Vistas®
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HOME FASHIONS

Alps Industries Limited

45th Annual Report 2016-2017



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ALPS INDUSTRIES LTD.

CORPORATE DIRECTORY

Manufacturing Facilities / Offices

Unit I
Eco-Friendly Yarn Spinning & Dying Mill
Plot No. 1A, Sec. 10, I.I.E, SIDCUL, Haridwar, Uttarakhand-249403.
Ph.: 01334-239169
Email – admharidwar@alpsindustries.com

Unit II
High Quality Compact Yarn Spinning Mill
Plot No. 1B, Sec. 10, I.I.E., SIDCUL, Haridwar, Uttarakhand- 249403
Ph.: 01334-239169
admharidwar@alpsindustries.com

Unit III
Automotive, Technical & Decorative Fabric Weaving and Processing Mill
Village –Aminagar, Bhoor Baral, Meerut Delhi Road, Meerut – 250103 (U.P.)
Ph.: 0121-7180001

Unit IV
Vista Window Covering , Awnings & Floor Covering Division
A-2 & A-3, Loni Road, Industrial Area, Opp. Mohan Nagar, Ghaziabad-201 007 (U.P.)
Ph.: 0120-2657574
Email-sales@alpsindustries.com

Unit V
Vista Window Covering Division
B -160-161, Industrial Estate, Mettupalayam, Puducherry - 605009
Ph.: 0413-2271464

Unit VI
Home Furnishing Made ups Division
57/2, Site-IV Industrial Area, Sahibabad, Ghaziabad – 201010 (U.P.)
Ph.: 0120-4161700
Fax.: 0120-2896041
Email – info@alpsindustries.com

Showroom
B-2, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad-201 007 (U.P.)
Ph : 0120-2657649

Yarn & Fabric Marketing office
57/2, Site-IV Industrial Area, Sahibabad, Ghaziabad – 201010 (U.P.).
Ph : 0120-4161700/822
email-yarnmarketing@alpsindustries.com

REGISTERED AND CORPORATE OFFICE & SHARE DEPTT.
57/2, Site-IV, Industrial Area, Sahibabad, Ghaziabad - 201010 (U.P.).
Ph : 0120-4161700
Fax : 0120-2896041
Email – info@alpsindustries.com

R&T AGENCY
Alankit Assignments Ltd.
Alankit Heights, 1E/13, Jhandewalan Extn., New Delhi – 110 055 (INDIA)
Ph : 91-11-42541234 Fax : 91-11-4254 1201
Email: alankit@alankit.com

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Ajay Gupta
57/2, Site-IV, Industrial Area, Sahibabad, Ghaziabad - 201010 (U.P.).
Ph (D) : 0120-4161716 (B)0120-416700
Fax : 0120-2896041
Email ID : ajaygupta@alpsindustries.com
Investorsgrievance@alpsindustries.com

CORPORATE IDENTIFICATION NUMBER(CIN)
L51109UP1972PLC003544

STATUTORY AUDITORS
R.K. Govil & Co., Chartered Accountants

COST AUDITORS
Pramod Agrawal & Co., Cost Accountants

SECRETARIAL AUDITORS
CSK & Co., Company Secretaries

REGIONAL & MARKETING OFFICES - VISTA DIVISION

BENGALURU : 303, Ahuja Chambers of Commerce, 3rd Floor, Kumara Krupa Road, Bengaluru – 560 001
Ph.: 080-40914620
Telefax: 080-40936070
Email : vista-bangalore@alpsindustries.com

DELHI : F-228, Near Campa Cola Factory, Lado Sari, New Delhi -110 030
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E-mail: vista-delhincr@alpsindustries.com

DELHI NCR : 57/2,Site IV Industrial Area, Sahibabad, Ghaziabad – 201010
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Fax: 0120- 2896134
E-mail: sales@alpsindustries.com

CHENNAI : No. 42, Sindhur Plaza, Ist Floor, Montieth Road, Egmore, Chennai - 600008.
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PUNE : 122 and 123, Patil Plaza Near Mitramandal Chowk, Parvati , Pune -411009.
Tel: +91-20-41264001
Fax: +91-20-66066296
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HYDERABAD : 6-3-853/1,Flat No. 501. Fifth Floor, Maridian Plaza, Lal Bunglow, Ameerpet Hyderabad-500016
Email: vista-hyderabad@alpsindustries.com

MUMBAI : Flat No. 3116-3117, C-Wing, Oberoi Estate, Chandivali Farm Road, Chandivali, Andheri (E), Mumbai-400 072
Tel/Fax: 022-28472111
Email: vista-mumbai@alpsindustries.com

Mr. K.K. Agarwal, Promoter & Non Executive Chairman (DIN NO. 00139252)

Mr. K. K. Agarwal is a qualified Textile Technologist from Government Central Textile Institute, Kanpur (UP) and has received many awards from Central/State Governments and various Export Promotion Councils for his valuable guidance. He has also enjoyed prestigious positions in various organizations like, Chairman-North Zone AIMO, Executive Member of FICCI, FIEO, CII & HEPC. He was member of Cotton Yarn Advisory Board. Textile Association (India) has also awarded him with "Life Time Achievement Award" in recognition of his immense services to textile industry for creating jobs for Textile graduates. The company has been awarded Gold Trophy for the 1st set of FIEO Export Excellence Award of Northern Region in Top Exporters, Uttar Pradesh under Non-MSME Category under his guidance. Mr. Agarwal is also involved in various social activities through educational organizations, since a long time. He is actively involved in the family charitable trust for helping under privileged children and providing free education, books, etc. to them under the name of CDK Foundation. He is Chairman of Smt. Sushila Devi Chhabil Dass Charitable Trust and also the President of Chaudhary Chhabil Das Public School, a reputed institution in education in Ghaziabad having approx. 5500 students.

He is currently the Non Executive Chairman and Founder-Promoter Director of the Company.

Mr. Sandeep Agarwal, Promoter & Managing Director (DIN NO. 00139439)

He is in the textile industry since last 28 years and under his acumen and dynamic leadership, the company had floated various Indian and overseas subsidiary companies. The company had also obtained significant recognitions/ certifications from different organizations. He is very meticulous in diversifying into value added products in domestic Home Furnishing business segment of the company. Under his leadership, the Company has set-up a nationwide distribution system for the Company's products. This has helped the Company in marketing its brands such as "Vista" throughout the country. Under his acumen, leadership and strong patience, the company has been able to sail smoothly even in testing times.

Mr. Pramod Kumar Rajput, Executive Director (DIN NO. 00597342)

He is the Executive Director of the company and has been associated with it since a long time. He has experience in handling Commercial and Administrative affairs with prominent groups related to Textile Industry.

Mr. Prabhat Krishna, Independent Director (DIN NO. 02569624)

He is a B. Tech (Chem.) from IIT, Delhi. He has retired from State Bank of India as Assistant General Manager. He has a long and outstanding experience in the areas of Banking, Forex & Corporate Finance. He is presently advisor to various Companies for Technical Consultancy & Rehabilitation. He is an independent and non executive director.

Mr. Tilak Raj Khosla, Independent Director (DIN NO. 02724242)

He is an Arts Graduate with Subordinate Accounts Services (S.A.S). He retired from the post of Dy. Controller of Defence Accounts under the Controller General of Defence Accounts in the Ministry of Defence. He has vast experience in the areas of accounts and auditing of Accounts in various positions like Auditor, Section Officer, Accounts Officer, Sr. Accounts Officer, Asstt. C.D.A. and Dy. C.D.A. He is an independent and non executive director.

Mr. Pradyumn Kumar Lamba, Independent Director (DIN NO. 02843166)

He is an Arts Graduate with qualified Subordinate Accounts Services (S.A.S.). He retired from the post of Dy. Controller of Defence Accounts under the Controller General of Defence Accounts in the Ministry of Finance. He has wide experience of about four decades in accounts and auditing of Accounts at various positions like Auditor, Section Officer, Accounts Officer, Asst. Accounts Officer, Asstt. C.D.A. and Dy. C.D.A. He is an independent and non executive director.

Ms. Deepika Shergill, Independent Director (DIN NO. 07093795)

She possesses over 15 years of diversified exposure in the administration of reputed companies, engaged in diversified fields.

DIRECTORS' REPORT

To,
The Members,
Alps Industries Limited.

Your Directors have pleasure in presenting the 45th Annual Report, together with the Audited Statements of Account of the Company for the financial year ended on 31st March, 2017 in terms of the Companies Act' 2013 and rules & regulation made thereunder & Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time including Circular Ref. CIR/CFD/FAC/62/2016 DATED 05.07.2016, as may be applicable during the period under review.

The Financial 'Performance of the Company, for the year ended March 31, 2017 is summarized below:

FINANCIAL RESULTS **(Rs. in Lakh)**

Particulars	**Year Ended 31.03.2017**	Year Ended 31.03.2016
Total Income	**50088.95**	58160.28
Operating Earnings/Losses before Financial Expenses, Depreciation & Amortization and Tax	**(2317.62)**	(1213.29)
Finance Cost	**7.57**	47.41
Depreciation	**3357.87**	3586.42
Profit/Loss Before Tax	**(5683.06)**	(4847.12)
Provision for Tax	**0.00**	0.00
Profit/Loss After Tax	**(5683.06)**	(4847.12)
Exceptional Items	**1720.72**	6869.38
Surplus of last year **Add:**	**(93659.22)**	(95681.48)
Surplus available for appropriation	**(97621.56)**	(93659.22)
Appropriations	**0.00**	0.00
Surplus carried to Balance Sheet	**(97621.56)**	(93659.22)
Surplus available for appropriation	**(97621.56)**	(93659.22)

OPERATING SCENARIO

At Macro Level – Domestic & Exports

The projected cotton balance sheet drawn by the CAI has estimated total cotton supply for the season at 410.50 Lakh bales while the domestic consumption is estimated at 300.00 Lakh bales, thus leaving an available surplus of 110.50 Lakh bales. The arrivals during March 2017 are higher than that of the corresponding month during last year and the gap of arrivals as compared to last year has narrowed down further.

Amidst expectations that economic activity would gather pace in the current year, there is optimism among companies that green shoots of recovery, which have started becoming evident, would be sustained. A sharp uptick in business outlook, at the onset of 2017, underpins the hope that the reform initiatives of the government would unravel a host of investment opportunities for firms, going forward. Business conditions are expected to improve, as over 63% of the firms expect an increase in sales, as compared to only 39% who experienced the same in previous year. Much of the recovery in business conditions is expected to be domestically driven, as a large proportion of firms expect to maintain status quo on their export orders in current year. Despite the rise in capacity utilization, majority of firms expect no change in their domestic and international investment plans in coming year' 2017. More than half of the firms expect to maintain status quo on their plans about investing in the domestic economy. Firms are keeping investment plans on hold despite the expectation of an improvement in sales and new orders.

The textile industry is critical to the Indian economy. The industry provides direct employment to 4.5 crore individuals and generates 6 crore indirect jobs. The industry also contributes 10 percent to manufacturing production in the country. With textile commodities holding a 7 point weightage in the Consumer Price Index (CPI), it is an essential commodity in the Indian consumption basket. Therefore, working of the textile industry has a considerable ripple effect not only on the economy, but also on the lifestyle of individuals. In the backdrop of India, working on rolling out its new indirect taxation system, the Goods and Services Tax (GST), the textile industry will play a critical role in fully realizing the potential proposed for GST. It can transform textile industry into a single market with predictable tax system, enabling increased value addition, employment, and exports. This opportunity for GST to carve out a promising future of sustained growth for the textile sector can be achieved only through the application of a uniform low GST rate to the sector. A low GST rate of 5 percent, applied uniformly across the sector will propel domestic production, and facilitate and encourage voluntary compliance in the sector. This growth would enable India to achieve its target of generating 35 million jobs, and attracting investment worth USD 200 billion by 2025. A uniform 5 percent GST rate with no exemptions in the sector will remove current blocked input taxes and tax cascading present in the industry, while also providing revenue enhancement for the government. Even with 50 percent compliance from the industry, tax revenue across the value chain under a uniform GST rate will see an increment of INR 7000 crore. This note highlights the revenue enhancement, and other benefits associated with uniformly allocating the lowest GST rate for the textile industry. A multi-tiered GST rate structure on the other hand will lead to distortions in production and consumption in the sector. A multiple tax structure will also compromise fibre neutrality with producers moving to manufacturing garments made from lower taxed fabric. Such a structure may also lead to disputes in classification of textile products to different tax categories.

It was submitted that all the existing export benefits including AIR duty drawback rates, ROSL benefits, MEIS, IES, EPCG and other benefits announced under garment/ made-ups export package need to be continued for some time after the implementation of GST, as the industry has just begun taking advantage of these schemes and grabbing global export opportunities. All the existing export benefits could be continued till its expiry period in the case of apparel and made-ups package and for two years for all other export benefits, as the industry has no level playing field in the international market due to delay in concluding FTAs with various potential markets. Option could be provided to the exporters by announcing two AIR drawback rates and ROSL rates, one while availing GST credit and another without GST credit. Due to impact of various measures the Indian economy will grow 7.4 per cent this fiscal and 7.6 per cent in the next as the bankruptcy and GST laws will help create a better business friendly environment, The technical textile market will also continue to grow accompanied by a changing textile industry. Demand from the using industries is growing as well: not only by growing demand in existing applications but also by inventing new technologies, materials and products for new ones. The exports of readymade garments have witnessed a positive growth of 4.5% in INR terms and 1.0% in USD terms during April-January, 2016-17, as compared to the same period of previous financial year.

At micro level- overall performance

Under the VISTA division company offers a complete range of home furnishing products for decorating windows & floors. Your company plays the role of market leader in Architectural Fashion products. Be it the exterior or Interior of homes or offices, your company offers a complete range of products from Window Blinds, Drapery Rods, Curtain Tracks, Awnings,

Resort Umbrellas, Laminated & Engineered Wood Flooring, Carpet Tiles, etc. In this division company source fabric and components from best in class companies, from across the world, providing the customers with a wide choice of fabrics, styles, colours and applications. Company also provide specialized fabrics which have acoustic control properties, fire retardant, anti-fungal and anti-microbial. Company also provide a range of windows blinds to meet all sun control and privacy control needs. Vista brand is well represented across India with direct representatives in all metros and a 500 plus network of partners spread across almost every other city. This ensures that the company is just a call away when our customers need. During the year, Vista has launched several new products in the window covering and flooring space. A complete new range of special blinds called Sheer Dim-out also known as Zebra blinds. These blinds combine the best features of Sheer Curtains, Roller Blinds & Venetian Blinds, all-in-one. They are the ultimate combination of utility and style, and are suitable for any and every room in the house. The Company also launched the new range of S-Contour blinds. The secret of these blinds lies in the unique "S" curve of the blinds. This specially designed "S" Curve diffuses light into the room at different angles, thereby lighting up the room while also helping to maintain privacy. Several new initiatives were taken at the Vista division for update the quality process and upgrade/ rebrand product packing. Vista continues to grow its customer base.

In the Auto & Technical Textiles segment, your company has done well and able to achieve the growth during the previous financial year. Your company has planned to cater the demands for Buses & Car Segment also during the current fiscal year. Car Segment`s business largely depends upon the OEM and prices are very competitive and Bus Segment has also equal Share of OEMs as well as in the Domestic Market. Your company is focusing more on to the heavy vehicles segments, Technical Textiles and Defence sector since your company expecting change in the policy for procurement of indigenous products. Your company also looking forward to expand the business in other segments likes Multiplexes and Protective Clothing, during the current financial year. It is expected that the possibility of re-engineering the product constructions and raw materials utilization mix. Auto and Technical Textiles has done well and company is looking forward for growth in next financial year.

Under the Made-ups Division, company is growing and progressing very well in this segment in both Global and Domestic Markets. The collections have created a nische in all markets and have been featuring in many premier retail stores and shopping catalogues. We have made a mark in both quality and aesthetics and developed a strong confidence with all our customers with attractive prices and good service levels. We have proved to be a "one stop shop" with a diverse product portfolio covering bedding, curtains, cushions, blinds, shower curtains, table and kitchen linen. Our design teams have been able to deliver remarkable collections as per the latest market trends and increasing our presence strongly with existing and new customer bases. Your company is catering to the mid and mid high segments of the home textile business and also working with the premium and top end brands. Your company is optimistic with a multi fold increase in the fraction of business in the industry with the new innovations and the new collections we consistently work on. We have a fully compliant manufacturing meeting all social and technical requisites to cater to all well known global brands. Your company expects good future, since demand of cotton & cotton blends products are increasing in the international markets. Your company also gearing up & increasing the efficiencies & capacities to cater the market demand in domestic as well as in overseas markets. The business sentiments are very soft in Furnishings Industry, both for exports and domestic markets. We hope the next fiscal year seems to be more optimistic in terms of response from major buyers. Your company have ventured into fire retardant fabrics suitable for hotel industry and Defence sector for technical textiles. Your company have also reinvented commodity products to have good response from exports as well as domestic buyers. The company has started new products during the period under review in Yarn segment. The thrust has been to insulate the Company from the vagaries of Cotton yarn. The Company started producing Polyester /Cotton yarns Melange yarns. This are value added items with good demand in domestic and exports markets. Your company has also moved up in the value chain by starting production of Polyester/Cotton Grindle yarns. These yarns give special effects after dyeing and are in good demand. The efforts to change the Product Mix at our Yarn Spinning Mill at Haridwar, adding value added Mélange Yarn, affected the production, temporarily thus adversely affecting the Productivity. However, the changes were envisaged for long term business interests.

During the period under review your company could not maintain the EBITDA which comes to Rs.(2317.62) Lakh in comparison to Rs. (1213.29) Lakh in previous year due to various unavoidable factors, various operational challenges in the production and marketing front, like decrease in the margin of yarn, closure of the operations of dying facilities located at Plot No. 1A, Sec. 10, I.I.E, SIDCUL, Haridwar, Uttarakhand by the Hon'ble National Green Tribunal (N.G.T.) vide its order dated January 27, 2016 and quality claims in Fabric segment. Due to this the financial performance of the company has been affected adversely. The impact of measures for improvement in the performance taken place during the year will be reflected in the current year's financial parameters.

FUTURE OUTLOOK – TECHNICAL FRONT

To upgrade the technological front various efforts are being taken like installation of Transfer Printing machine in one of the unit, this will add new value added product range. We are optimistic for the market response of newly introduced product range by technological development. In Processing facilities, company has taken up the optimization project that will reduce the process cost as well as time without impacting the product quality.

In other units also, we have been able to maintain the balanced technical performance in terms of utilization and productivity during the financial year under consideration. At Hardwar unit your company is focusing on improving plant performance in general and to produce quality oriented yarns for higher segment. However company is planning for technology up gradation of old plant in the phased manner.

RESTRUCTURING/ REHABILITATION OF THE COMPANY

Pursuant to the coming into force of the Sick Industrial Companies (Special Provisions) Repeal Act, 2003 (1 of 2004) w.e.f. 1.12.2016, in terms of notification no. S.O. 3568(E) dated 25.11.2016 issued by the Ministry of Finance, the Hon'ble BIFR/ AAIFR stand dissolved and all the pending matters before the Hon'ble BIFR/AAIFR stand abated. As such the reference of the company which was pending before the Hon'ble BIFR as case no 32/2010 also stands abated. However under the Insolvency and Bankruptcy Code, 2016 (IBC), as enacted w.e.f. 1.12.2016, a company may make reference to the Hon'ble National Company Law Tribunal (NCLT) under the Insolvency & Bankruptcy Code, 2016 (IBC) for its resolution, as such the Company is envisaging to approach the Hon'ble NCLT for seeking the necessary resolution, in accordance with the provisions of Insolvency and Bankruptcy Code, 2016 (IBC).

CREDENTIALS/CERTIFICATIONS

With the contribution and efforts of all concerned, the various credentials have been renewed /continued during the period under review viz.:

- Certificate for ISO/TS 16949:2009 for manufacturing seat fabrics for the automotive application.
- Certificate for Oeko-Tex for Hohenstein Textile Testing Institute, Germany
- Certificate for ISO 9001:2008 and ISO for the management system implemented, renewed by Afnor Certification for the period 2015 to 2018 covering the manufacturing activities i.e. Spinning, Weaving and Processing of Yarn, Fabric and Home Furnishing and Coating (fire retardant curtain fabric, upholstery and stain proof fire retardant upholstery cloth for the ompany's units situated at Haridwar and Meerut).
- Gold Trophy" for the 1st Set of FIEO Export Excellence Award of Northern Region in Top Exporter Uttar Pradesh Non-MSME Category.

MEASURES TO REDUCE/CONTROL COST

In Meerut unit the company is looking forward to analysis the possibility of re-engineering the product constructions and raw materials. Further focus is on the strict monitoring of the inventory and to procure the raw material in minimum lead time. It will minimize the buffer stocks. In order to reduce marketing cost we are distributing the material through depot nearest to consumers. This will bring down the transportation and handling cost. To meet out the market competitiveness and improve the financial performance, the company is committed to reduce the cost, upgrade the efficiency and ensure optimum utilization of the current as well as fixed assets of the company. On technical front, your company is continuously trying to achieve the reduction in raw material cost by making different composition of mixing/purchase of cotton through commodity exchange, increase in machine productivity, better yarn yield with optimum use of raw material, control waste generation to bare minimum and best use of work force, best utilization of capacity with lowest Raw Material Cost and good quality of end product to fetch best yarn price. The units located at Meerut and Haridwar have taken various important steps which includes buying of raw material in bulk quantity, directly from suppliers, after proper negotiation and studying market prices, reducing the fixed overheads, increase the utilization and efficiency of machineries to reduce the cost, standardize the production process flow chart to avoid the rejection, maintain the inventory level as per the requirement, constant check on power consumption, controlling/reducing rejections & re-processing, reusing / recycling all possible items, strict follow-up on regular maintenance schedule to avoid major break downs, increasing overall efficiency to reduce production cost, using low consumption LED lights. In order to reduce the substantial logistic cost, the company is opting for land ports nearest to the units. Transportation cost reduced by finalizing the transport & courier contracts at best possible lowest rates for the goods movement of the Units. The unit located at Meerut has also optimized its cost structure by way of strong emphasis on consumption and control of waste, reduction & rationalization, inventory control & Manpower optimization. Use of Special

flat inspection machine for inspection of fabric on similar method as buyer to save the overhead considerably on the inspection of material, reduced the soft water consumption through re-collecting the usable hot water and also by setting the machine liquor ratio, reduction in coating chemical cost. In Made up division your company have implemented strict monitoring of the stocks by analyzing the in minimum lead time. Energy audit observations and suggestions by competent agency were also implemented at the Hardwar unit during the period under review to save the Energy cost. During the year several cost consolidation measures were also taken including renegotiating supplier contracts, rationalizing of manpower as well as streamlining existing processes under SAP. This has resulted in significant cost savings.

STATUS OF HOLDINGS OF SUBSIDIARY COMPANIES

During the year under review, there is no change in the status of subsidiary companies. As per Section 2(87) of the Companies Act, 2013, after considering the indirect holding through it's another subsidiary (Alps USA Inc.), the percentage of shareholding continued to be 78.22% in Alps Energy Pvt. Ltd. and 81.65 % in Snowflakes Meditech Pvt. Ltd. In terms Regulation 23 & 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Prabhat Krishna(DIN NO.02569624), Independent & Non Executive Director of the Company continues to be representative director in the aforesaid Indian "Material subsidiary" companies during the year.

FINANCIAL STATEMENTS OF SUBSIDARY COMPANIES

The company continued to have three subsidiaries at the end of the financial year viz; M/s. Alps Usa Inc., M/s. Alps Energy Pvt. Ltd. and M/s. Snowflakes Meditech Pvt. Ltd. As required under Section 129(3) of the Companies Act, 2013 and applicable rules, the Financial Statements of all three Subsidiaries Companies are being annexed.

GOVERNMENT INITIATIVES- TEXTILE SECTOR

The Indian textile sector considers the Union Budget 2017-18 to be growth oriented, as it will enable the manufacturing sectors to grow at a faster rate. The textile industry was hoping for some good announcements, as this sector is claimed to be the worst-hit ones of the economy due to demonetization and the Budget has not disappointed them. Previously, the tax rate was 30% which, in the recent budget, has been reduced to 25%. This move is an encouragement for start-up's to make investment in textile and apparel sector. The other benefits extended such as additional allocation of funds to the banks for NPA accounts, cashless transaction, labour reform, relaxation of FDI norms by abolishing Foreign Investment Promotion Board (FIPB), would also benefit the textile industry. Higher fund allocation for labour skilling and end-to-end logistics solutions, including railand coastal shipping last-mile connectivity, will help the country's textile industry. Though there was no major announcement in the Budget, continuing with the existing tax structure, including the service tax and optional Cenvat route extended for textile industry till the GST is implemented, has been considered as a big boost for the sector. Government's flagship technology up-gradation scheme receives an allocation of Rs. 2013 crores for 2017-18. This is a welcome move and provides impetus for investment in the textile sector. Allocation under Remission of State Levies has been increased sizably to Rs. 1555 crores. This scheme includes the refund of State taxes to garments exporters to make the industry competitive and to boost employment in this Sector. Fund allocation under Pradhan Mantri Paridhan Rojgar Protsahan Yojna (PMPRPY) is Rs 200 crores. This new scheme provides the Employee Pension Scheme contribution of 8.33% of the employers for all new employees enrolling in EPFO under PMRPY for the first three years of their employment. Again, this is to boost employment in textile sector by incentivizing the employers and improving competitiveness. Integrated Scheme for Skill Development for the textile sector receives Rs. 174 crores, which is operational for last several years for under skilled factory workers. Textile industry would benefit from Trade Infrastructure Export Scheme with an allocation of Rs 3.96 Lakh crores. Objective of doubling farmers' income, skilling of youth, and development of Infrastructure to provide end to end solution by integrating rail, road, air and sea would greatly benefit the textile industry that is spread across the nation. The cluster approach for contract farming would greatly benefit the predominantly cotton based textile industry in India, where more than 80% of MSMEs are located across the country. The government's proposal to allocate funds for affordable housing scheme (as sought by the textile sector) is a boon to the sector.

The much awaited Trade Infrastructure for Export Scheme (TIES) was launched by government. The Scheme would provide assistance for setting up and up-grading infrastructure projects with overwhelming export linkages like the Border Haats, Land custom stations, quality testing and certification labs, cold chains, trade promotion centers, dry ports, export warehousing and packaging, SEZs and ports/airports cargo terminuses. It is expected to discernible benefits of investment in textile sector to economy in next quarter, as industry will kick start production and will hire more people. Investment in the sector has beam bit slow and delayed due to sluggish global demand conditions and almost flat demand conditions for textile

goods in domestic market. DGFT announced that after implementation of GST, the relevance of IEC would be less and department is exploring the possibilities of removing the need for IEC as GSTN can take care of all processes.

DIVIDEND

Due to the operational loss suffered by the company, your directors do not propose any dividend for the current financial year.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 124 of the Companies Act, 2013, there was no unclaimed dividend, relating to the financial year 2015-2016 ,which was due for remittance during the financial year 2016-2017. Hence no amount due to be transferred to the Investor Education and Protection Fund established by the Central Government.

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent directors viz. Mr. Prabhat Krishna, Mr. Pradyumn Kumar Lamba, Mr. Tilak Raj Khosla and Ms. Deepika Shergill have submitted their disclosure to the Board that they fulfill all the requirements as to qualify for their continuity of appointment as an Independent Director under the provisions of the Companies Act, 2013 as well as Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

RISK MANAGEMENT PLAN

In compliance of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 related to corporate governance, Risk Management plan of the company recognizes that the Enterprise Risk Management is an integral part of good management practice. Hence Risk Management is an essential element in achieving business goals. In terms of Policy, the Company is committed for managing the risk in a manner appropriate to achieve its strategic objectives. The Company will keep investors informed of material changes to the Company's risk profile through its periodic reporting obligations and ad hoc investor presentations. The Company reviews and reports annually on its compliance of Corporate Governance Principles and recommendations for betterment, which include Risk Management and the internal control framework. Accordingly the Company has framed procedures to inform members of Board of Directors about risk assessment and minimization procedures.

POLICY FOR DETERMINATION OF "MATERIALITY".

In terms of the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a policy for determination of "Materiality" and the Board of Directors has appointed the Company Secretary & Compliance Officer as the "Materiality Officer" to take care of the relevant compliances.

POLICY FOR PRESERVATION OF DOCUMENTS

In terms of the provisions of Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has framed a policy for preservation of documents.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has established a Vigil Mechanism policy for the Directors and Employees to report genuine concerns in such manner as may be prescribed and such a vigil mechanism has provided for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee, in appropriate or exceptional cases, instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct etc. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general. The scope of the policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies & assets of the company, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.