOW AT VARANASI	0	0	0	0	450000	-450000	0	0
z	GRANT FOR FASHION SHOW AT DELHI	0	0	0	0	450000	-450000	0	0
4	WEAVERS AWARENESS CAMP	760175	0	0	760175	0	0	0	760175
	TOTAL	10297172	74951817	43051796	128300785	141275789	-26170984	115104805	13195980



- ii) Corpus Fund (Cluster Development) amounting to Rs. 136578237 (Previous year Rs. 131985237) has been received from 509 clusters (Previous year 466 clusters) as Corpus Fund for supply of yarn under the Integrated Handloom Cluster Development Scheme of Govt. of India.
- iii) Corpus Fund (Mega Cluster) amounting to Rs. 57500000 (Previous year Rs. 17500000) in respect of 2 Mega Clusters (Previous year 2 Mega Cluster) has been transferred to the concerned Regional Offices for supply of Yarn and Dyes & Chemicals to the handloom weavers in those Mega Clusters.
- iv) Other liabilities include Rs. 8965122 (Previous year Rs.9354854) refundable on account of participation money received towards exhibition from agencies.

9 CURRENT LIABILITIES – SHORT TERM PROVISIONS

(Rs.)

	Balance as at the end of previous reporting period	Addition during the year	Total	Payment/ utilization/ charged off	Written back during the year	Balance as at the end of current reporting period
Income tax	80835000	125100000	205935000	80826750	8250	125100000
Accrued leave	96539987	0	96539987	12036596	13916568	70586823
Provision for gratuity liability	814000	0	814000	814000	0	0
Provision for ex-gratia	14985000	15640000	30625000	14945859	39141	15640000
Proposed dividend	24100000	51100000	75200000	24100000	0	51100000
Corporate tax on proposed dividend	4095795	10402938	14498733	4095795	0	10402938
	221369782	202242938	423612720	136819000	13963959	272829761

- i) The Proposed dividend per equity share for the current reporting period is Rs. 26.89 (Previous year Rs. 12.68).
- ii) Corporation is maintaining a Gratuity fund with M/s LIC wherein annual contribution is made to the fund based on the amount determined as per actuarial valuation. The corporation is getting the actuarial valuation from an independent actuary, as per the requirement of revised AS-15 at the year end. Excess Provision of Gratuity Liability amounting to Rs. 10023165 has been written back during the year. The fund against the same is lying with M/s LIC.
- iii) Considering the average rise in salary and D.A., the assumption for salary escalation rate for the purpose of Actuarial Valuation for the current year was reduced from 18% to 16%. As a result of which excess provision against Leave Salary amounting to Rs. 13916568 has been written back during the year.
- iv) **Defined Benefit Plan**
The obligation for leave encashment and gratuity is recognized based on the present value of obligation determined by actuarial valuation using the Projected Unit Credit Method as per revised AS-15.
The reconciliation of opening and closing balances of defined benefit obligation in respect of leave encashment and gratuity is as below:-

(Rs.)

Particulars	LEAVE ENCASHMENT	
	For the current reporting period	For the previous reporting period
Defined benefit obligation at the beginning of the year as per actuarial valuation	96539987	63586575
Add: Amount received from new joinee etc. from other PSU.	0	0
Add: Amount provided by charging to current year's expenses	0	43074694
Less: Excess Provision written back during the year	13916568	0
Less : Benefit paid/ leaves en-cashed	12036596	10121282
Defined benefit obligation at year end	70586823	96539987



(Rs.)

Particulars	GRATUITY	
	For the current reporting period	For the previous reporting period
Defined benefit obligation at the beginning of the year with LIC	107217399	79866062
Add : Actual Return on Plan Asset	9266246	8279437
Add : Contribution paid to LIC during the year.	814000	29353864
Less : Benefit paid/ claim settled by LIC	7750716	10281964
Defined benefit obligation at year end with LIC.	109546929	107217399
Add : Further provision made against contribution towards Gratuity fund.	0	814000
Less : Excess provision made against contribution towards Gratuity fund written back	10023165	0
Defined benefit obligation at year end after provision.	99523764	108031399

ACTUARIAL ASSUMPTION

	GRATUITY		LEAVE ENCASHMENT	
	For the current reporting period	For the previous reporting period	For the current reporting period	For the previous reporting period
Mortality table				
Rate of discounting.	7.95%	9.07%	7.95%	9.07%
Future salary rise.	16.00%	18.00%	16.00%	18.00%
Attrition rate.	2.00%	2.00%	2.00%	2.00%

NHDC GRATUITY AS AT THE END OF CURRENT REPORTING PERIOD

I. ASSUMPTIONS:	For the current reporting period (Rs.)
Discount rate Previous year	9.07%
Rate of return on Plan Assets Previous year	8.70%
Salary Escalation Previous year	18.00%
Attrition Rate Previous year	2.00%
Discount Rate Current year	7.95%
Rate of return on Plan Assets Current year	7.95%
Salary Escalation Current year	16.00%
Attrition Rate Current year	2.00%
II. Table Showing Change in the Present Value of Projected Benefit Obligation	For the current reporting period (Rs.)
Present Value of Benefit Obligation at the Beginning of the Period	108031399
Interest Cost	9798448
Current Service Cost	1744326
Past Service Cost - Non-Vested Benefit Incurred During the Period	-
Past Service Cost - Vested Benefit Incurred During the Period	-
Liability Transferred In/ Acquisitions	-
(Liability Transferred Out/ Divestments)	-
(Gains)/ Losses on Curtailment	-
(Liabilities Extinguished on Settlement)	-
(Benefit Paid Directly by the Employer)	-
(Benefit Paid From the Fund)	-7750716
The Effect Of Changes in Foreign Exchange Rates	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-9852426
Actuarial (Gains)/Losses on Obligations - Due to Experience	-2447267
Present Value of Benefit Obligation at the End of the Period	99523764



III. Table Showing Change in the Fair Value of Plan Assets	For the current reporting period (Rs.)
Fair Value of Plan Assets at the Beginning of the Period	107217399
Expected Return on Plan Assets	9327914
Contributions by the Employer	814000
Expected Contributions by the Employees	-
Assets Transferred In/Acquisitions	-
Assets Transferred Out/ Divestments	-
Benefit Paid from the Fund	-7750716
Assets Distributed on Settlements	-
Effects of Asset Ceiling	-
The Effect Of Changes In Foreign Exchange Rates	-
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	-61668
Fair Value of Plan Assets at the End of the Period	109546929
IV. Actuarial (Gains)/Losses Recognition	For the current reporting period (Rs.)
Actuarial (Gains)/Losses on Obligation For the Period	-12299693
Actuarial (Gains)/Losses on Plan Asset For the Period	61668
Subtotal	-12238025
Actuarial (Gains)/Losses Recognized	-12238025
V. Actual Return on Plan Assets	For the current reporting period (Rs.)
Expected Return on Plan Assets	9327914
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	-61668
Actual Return on Plan Assets	9266246
VI. Amount Recognized in the Balance Sheet	For the current reporting period (Rs.)
Present Value of Benefit Obligation at the end of the Period	-99523764
Fair Value of Plan Assets at the end of the Period	109546929
Funded Status (Surplus/ (Deficit))	10023165
Unrecognized Past Service Cost at the end of the Period	-
Net (Liability)/Asset Recognized in the Balance Sheet	10023165
VII. Net Interest Cost for Current Period	For the current reporting period (Rs.)
Present Value of Benefit Obligation at the Beginning of the Period	108031399
Fair Value of Plan Assets at the Beginning of the Period	-107217399
Net Liability/(Asset) at the Beginning	814000
Interest Cost	9798448
Expected Return on Plan Assets	-9327914
Net Interest Cost for Current Period	470534



VIII. Expenses Recognized in the Statement of Profit or Loss for Current Period	For the current reporting period (Rs.)
Current Service Cost	1744326
Net Interest Cost	470534
Actuarial (Gains)/Losses	-12238025
Past Service Cost - Non-Vested Benefit Recognized During the Period	-
Past Service Cost - Vested Benefit Recognized During the Period	-
Expected Contributions by the Employees	-
(Gains)/Losses on Curtailments And Settlements	-
Net Effect of Changes in Foreign Exchange Rates	-
Change in Asset Ceiling	-
Expenses Recognized in the Statement of Profit or Loss	-10023165
IX. Balance sheet reconciliation	For the current reporting period (Rs.)
Opening Net Liability	814000
Expense Recognized in Statement of Profit or Loss	-10023165
Net Liability/(Asset) Transfer In	-
Net (Liability)/Asset Transfer Out	-
Benefit Paid Directly by the Employer	-
Employer's Contribution	-814000
Net Liability/(Asset) Recognized in the Balance Sheet	-10023165
X. Category of Assets	For the current reporting period (Rs.)
Government of India Assets	-
State Government Securities	-
Special Deposits Scheme	-
Debt Instruments	-
Corporate Bonds	-
Cash And Cash Equivalents	-
Insurance fund	109546929
Asset-Backed Securities	-
Structured Debt	-
Other	-
Total	109546929
XI. Other Details	For the current reporting period (Rs.)
No of Active Members	208
Per Month Salary For Active Members	8563802
Projected Benefit Obligation (PBO)	99523764
Prescribed Contribution For Next Year (12 Months)	-
XII. Experience Adjustment	For the current reporting period (Rs.)
Actuarial (Gains)/Losses on Obligations - Due to Experience	-2447267
Actuarial Gains/(Losses) on Plan Assets - Due to Experience	-61668



10 NON CURRENT ASSETS- TANGIBLE ASSETS

(Rs.)

	For the current reporting period										For the previous reporting period	
	LAND	BUILDING	FURNITURE & FIXTURE	OFFICE AND ELECTRICAL EQUIPMENTS	ELECTRICAL EQUIPMENT AND INSTALLATION	OFFICE EQUIPMENT	LABORATORY EQUIPMENTS	VEHICLE	COMPUTERS Computer & Data processing Units	Servers & Networks		TOTAL
GROSS BLOCK												
As at beginning of the year	3976644	33641630	6747190	10182058	0	0	0	3539980	12486205	0	70573707	46976790
Addition during the year	71932540	0	699012	0	2015348	865005	0	774355	756555	5800	77048615	23925089
Transfer/ Sale/ Adjustments during the year	0	0	-809015	-10182058	-448874	-8490	0	-534786	-6603620	0	-18586843	-328172
Transfer to during the year	0	628147	290622	0	8853509	4762744	412455	0	276345	2438719	17662541	
As at end of the year	75909184	34269777	6927809	0	10419983	5619259	412455	3779549	6915485	2444519	146698020	70573707
DEPRICIATION												
As at beginning of the year	0	7909659	3674356	2694009	0	0	0	1440251	7699409	0	23417684	21410073
Transfer/ Sale/ Adjustments during the year	0	0	-506071	-2694009	-160063	-31268	0	-485008	-4299642	0	-8176061	-219506
Transfer to during the year	0	389414	253823	0	2252535	2727614	34268	0	155925	1563230	7376809	
Depreciation during the year (Transfer to Reserve and Surplus)	0	0	95432	0	114646	481096	0	0	384631	3092	1078897	
Depreciation during the year (Transfer to Profit and Loss account)	0	502142	432157	0	1093675	664638	43012	545240	1213760	280759	4775383	2227118
As at end of the year	-	8801215	3949697	0	3300793	3842080	77280	1500483	5154083	1847081	28472712	23417684
NET BLOCK												
As at beginning of the year	3976644	25731971	3072834	7488049	0	0	0	2099729	4786796	0	47156023	25566717
As at end of the year	75909184	25468562	2978112	0	7119190	1777179	335175	2279066	1761402	597438	118225308	47156023

- i) Fixed Assets include office building, pending transfer formality of the property and registration with the Appropriate Authorities, amounting to Rs.21.63 lac (Previous year Rs.21.63 lac) at Mumbai, for which possession has been taken but Registration charges for the same will be capitalized as and when incurred.
- ii) An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the statement of profit and loss in the year in which the asset is identified as impaired. The assets as appearing in the books of accounts of the corporation at year end have the value at which they are appearing therein and the impairment, if any, has been shown in the Note 28, to the balance sheet.
- iii) An amount of Rs. 1114628 (Previous Year Nil) has been adjusted from Surplus towards Depreciation during the year in respect of the Tangible and Intangible Assets which have no remaining useful life as on 31.03.2014, in accordance with the provisions of the Companies Act 2013.
- iv) An amount of Rs. 71932540 (Previous Year Nil) has been capitalised in Land during the year. Last year the amount of Rs.67205500 paid towards advance against Land was shown in 'Advance to Others'.

11 NON CURRENT ASSETS- INTANGIBLE ASSETS

(Rs.)

	COMPUTER SOFTWARE	
	For the current reporting period	For the previous reporting period
GROSS BLOCK		
As at beginning of the year	2406821	2393360
Addition during the year	-	13461
Transfer/ Sale/ Adjustments during the year		-
Transfer to during the year	40500	-
As at end of the year	2447321	2406821
DEPRICIATION		
As at beginning of the year	2048669	1943605
Adjustment during the year	-	-
Transfer to during the year	33372	
Transfer to general reserve	35731	
Depreciation during the year	122546	105064
As at end of the year	2240318	2048669
NET BLOCK		
As at beginning of the year	358152	449755
As at end of the year	207003	358152



12 NON CURRENT ASSETS - CAPITAL WORK IN PROGRESS

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
Capital work in progress	3194300	0
TOTAL	3194300	0

The Capital Work in Progress of Rs. 3194300 (Previous Year Nil) is on account of capital expenditure incurred at Branch Office Mumbai.

13 NON CURRENT ASSETS - LONG TERM LOAN AND ADVANCES

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
Security Deposit	359078	271633
TOTAL	359078	271633

14 OTHER NON CURRENT ASSETS (CORPUS)

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
(A) Deployment of Corpus Fund (Marketing Complexes)		
In Current account	526650	527570
In Fixed deposit account	157092494	143975716
Interest accrued but not received on fixed deposit	4960730	4662114
TOTAL(A)	162579874	149165400
	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
(B) Deployment of Corpus Fund (Mega Cluster)		
In Current account	25000	25000
In Fixed deposit account	34061871	69439195
Interest accrued but not received on fixed deposit	1386241	1272133
TOTAL(B)	35473112	70736328
GRAND TOTAL(A+B)	198052986	219901728



15 CURRENT ASSETS - INVENTORIES

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
(As taken, valued and certified by the management)		
- Stock-in-trade - At cost (less written off for obsolescence) or net realizable value whichever is less.	13238103	9154520
TOTAL	13238103	9154520

16 CURRENT ASSETS- TRADE RECEIVABLE

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
SUNDRY DEBTORS (unsecured)		
i) Over six months		
- Considered good	83928083	78293468
- Considered doubtful	34142893	33879074
	<u>118070976</u>	<u>112172542</u>
- Less: Provision for doubtful debts	<u>-34142893</u>	<u>-33879074</u>
	83928083	78293468
ii) Others (Considered good)	1671988950	1407369626
TOTAL	1755917033	1485663094

(i) The balance confirmation is a continuous process. The year end balances as at the end of current reporting period has been sent to all the Trade Receivables for confirmation, however, confirmation has been received as follows:-

Particulars	Total		Confirmation received as at the end of current reporting period		% of Confirmation of balances as at the end of current reporting period	
	No. of agencies	Amount outstanding (Rs.)	No. of agencies	Amount outstanding (Rs.)	No. of agencies (%)	Amount outstanding (%)
Trade Receivables	1065	1790059926	253	1064121327	23.76	59.45

The confirmed balances shown above do not include those, where there is any dispute, but only those balances where the entries on account of difference/ reconciliation are acceptable to both the parties. The balances which are pending for confirmation will be reviewed and reconciled in due course and the adjustment, if any, required in these cases will be made as soon as reconciled.

ii) Trade Receivables for Rs. 1790059926 (Previous year Rs.1519542168) include a sum of Rs.9687798 (Previous year: Rs.10606931) for which suits have been filed by the corporation with appropriate courts. Further, Trade Receivables include Rs. 20097431 (Previous year Rs. 19943331) receivable against supply of fabric wherein the corporation is having corresponding dues to creditors, payable only after realization. The fabric creditors are Rs. 21839219 (Previous year Rs. 21549649). Trade Receivables also includes a sum of Rs. 72385277 (Previous year Rs. 83397121) wherein supplies have been made against the revolving advance received by the corporation as Corpus Fund (Cluster Development)



iii) The details of provision for doubtful Trade Receivables is placed herein below:-

(Rs.)

Particulars	Balance as at the end of previous reporting period	Addition during the year	Total	Amount realized/ adjusted	Written off during the year	Balance as at the end of current reporting period
Provision for doubtful Trade Receivables.	33879074	2531347	36410421	2267528	0	34142893

17 CURRENT ASSETS - CASH & CASH EQUIVALENTS

	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
Balances with scheduled bank	231572072	214480375
Balances with non- scheduled bank	10556	2213860
Cash and stamps in Hand	45009	122259
Bank deposits upto 12 month	173156299	442995922
Bank deposit exceeding 12 month	-	-
TOTAL	404783936	659812416



18 CURRENT ASSETS - SHORT TERM LOANS AND ADVANCES

		Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
(i) Secured loans (considered good)			
- Vehicle loan to staff against hypothecation of vehicles		203052	294397
(ii) Advances (Unsecured) (Recoverable in cash or kind or for value to be received)			
- Advance to suppliers			
- Considered good	3232712	4499397	
- Considered doubtful	1604717	1604717	
	4837429	6104114	
- Less: Provision for doubtful advances	<u>-1604717</u>	<u>3232712</u>	<u>-1604717</u>
(iii) Advance to staff			
- Considered good	1154637	850073	
- Considered doubtful	126274	126274	
	1280911	976347	
- Less: Provision for doubtful advances	<u>-126274</u>	<u>1154637</u>	<u>-126274</u>
(iv) Advance to others			
- Considered good	18812588	71294070	
- Considered doubtful	135151	135151	
	18947739	71429221	
- Less: Provision for doubtful advances	<u>-135151</u>	<u>18812588</u>	<u>-135151</u>
(v) Prepaid expenses		584819	494910
(vi) Advance income tax including tax deducted at source		115000000	57500000
(vii) Deposits (Unsecured but considered good)			
- With Government departments		-	-
- For rent of copm lexes/ others			
- Considered good	892192	714192	
- Considered doubtful	86130	86130	
	978322	800322	
- Less: Provision for doubtful deposits	<u>-86130</u>	<u>892192</u>	<u>-86130</u>
(viii) Receivables			
- From the Government of India against grant-in-aid		1474192533	569920101
- Claims receivable		5025310	4039853
- Outstanding against marketing complex/ others			
- Considered good	4293115	749751	
- Considered doubtful	1664419	1664419	
	5957534	2414170	
- Less: Provision for doubtful receivables	<u>-1664419</u>	<u>4293115</u>	<u>-1664419</u>
(ix) Interest outstanding from user Agencies			
Deferred accrued Interest			
- Considered good	-	-	
- Considered doubtful	17934694	17934694	
	17934694	17934694	
- Less: Provision for doubtful interest	<u>-17934694</u>	<u>0</u>	<u>-17934694</u>
TOTAL		1623390958	710356744



i) The details of provision for doubtful assets is placed herein below:-

Particulars	Balance as at the end of previous reporting period	Addition during the year	Total	Amount realized/ adjusted	Written off during the year	Balance as at the end of current reporting period
a) Provision for doubtful advances to suppliers.	1604717	0	1604717	0	0	1604717
b) Provision for doubtful advances to staff.	126274	0	126274	0	0	126274
c) Provision for doubtful advances to others.	135151	0	135151	0	0	135151
d) Provision for doubtful deposits.	86130	0	86130	0	0	86130
e) Provision for doubtful receivables.	1664419	0	1664419	0	0	1664419
f) Provision for doubtful deferred accrued interest.	17934694	0	17934694	0	0	17934694
Total	21551385	0	21551385	0	0	21551385

- ii) Decrease in Advance to Others as compared to last year is on account of capitalisation of Land worth Rs. 67205500, which was shown in Advance to Others last year. Advance to Others include an amount of Rs. 10023165 (Previous Year Nil) for advance lying with LIC of India against Gratuity Fund of the corporation.
- iii) Advances to suppliers of Rs. 4837429 (Previous year Rs.6104114) include a sum of Rs. 726947 (Previous year Rs.726947) for which suit have been filed by the Corporation with appropriate courts.
- iv) Loans and advances to Directors is Rs. Nil (Previous year Rs.Nil). Maximum amount due from directors at any time during the year was Rs. 532167 (Previous year Rs. 547175) being advance against Travelling bills.
- v) Receivable from Government of India against grant-in-aid includes Rs. 4590210 (Previous year Rs.4262964) in respect of events wherein claims are to be submitted to the Government as at the end of current reporting period. The above amount includes Rs. 1649891 (Previous year Rs.425675) wherein no GO has yet been received.
- vi) Claims receivables Rs. 5025310 (Previous year Rs.4039853) includes Rs. 4024761 (Previous year Rs.4024761), which is due to be refunded by the income tax authorities, wherein, the major amount has been deposited by the corporation under protest based on the demand for earlier years. Claim Receivable also include an amount of Rs. 1000000 (Previous year Nil) which pertains to 2 nos. of cheques of Indian Bank, Hyderabad stolen and forged for Rs. 500000 each (totaling Rs. 1000000) and encashed by the accused though his account in IDBI Bank, Hyderabad, by putting forged signatures on the cheques. An amount of Rs. 320000 has been received through Hon'ble Court from the accused and the balance amount of Rs.680000 has been recovered from the Indian Bank after 31st March 2015.
- vii) In respect of Deferred accrued interest for Rs. 17934694 (Previous year Rs.17934694) as shown above, the suit has been filed by the corporation with appropriate court.
- viii) Advance to staff Rs.1280911 (Previous year Rs.976347) as shown above include an amount of Rs. 105811 (Previous year Nil) receivable from an employee of the corporation posted at Yarn Depot-Ponduru, on account of misappropriation of an amount of Rs. 466149 received by him towards sale of stock of yarn at the depot. During the year a sum of Rs. 360338 has been recovered from him and the balance amount of Rs.105811 has been recovered from him after 31st March 2015.



19 CURRENT ASSETS - OTHER CURRENT ASSETS

		Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
A) Interest accrued but not received		5103994	5565434
B) <u>Post Retirement Medical Corpus</u>			
-FDR against Medical Corpus	3180930		2163016
-Accrued Interest on Medical Corpus	119146		60337
-Balance with Scheduled Bank in Current Account	<u>608270</u>	3908346	<u>262450</u>
			2485803
TOTAL (A+B)		9012340	8051237

20 REVENUE FROM OPERATIONS

		Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
(a) Sales less returns			
-Yarn - Yarn Supply Scheme	22634585690		18593978103
Less: 10% subsidy on Hank yarn General Scheme	<u>-1026834928</u>	21607750762	<u>-709399718</u>
		65239848	150436888
-Dyes & chemicals		494787034	356900491
-Fabrics		1852684	8394804
Total (a)		22169630328	18400310568
(b) Grant-in-aid against reimbursement of expenditure under Yarn Supply Scheme		1090799607	872031808
10% Subsidy on Hank yarn		1026834928	709399718
Service charges against 10% yarn subsidy component under Yarn Supply Scheme		51341687	35486138
Total (b)		2168976222	1616917664
TOTAL (a+b)		24338606550	20017228232

i) Grant in aid against reimbursement of expenditure under Yarn Supply Scheme amounting to Rs. 2168976222 (Previous year Rs. 1616917664) on account of supply of yarn has been accounted for on accrual basis. Out of which, claims totaling Rs. 739941016 (Previous year Rs.549567207) are pending for submission to the government as at the end of current reporting period.

ii) Vide G.O. No. 6/1/2012-DCH/P&S dt 17.01.2014 the Service Charges of the corporation under Yarn Supply Scheme have been enhanced by the Govt. of India to 2% as against 1.5% earlier in the plain region, 1.5% against 1% in hills and 1.25% against 0.75% in North Eastern Region.

21 OTHER INCOME

		Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Profit on sale of assets		115222	0
Miscellaneous receipt/ tender Fees		2167290	1092998
Interest from bank/ vehicle loan/ others		32219107	63094902
Cash discount/ commission		619371	941797
Interest received from parties on overdue bills		3690302	5516847
Liabilities/ excess provisions written back		624579	822848
Excess Provision for Gratuity liability written back		10023165	0
Provision no longer required written back		16231485	2985080
TOTAL		65690521	74454472



- i) Decline in Interest from bank is due to decrease in bank deposits mainly because of delayed receipt of funds from Govt. of India during the year 2014-15, as a consequence of which corporation used its own funds for providing 10% price subsidy upfront to the handloom weavers against supply of yarn under the Yarn Supply Scheme (YSS).
- ii) Considering the average rise in salary and D.A., the assumption for salary escalation rate for the purpose of Actuarial Valuation for the current year was reduced from 18% to 16%. As a result of which excess provision against Gratuity liability and Leave Salary Encashment amounting to Rs.10023165 and Rs. 13916568 respectively has been written back during the year.

22 PURCHASES OF STOCK IN TRADE

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Purchases less returns		
-Yarn	22702185352	18744483263
-Dyes & chemicals	459507534	328898856
-Fabrics	1809958	8197858
TOTAL	23163502844	19081579977

The value of Yarn procured from Micro and Small Enterprises (MSEs) (including MSEs owned by SC/ ST entrepreneurs) during the year 2014-15 is Rs.13210057036 (58.19% of total yarn procured) as against Rs. 11386183000 (60.74% of total yarn procured) during the previous year 2013-14.

23 TRANSPORTATION/ DEPOT CHARGES

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Transportation Charges	287298400	242524731
Depot Charges	354976375	328321996
TOTAL	642274775	570846727

Transportation and depot charges under Yarn Supply Scheme amounting to Rs. 642274775 (Previous year Rs. 570846727) on account of supply of yarn has been accounted for on accrual basis. Out of which, claims for expenses totaling Rs. 222062791 (Previous year Rs.171852624) are pending for submission to the government as at the end of current reporting period. Provision for transportation and depot charges payable to the user agencies has been made in accordance with the scheme.



24 CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND STOCK IN TRADE

(In Rs.)

	Opening Stock as at the end of previous reporting period	Closing Stock as at the end of current reporting period	Increase (-)/ Decrease (+)
Yarn	3072074	6959585	-3887511
Dyes & Chemicals	6082447	6278518	-196071
Fabrics	0	0	0
TOTAL	9154521	13238103	-4083582

	Opening Stock ON 1.4.2013	Closing Stock ON 31.3.2014	Increase (-)/ Decrease (+)
Yarn	372707	3072074	-2699367
Dyes & Chemicals	7697608	6082447	1615161
Fabrics	0	0	0
TOTAL	8070315	9154521	-1084206

25 EMPLOYEE BENEFITS EXPENSES

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
a) Salary & Wages		
Salary and allowances	105190960	100592552
Salary and allowances (Managing Director)	1799006	1809504
Leave encashment-Including provision for accrued leave (includes Rs. Nil for MD - Previous year Rs.1385904)	0	43074694
Ex-Gratia (Includes Rs. 278518 for MD - Previous year Rs.256011)	15640000	14985000
Children education reimbursement (includes Rs.NIL for MD - Previous year Rs.NIL)	359002	413232
Conveyance reimbursement	1515147	850309
Recruitment Expenses	1068829	286323
Leave travel concession/encashment (Includes Rs. Nil for MD-Previous year Rs. 41626)	461303	529633
Medical expenses (Includes Rs. 18955 for MD- Previous year Rs 73177)	6992025	7283864
Training to personnel	860828	936038
Sub Total (a)	133887100	170761149
b) Contribution to PF & other Fund		
Employers contribution to CPF & FPF/EDLI scheme (Includes Rs. 215882 for MD- Previous year Rs.203373)	13300951	12213253
Gratuity	0	814000
Sub Total (b)	13300951	13027253
c) Staff Welfare expenses		
Staff welfare expenses (including honorarium, reward, uniform & liveries)	3055064	1893198
Group personal accident and Gratuity insurance	278660	282187
Payment to Deceased Employee Scheme	1410200	821300
Sub Total (c)	4743924	2996685
TOTAL (a+b+c)	151931975	186785087



a) As per Accounting Standard -15 “Employee Benefits”, the disclosures of Employee Benefits as defined in the Accounting Standard is given below:-

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Employer’s contribution to CPF/ FPF & EDLI Schemes.	13300951	12213253

Corporation’s provident fund is exempted u/s 17 of Employee’s Provident Fund Act, 1952. Condition to exemptions stipulates that the employer shall make good deficiency, if any, in the interest rate declared by the Trust against the statutory rate.

b) Considering the average rise in salary and D.A., the assumption for salary escalation rate for the purpose of Actuarial Valuation for the current year was reduced from 18% to 16%. As a result of which excess provision against Gratuity liability and Leave Salary Encashment has been written back and no further provision is made during the year.

26 FINANCE COSTS

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Interest to bank/ others	0	0
Other Borrowing cost	0	0
Total	0	0



27 OTHER EXPENSES

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
(a) ADMINISTRATIVE EXPENSES		
Travelling expenses (Including Rs. 4114393 for MD - Previous year Rs.5084779)	14093127	13258325
Payment to auditors	218382	170613
Board meeting expenses	0	0
Books & periodicals	123194	116021
Conveyance expenses	3696079	1663756
Electricity/water charges	2364473	1773177
Insurance	195625	91913
Legal & professional charges	1984522	1140991
Membership fees & subscription	52168	149408
Office upkeep	2257842	1819361
Printing & stationery	2771357	2769600
Postage/telegram/telephone & telex	4028361	3877193
Rent, rates & taxes (net of recoveries) (includes lease rent for residential accommodation of MD Rs. 252000 Previous year - Rs. 21000)	4232404	4017134
Repair & maintenance	2521766	3842111
Service vehicle expenses	999925	918915
Security expenses	1911947	490337
Miscellaneous expenses	30246	3535
TOTAL (a)	41481418	36102390
i) <u>Payment made to auditors is as below:-</u>		
Audit Fee	101500	85000
Other Capacity	104143	83749
Travelling Exp.	12739	1864
TOTAL	218382	170613
(b) TRADE		
Advertisement & publicity	685295	631294
Business promotion	441773	111196
Discount, commission & rebate	3809630	2486056
Bank charges	75918	116355
Freight & other charges	486619	118301
Meeting expenses	1713537	2263217
Tender fees	2100	303
Sales tax	0	28200
Transit Insurance on goods	283118	189654
Software implementation/ maintenance expenses	478336	627095
Data entry charges	829075	159693
TOTAL (b)	8805401	6731364
TOTAL (a+b)	50286819	42833754

**28 EXCEPTIONAL ITEMS**

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
a) Provision, Write off etc.		
Loss on sale of assets	37242	68480
Loss on impairment of assets	-	-
Provision for doubtful debtors	2531347	19210756
Provision for doubtful advances to supplier	0	35508
Sub Total	2568589	19314744
b) Prior Period Adjustments	-509751	139271
c) VRS Compensation	0	963268
d) Expenses on Corporate Social Responsibility (CSR) Activity	7419789	4031925
TOTAL (a+b+c+d)	9478627	24449208

Details of Prior Year Adjustments (Net) for Rs.509751 - Credit (Previous year Rs. 139271 – Debit) are as under:-

		(Rs.)
	Particulars	Credit
1	Yarn Supply Scheme subsidy	509751
	Total	509751

29 TAX EXPENSES- Current Tax

	Figures for the current reporting period (Rs.)	Figures for the previous reporting period (Rs.)
Income Tax for Current year	125100000	80835000
Income Tax for earlier year	0	0
Total	125100000	80835000

During the year provision for income tax of Rs. 125100000 (Previous year Rs. 80835000) has been made in the accounts.



30 OTHER NOTES

1 CONTINGENT LIABILITIES & COMMITMENTS :-

(A) Contingent Liabilities:-

(a) Sales tax- Rs. 29161038 (Previous year Rs. 11220365).

(i) The Trade Tax Department, Maharashtra has passed an Assessment Order in respect of Dyes and Chemicals Office Mumbai, raising a demand of Rs. 11220365 (including interest of Rs. 5747016) for the financial year 2006-07 and Rs. 2422296 (including interest of Rs. 1180093) for the Financial Year 2007-08 by disallowing the exemption of transit sale u/s 6(2) of CST Act. The corporation has filed an appeal against these financial years which has been admitted for final hearing on part payment of Rs. 1500000 against the financial year 2006-07 and Rs. 375000 against the financial year 2007-08.

(ii) Demand for Rs. 5388000 (Previous Year Nil) has been raised by the Sales Tax Department Chennai for the financial year 2011-12 and financial year 2012-13, on which a stay has been obtained from Hon'ble Madras High Court.

(iii) Demand for Rs. 10130377 (Previous Year Nil) including interest for Rs. 4564236 (Previous Year Nil) has been raised by the Sales Tax Deptt., Haryana by issuing Revision Order dated 16th June 2015 by adding the Grant-in-aid against freight reimbursement in the Gross Turnover for the year 2009-10. Corporation is filing an appeal against the said revision order in the Haryana Sales Tax Tribunal.

(b) Claims/ demands against the corporation not acknowledged as debts.

(i) Interest on outstanding claimed by the suppliers Rs. 293000 (Previous year Rs. 293000)

(ii) Court cases against the company - Rs. Nil (Previous year Rs. 2418000)

(iii) Bank guarantee issued in favour of M/s Karnataka Silk Marketing Board - Rs. 2000000 (Previous year Rs. 2000000).

(iv) Corporate bond/ Bank Guarantee in favour of Sales Tax Deptt., Haryana for Rs. 10130377 (Previous Year Nil).

(v) Lucknow Development Authority common service charges- Rs. 4577446 (Previous Year 4577446).

(B) Commitment:-

Estimated amount of contract remaining to be executed on capital account is Rs. 33220 (Previous year Rs. 217000).

2 Since the amount is not ascertainable pending finalization of assessment by the concerned sales tax authorities, no provision for sales tax liability, if any, under the provision of Central and various State Sales Tax Acts has been made in respect of sales of yarn, dyes & chemicals and fabrics.

3 The Managing Director was allowed the use of Company Car during the year for non-duty journeys on payment of Rs. 325/- per month.

4 Corporation had entered into a Joint venture with ACASH(55%) and EXIM Bank(10%) during the year 2013-14. The Joint Venture company was incorporated in the name of Bharat Handloom Marketing Company Limited w.e.f. 12th Feb 2014 vide CIN- U741400L2014PLC264795. Share of Corporation in the Joint Venture was limited to 35% of the authorized equity share capital (i.e., 35% of Rs. 20,00,00,000 divided into 2,00,00,000 equity shares of Rs. 10 each). Issued, subscribed and paid up capital of the Joint Venture Company amounted to Rs. 2,00,00,000, wherein corporation subscribed 35% share (Rs. 70,00,000 divided into 7,00,000 equity shares of Rs. 10 each) in the year 2014-15. The Joint Venture was dissolved during the year 2014-15 and the equity subscribed by the company was received back after deducting proportionate preliminary expenses incurred during the incorporation of the Joint Venture. Amount of Rs. 66,03,525 was received after deducting the expenses amounting to Rs. 3,96,475, which is 50% of total preliminary expenses of Rs. 7,92,950 incurred for the Joint Venture. The remaining 50% expenses amounting to Rs. 3,96,475 are borne by ACASH, as per decision of the Board of Directors of Joint Venture Company in its meeting held on 01st Nov 2014.

5 Additional information pursuant to Schedule III Part II to the Companies Act, 2013:-

A) Licensed and installed capacity of production - Not applicable.



B) Quantitative information in respect of Opening Stock, Purchases, Sales and Closing stock are as under:-

(UNIT IN LAC KGS)
(VALUE IN RS.)

Sl. No.	PARTICULARS	YARN		DYES & CHEMICAL		FABRIC	
		Unit	Value	Unit	Value	Unit	Value
1	Opening Stock - Current Year	0.081	3072074	0.339	6082447		
	- Previous Year	0.003	372707	0.383	7697608		
2	Purchase - Current Year	1487.546	22702185352	36.866	459507534	-	1809958
	- Previous Year	1270.107	18744483263	36.268	328898856	-	8197858
3	Sale - Current Year	1487.419	21672990610	36.901	494787034	-	1852684
	- Previous Year	1270.029	18035015273	36.312	356900491	-	8394804
4	Closing Stock - Current Year	0.208	6959585	0.304	6278518		
	- Previous Year	0.081	3072074	0.339	6082447		

C) Value of Import on CIF basis in respect of (i) Dyes & chemicals is Rs. Nil (Previous year Rs.Nil) and in respect of (ii) Raw Material (iii) Components & spare parts (iv) Capital goods is Rs. Nil (Previous year – Rs. Nil).

D) Earnings in Foreign Currency – Rs. Nil (Previous Year- Rs.Nil).

E) Expenditure incurred in foreign Currency - NIL (Previous year - Rs. Nil).

F) Value of imported raw material, spare parts and components consumed - Rs. Nil (Previous year - Rs. Nil).

6 In accordance with the requirements of AS-17, i.e. Segment Reporting as issued by ICAI, Activity wise financial information as reporting segments consisting of Yarn, Dyes & Chemicals and Fabric is as under:-

(Amount in Rs.)

		Yarn	Dyes & Chemicals	Fabrics	Total
A)	Primary information				
1	Segment wise Revenue	21672990610	494787034	1852684	22169630328
2	Segment wise Results	415571875	15110592	-1174200	429508267
3	Unallocated overheads	-	-	-	-88222710
4	Interest from Bank & others	-	-	-	20053244
5	Other Income	-	-	-	114212
6	Prior period adjustments	-	-	-	0
7	Provision/ write off etc.	-	-	-	24554670
8	Profit before tax	-	-	-	386007683
9	Provision for Tax including earlier year	-	-	-	-125100000
10	Deferred tax	-	-	-	-6907382
11	Profit after tax				254000301
12	Segment-wise assets	1930526718	147116800	18880505	2096524023
13	Unallocable Corporate Assets (Including Financial Assets).	-	-	-	2029857022
14	Total Assets	-	-	-	4126381045
15	Segment wise liabilities includes Bank Borrowing	2877007315	61554230	21839219	2960400764
16	Unallocable Corporate liabilities (Including Bank Borrowings)	-	-	-	480772684
17	Total liabilities	-	-	-	3441173448
18	Depreciation segment-wise	3009905	241914	0	3251819

Notes:- i. There is no inter segment transaction in segment-wise revenue.
ii. Segment- wise result includes interest on overdue bills/ deferred accrued interest for Rs.3690302.
iii. Segment-wise result includes liabilities/ provisions written back for Rs. 10647744 (credit) , previous year adjustments for Rs. 509751(credit) and provisions & write off etc made for Rs. 2544564 (Debit).



(Amount in Rs.)

B)	Secondary Information	Name of the Region	Segment Revenue
1	Segment Revenue by geographical area for the segment whose revenue is 10% or more of total revenue of all geographical segments.	RO Panipat	8071504368
		RO Coimbatore	7540084309
		RO Hyderabad	3141658161
		Name of the Region	Assets
2	Segment assets by geographical location of assets of the segment whose assets are 10% or more of total assets of all geographical segments.	RO Panipat	1238783175
		RO Hyderabad	351452700
		Name of the Region	Addition to Fixed Assets
3	Additions to fixed assets for the segment where assets are 10% or more of the total assets of all geographical segments.	RO Panipat	554829
		RO Hyderabad	1661232

- 7 Note 1 to 30 and Significant Accounting Policies annexed to Balance sheet as at the end of current reporting period and Statement of Profit and Loss and Cash Flow for the year ended on that date form an integral part of Accounts.
- 8 The figures of previous year have been re-casted/ re-grouped wherever necessary to render them comparable with the figures of current year.
- 9 Figures have been rounded off to the nearest rupee.

Sd/-
Jai Gopal Mahajan
Dy. Gen. Manager (F&A)/
Company Secretary

Sd/-
Sarvepalli Srinivas
Managing Director

Sd/-
Alok Kumar
Chairman

As per our Report of even date
For A Srivastava & Co.
Chartered Accountants

Sd/-
CA Akhilesh Kumar Srivastava
Partner
M.No. 089673
F.R.No. 511001C

Place: Lucknow
Date: 18.09.2015



**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LTD, LUCKNOW
CASH FLOW STATEMENT FOR THE YEAR ENDING 31st MARCH 2015**

(Amount In Rs.)

PARTICULARS	2014-15	2013-14
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	386007683	183939975
Adjustments :		
i Depreciation	4897931	2332182
ii Expenditure on developmental activities/medical corpus charged to relevant fund	-2843606	-1853481
iii Income tax provision written back during the year	-8250	-11390
iv Loss on Sale of Assets	37242	68480
v Profit on Sale of Assets	-115222	0
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	387975778	184475766
CHANGES IN WORKING CAPITAL (Excluding Cash & Bank Balances)		
Increase/Decrease in:		
i Inventories	-4083583	-1084205
ii Book-debts	-270253939	-177575343
iii Loans & Advances	52218491	-50947240
iv Receivables	-908801253	-338745753
v Trade & other Payables	734485586	92582911
Cash Generated from Operations	-8458920	-291293864
Less : Income Tax paid	-138326750	-59763610
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	-146785670	-351057474
(B) CASH FLOW FROM INVESTING ACTIVITIES		
i Sale of Fixed Assets	195900	40186
ii Addition to Fixed Assets/W.I.P.	-80242915	-7417958
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-80047015	-7377772
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
i Payment of Dividend	-28195795	-16496295
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-28195795	-16496295
(D) NET CHANGES IN CASH AND CASH EQUIVALENT (A+B+C)	-255028480	-374931541
(E) CASH AND CASH EQUIVALENT- OPENING BALNACE	659812416	1034743957
(F) TOTAL	404783936	659812416
(G) CASH AND CASH EQUIVALENT- CLOSING BALANCE	404783936	659812416
Cash & Cash Equivalent represent :		
1 Cash in Hand	45009	122259
2 Balance with Banks in Current & Fixed deposit Account	404738927	659690157
Total	404783936	659812416

Notes :

- Cash flow statement has been prepared under the indirect method as set out in the AS-3, issued by the ICAI.
- Previous year's figures have been regrouped / re-classified wherever applicable.

Sd/-
Jai Gopal Mahajan
Dy. Gen. Manager (F&A)/ Company Secretary

Sd/-
Sarvepalli Srinivas
Managing Director

Sd/-
Alok Kumar
Chairman

As per our Report of even date
For A Srivastava & Co.
Chartered Accountants
Sd/-

CA Akhilesh Kumar Srivastava
Partner
M.No. 089673
F.R.No. 511001C

Place: Lucknow
Date: 18.09.2015



**INFORMATION PURSUANT TO SCHEDULE III TO THE COMPANIES ACT, 2013,
BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE.**

i) Registration details:		
Registration No.		5974/ 83
State Code		20
Date of Balance sheet		31-03-2015
ii) Capital raised during the year (Amount in Rs.) subscribed by Government of India.		
		-
iii) Position of Mobilization and Deployment of Funds (Amount in Rs.)		
Total Liabilities		Total Assets
4126381045		4126381045
Sources of Funds		
Paid up Capital		190000000
Reserve & Surplus		495207597
Deferred tax liability (net)		-21550361
Corpus Fund (Marketing Complex & Mega Cluster)		198052986
Other Non Current liabilities		0
Current liabilities		3264670823
Application of Funds		
Net Fixed Assets - Tangible		118225308
- Intangible		207003
Capital work in progress		3194300
Deployment of Corpus Fund (Marketing Complex & Mega Cluster)		198052986
Other Non Current Assets		359078
Current Assets		3806342370
iv) Performance of the company		
Turnover		22169630328
Total Expenditure		21783622645
Profit before Tax		386007683
Profit after Tax		254000301
Earning per share in Rupees		133.68
Dividend (% age of Share Capital)		26.89%
v) Generic name of the principal product of the company		
Product description		Item Code No. (ITC Code)
Yarn		5208(Cotton)
Dyes & Chemicals		3204(Dyes)
Fabric		N.A.

Sd/-
Jai Gopal Mahajan
Dy. Gen. Manager (F&A)/ Company Secretary

Sd/-
Sarvepalli Srinivas
Managing Director

Sd/-
Alok Kumar
Chairman

**As per our Report of even date
For A Srivastava & Co.
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Sd/-
CA Akhilesh Kumar Srivastava
Partner
M.No. 089673
F.R.No. 511001C

Place: Lucknow
Date: 18.09.2015