



37TH ANNUAL
REPORT
2017-18



HP COTTON
TEXTILE MILLS LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Kailash Kumar Agarwal: Managing Director
Mr. Ashok Kumar Agarwal: Jt. Managing Director
Mr. Raj Kumar Agarwal: Whole-Time Director

Non-executive Independent Directors

Mr. Parshotam Das Agarwal
Mr. Bibhuti Charan Talukdar
Mr. Mohan Lal Jain
Ms. Ritu Bansal

CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

Mr. Raghav Kumar Agarwal

COMPANY SECRETARY

Mr. Shashi Ranjan Kumar

STATUTORY AUDITORS

Bhargava Associates, Chartered Accountants,
308, Pearl Best Heights-II, C-9, Netaji Subhash
Place, Delhi 110034

REGISTRAR & SHARE TRANSFER AGENT

M/S. Alankit Assignments Ltd.
2E/ 21, Alankit House, Jhandewalan Extension,
New Delhi – 110 055
Tel. No.: (011) 23541234-42541234
Fax No.: (011) 23552001
Website: www.alankit.com

REGISTERED OFFICE

15th K.M. Stone, Delhi Road,
V.P.O. Mayar, Hisar - 125 044 (Haryana)
E-mail: info@hpthreads.com
Website: www.hpthreads.com

CORPORATE OFFICE

F (0)- The Mira Corporate Suites, 1 & 2,
Old Ishwar Nagar, Mathura Road,
New Delhi - 110065

BRANCH OFFICES

1. 405, Manglam Building, 24, Hament
Basu Sarani, Kolkata - 700001
2. 85, Hira Bhai Market,
Ahmedabad - 380022,
3. Shah & Nahar (Worli) Industrial
Estate, Unit No. 506, 5th Floor,
Dr. E. Moses Road, Worli, Mumbai - 400018,

BANKS

State Bank of India

JSL Complex Branch, Hisar, Haryana-125001

SECRETARIAL AUDITORS

Mr. Neelesh Jain, N.K.J Associates
Practicing Company Secretaries,
Pandav Nagar, New Delhi- 110092

NOTICE OF 37TH ANNUAL GENERAL MEETING

(CIN: L18101HR1981PLC012274)

Regd. Office: 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044

Website: www.hpthreads.com E-mail: info@hpthreads.com

Tel.: +91 11 41540471/72/73, Fax: +91 11 49073410

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Members of H. P. Cotton Textile Mills Limited will be held on **Saturday, the 22nd day of September, 2018 at 11:30 A.M.** at the Registered Office of the Company at 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2018 and Statement of Profit and Loss for the financial year ended on that date along with the reports of the Directors and Auditors thereon and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2018, the Reports of the Board of Directors and the Auditors thereon, be and are hereby adopted and approved.”

2. To declare dividend @ ₹1 per share on the fully paid up Share Capital of the Company for the financial year ended 2017-18 as an **Ordinary Resolution:**

“RESOLVED THAT dividend of ₹ 1 per share on the fully paid up Share Capital be and is hereby declared out of profits of the Company for the financial year 2017-18.”

3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 152 of the Companies Act, 2013, Mr. Ashok Kumar Agarwal (**DIN:00046627**), who retires by rotation at this meetings and being eligible offered himself for re-appointment, be and is hereby appointed as director of the Company, liable to retire by rotation.”

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of section 139 of the Companies Act 2013 (as amended or re-enacted from time to time) read with the Companies (Audit and Auditors) Rules, 2014, the consent of the Shareholders of the Company be and is hereby accorded to appoint M/s Walker, Chandiook & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013) Delhi 110034, as the Statutory Auditor of the Company for a term of five (5) years starting from the conclusion of the Thirty Seventh (37th) Annual General Meeting till the conclusion of Forty Second (42nd) Annual General Meeting of the Company at such remuneration and reimbursement of travelling and out-of-pocket expenses and other applicable tax as may be agreed between the Statutory Auditors and the Managing Director of the Company.

RESOLVED FURTHER THAT the necessary written consent letter and the certificate indicating that the appointment shall be in accordance with the provisions of section 141 of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014 have been received from the Statutory Auditors.

RESOLVED FURTHER THAT Mr. Kailash Kumar Agarwal, Managing Director of the Company, Mr. Ashok Kumar Agarwal, Joint Managing Director of the Company and Mr. Shashi Ranjan Kumar, Company Secretary of the Company, be and are hereby severally authorised to file relevant form with the Registrar of Companies within the prescribed time.”

SPECIAL BUSINESS:

5. To consider the continuance of appointment of Mr. B.C. Talukdar (**DIN: 00024015**) as non-executive Independent Director as per the newly inserted Regulation 17A in the SEBI (LODR) (Amendment) Regulations, 2018 effective from 1st April, 2019 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution: -**

“RESOLVED THAT pursuant to the newly inserted provision of Regulation 17A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendments) Regulations, 2018 {SEBI (LODR) (Amendments) Regulations, 2018}, effective from 1st April, 2019, the continuance of appointment of

H. P. Cotton Textile Mills Limited



Mr. B.C. Talukdar (DIN: 00024015), non-executive independent director of the Company, beyond the age of 75 years, be and is hereby approved.

RESOLVED FURTHER THAT Mr. Kailash Kumar Agarwal, Managing Director, Mr. Ashok Kumar Agarwal, Joint Managing Director and the Company Secretary of the Company be and are hereby severally authorised to take necessary steps and to do all such acts, deeds and things and to sign all documents and papers as may be necessary to give effect to the above resolution."

**By Order of the Board of directors
For H. P. Cotton Textile Mills Limited**

Place: **New Delhi**

Date: **23rd August, 2018**

**Shashi Ranjan Kumar
Company Secretary and Compliance Officer**

NOTES:

1. **THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF THE ORDINARY/SPECIAL BUSINESSES UNDER ITEM 4 AND 5 AS STATED ABOVE ARE ANNEXED HERETO. THE RELEVANT DETAIL AS REQUIRED UNDER REGULATION 36(3) OF SECURITIES EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 {"SEBI (LODR) REGULATIONS, 2015"} AND SECRETARIAL STANDARD ON GENERAL MEETINGS ("SS-2"), ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA OF PERSON SEEKING APPOINTMENT/RE-APPOINTMENT OF DIRECTOR UNDER POINTS 3 OF THE NOTICE IS ALSO ANNEXED.**
2. Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his behalf pursuant to Section 105 of the Companies Act 2013. A proxy need not be a member of the Company. The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Provided that a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
4. The attendance slip cum Proxy form is placed at the end of this Annual Report.
5. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
6. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Rules, 2014 and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are provided in the Notice under Note No. 32.
7. In terms of Section 152 of the Companies Act, 2013, Mr. Ashok Kumar Agarwal Director, retire by rotation at the Meeting and being eligible, offer himself for re-appointment. The Nomination and Remuneration Committee of the Board of Directors and the Board of Directors of the Company recommend his re-appointment.
8. Mr. Ashok Kumar Agarwal is interested in the Ordinary Resolution set out at Item No. 3 of the Notice with regard to his re-appointment. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 4 of the Notice.
9. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips, duly filled and signed, will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
10. Members/proxies/authorised representatives are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, Members are requested to please bring their Folio number/ Demat Account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.
11. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Sundays and Public Holidays) during business hours

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up to the date of the Meeting. The aforesaid documents will be also available for inspection by members at the Meeting.

12. Queries proposed to be raised at the Annual General Meeting may please be sent to the Company at its Registered/Corporate Office, at least 7 days prior to the date of Annual General Meeting to enable the Company to compile the information and answer them in the meeting.
13. Members desirous of getting any information in respect of the contents of the Annual Reports is required to forward their queries to the Company at least ten days prior to the Meeting so that, if the Chairman so permits, the required information can be made available at the meeting.
14. The dividend on equity shares, if declared at the Meeting, will be credited / despatched within a week from the conclusion of the Meeting to those members whose names appear on the Company's Register of Members on the Record Date fixed for the purpose; in respect of the shares held in dematerialised mode, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
15. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on September 25, 2017 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: <http://www.hpthreads.com/corporate-information.php>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.
16. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2010-11 and thereafter to IEPF:

FY ended	Declaration Date	Due Date
March 31, 2013	September 07, 2013	October 12, 2020
March 31, 2014	September 26, 2014	November 01, 2021
March 31, 2015	September 24, 2015	October 30, 2022
March 31, 2016	September 23, 2016	October 29, 2023

17. Those shareholders who have not encashed their dividend warrants for previous year(s) so far are requested to send their claims for payment, by giving the detail in the attached format to the Company.

FORMATS

1) FORMAT FOR REGISTERING EMAIL ID

DP/ Client ID/ Folio No. :
Name of the sole/ first holder :
Postal Address :
Email Address :

Signature

2) FORMAT OF MANDATE FOR PAYMENT OF DIVIDEND BY NECS/ NEFT

Folio No :
Name of the sole/ first holder :
Postal Address :
Email Address :

I hereby authorized M/s Alankit Assignments Ltd. to make payment of dividend by direct credit to my bank account the details which are furnished below:

Bank Name :
Branch Name :
Branch Address :
MICR Code :



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IFSC Code :
Account Type :
Account No :

I enclosed herewith the following documents in proof of the above details:

Photocopy of Bank Pass Book/ Bank Statement

Photocopy of a blank cheque leaf of the account

Signature

3) FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS

DP/ Client ID/ Folio No :
Name of the sole/ first holder :
Postal Address :
Years for which dividend not received :

Signature

18. As per the provisions of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shareholder, who did not claim their unpaid/unclaimed dividend before the due dates as mentioned at point no. 15, are requested to claim the same otherwise, in addition to the dividend, their shares shall also be transferred to Investor Education and Protection Fund. However, the members are eligible to withdraw their dividend along with shares by following the provisions of the said Rules.
19. Those members who have not yet got their Equity Shares dematerialised are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialised. In case any clarification is needed in that regard, the undersigned may be contacted in person or by communication addressed at the Corporate Office of the Company.
20. SEBI vide notification dated 8th June, 2018, has decided that securities of listed companies can be transferred only in dematerialised form after the expiry of 180 days from the date of notification. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
21. The Company's Registrars & Transfer Agents for its share registry (both, physical as well as electronic) is Alankit Assignments Limited having its office at Alankit House, 4E/2, Jhandewalan Extension, New Delhi, Delhi 110055.
22. In all correspondence with the Company and/or the RTA, members are requested to quote their folio number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID number for easy reference and speedy disposal thereof.
23. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. SH-13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 (which can be obtained from the Company's RTA).
24. Members holding shares in electronic form are requested to furnish the new 10-digit Bank Account Number allotted to them by their bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to their Depository Participant (DP). Please send these details to the Company/ Registrars, if the shares are held in physical form, immediately.
25. Members holding shares in the certificate/Physical form are requested to notify / send the following to the Company's Registrars and Share Transfer Agents, Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055 to facilitate better servicing: -
 - a. Any change in their address / mandate / Bank details.
 - b. Submit their Permanent Account Number (PAN) and Bank account, in case the same have not been furnished earlier

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- c. Share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account, and
 - d. To register / update their e-mail address with the Company / RTA for receiving all communications from the Company electronically.
26. Non-Resident Indian Members are requested to inform the Company's Registrar & Transfer Agent (RTA) immediately:
- a) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
 - b) Any change in their residential status on return to India for permanent settlement.
27. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company/RTA.
28. Since the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the Annual General Meeting. The members who will be physically present at the Annual General Meeting shall be provided with polling papers to cast their votes at the meeting.
29. The members can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered and treated as INVALID.
30. As a part of "Green Initiative" in Corporate Governance, the Ministry of Corporate Affairs has allowed sending communication to the shareholders through electronic mode. Accordingly, we propose to send documents like notices convening General Meetings, Annual Report etc. to the email addresses of the shareholders. For this purpose, shareholders holding shares in physical form are requested to register their email addresses and any changes therein from time to time with the Share Transfer Agent of the Company M/s Alankit Assignments Ltd, at their Postal / E-mail address given above. Please give the details in the attached format for registering your E-mail ID. Those holding shares in demat form are requested to register their E-mail IDs with their Depository Participants.
31. The Register of Members and Share Transfer Books of the Company shall be closed from **14th day of September, 2018 to 22nd day of September, 2018** (Both Days Inclusive).

32. Information and instructions relating to e-voting are as under:

The members are requested to follow the detailed procedure/instructions carefully as given herein below:

- i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide to its members the facility to exercise their right to vote on resolutions proposed to be passed at the ensuing AGM by electronic means ("remote e-voting") holding equity shares as on **14th September, 2018**, being the **Cut-off Date** (Record date for the purpose of rule 20(3)(vii) of the said Rules), fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through e-voting platform provided by CDSL.
- ii. The facility for voting through Poll shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e voting shall be eligible to exercise their right at the meeting through Poll.
- iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

- iv. The e-voting period begins on **19th September, 2018 at 9.00 A.M. and ends on 21st September 2018 at 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of **14th September, 2018**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for shareholders for E-Voting are as under:

A. In case of Members receiving Notice of this Meeting via E-Mail (for Members whose e-mail address are registered with the Company/ Registrars)

- i) Log on to the e-voting website www.evotingindia.com during the voting period.
- ii) Click on "Shareholders" tab.
- iii) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next, enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vi) If you are a first-time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 Digits of the sequence number in the PAN Field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL Letters. E.g. If your name is Ramesh Kumar with sequence number 1 then Enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.</p>

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login Password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for Remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.

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- x) Click EVSN 180823053 of H. P. Cotton Textile Mills Limited on which you choose to vote.
- xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Note for Institutional Shareholders:-
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cDSLindia.com.
 - After receiving the login details, they have to create a compliance user should be created who would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdeskevoting@cDSLindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cDSLindia.com.

B. In case of Members receiving the physical copy of Notice of 37th Annual General Meeting by post (for Members whose e-mail address are not registered with the Company/ Registrars)

Please follow all the steps from S. No. (i) to S. No. (xvii) To cast vote as mentioned above.

- v. The Voting rights of Members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on Cut-off Date of **14th September, 2018**.

33. The Route map of the Venue of the Annual General Meeting forms part of this Notice and is given on the last page of this Annual Report.

General Instructions

- i) The Chairman of the meeting shall, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of Poll for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting.
- ii) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting, votes cast by ballot paper and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the meeting or a person authorised by him in writing, who shall countersign

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the same and declare the result of the voting forthwith.

- iii) The voting results declared along with the report of the scrutinizer shall be placed on the Company's website and communicated to the Stock exchange immediately after the declaration of result by the Chairman or a person authorised by him in writing.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(PURSUANT TO REGULATION 36(3) OF SEBI (LODR) AND SS-2)

1. Mr. Ashok Kumar Agarwal

Name	Mr. Ashok Kumar Agarwal
Directors Identification Number (DIN)	00046627
Date of Birth	04.10.1957
Qualification	B.com
Expertise in Specific Area	More than 37 years' experience with this Company itself
Date of first appointment on the Board of the Company	03.08.1989
Directorship in other limited companies	M/S Supermax Promoters Pvt Ltd M/S Siram Appartments Pvt Ltd M/S Annapurna Farms Pvt Ltd M/S Shivani Consultants Pvt Ltd M/S Atishay Investments and Finance Private limited M/S Radha Tanjore Arts Private Limited
Membership/Chairmanship of Committee of Directors of the Company	Member in Risk Management Committee Member in Share Transfer Committee Stakeholder Relationship Committee Corporate Social Responsibility Committee
Relationship with other Directors	Mr. Ashok Kumar Agarwal is cousin of Mr. Kailash Kumar Agarwal (Managing Director) and Mr. Raj Kumar Agarwal (Whole- Time Director).
Membership/Chairmanship of committee of Directors of other companies	Nil
No. of Share held as on 31-03-2018	75896

**By Order of the Board of directors
For H. P. Cotton Textile Mills Limited**

Place: **New Delhi**

Date: **23rd August, 2018**

**Shashi Ranjan Kumar
Company Secretary and Compliance Officer**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4:

The Bhargava Associates, Chartered Accountants was appointed as the Statutory Auditor in the Thirty Sixth (36th) Annual General Meeting of the Company for a term of five (5) years starting from the conclusion of the Thirty Sixth (36th) Annual General Meeting till the conclusion of Forty First (41st) Annual General Meeting of the Company. However, the Statutory Auditor of the Company, have shown their inability to continue as a Statutory Auditors of the Company due to the death of senior partner, Shri Harvinder Pal Singh (expired on 27.01.2018), who was chiefly responsible for the conduct of statutory audit of the Company and therefore, tendered their resignation vide resignation letter dated 18 August, 2018, effective from conclusion of the 37th Annual General Meeting of the Company. The Board of Directors on the recommendation of the Audit Committee has accepted the resignation of Bhargava Associates, Chartered Accountants. Further, pursuant to the provisions of the section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including amendment thereto, the Company is required to appoint Statutory Auditors of the Company from the conclusion of the 37th Annual General Meeting of the Company for a period of five years of one term and such appointment shall be confirmed by the shareholders by way of Ordinary Resolution.

Your Board of Directors, after evaluation of the various reputed CA firms in India, has successfully identified and negotiated with M/s Walker, Chandiook & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013), a leading CA firm in India having its affiliation and presence in various countries and the said firm is registered with PCAOB (US Public Accounting Oversight Board) & also licenced with audit software and audit methodology from Grant Thornton. Your Board of Directors, on the recommendation of the Audit Committee, in its meeting held on 23rd August, 2018 approved the appointment of M/s Walker, Chandiook & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013) for one term of five (5) years starting from the conclusion of the Thirty Seventh (37th) Annual General Meeting till the conclusion of Forty Second (42nd) Annual General Meeting of the Company subject to your approval. All necessary disclosures including consent letter under the Companies Act, 2013 have been received from the said firm (LLP).

Therefore, your approval is solicited by way of **Ordinary Resolution**.

MEMORANDUM OF INTEREST:

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in these resolutions.

ITEM NO. 5:

The SEBI has introduced a new amendment in respect of non-executive director, by inserting a new Regulation 17A in the SEBI (LODR) (amendment) regulations, 2018 effective from 1st April, 2019. According, to the said amendment "No listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy-five years unless a special resolution is passed to that effect. Further, while verifying the age of all the **non-executive directors**, it was observed that Mr. B.C. Talukdar, non-executive independent director of the Company, has attained the age of 82 years. Mr. B. C. Talukdar is a valuable independent director in the board of the Company and provides, time to time, meaningful suggestions to the Board for the betterment of the Company, in respect of legal and corporate compliances under various acts, regulations etc applicable to the Company to the Board. He is also a qualified senior company secretary. Considering his wide experience, expertise and valuable suggestions, your Board of Directors, in its meeting held on 7th August, 2018, recommended you to approve the continuance of appointment of Mr. B.C. Talukdar as non-executive independent director of the Company, beyond the age of 75 years, w.e.f. 1st April, 2019.

Therefore, your approval is solicited by way of **Special Resolution**.

MEMORANDUM OF INTEREST:

Except Mr. B.C. Talukdar, non-executive independent director, none of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in these resolutions.

Place: **New Delhi**
Date: **23rd August, 2018**

By Order of the Board of directors
FOR H.P. Cotton Textile Mills Limited
Shashi Ranjan Kumar
Company Secretary and Compliance Officer

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 37th Annual Report on the business and operations together with the Company's audited financial statements and the auditors' report thereon for the financial year ended March 31, 2018. The financial highlights for the year are given below:

Financial Results

(₹ In Lacs)

Particulars	March 31, 2018	March 31, 2017
Revenue from operations (net)	10,745	9,024
Other Income	80	46
Total Income	10,825	9,070
Profit/(Loss) Before Interest, Depreciation & Tax (EBITDA)	433	(49)
Finance Cost	251	168
Depreciation	161	108
Profit/(Loss) before Tax (PBT)	355	(325)
Current Tax (including earlier years)	72	5
Deferred Tax	47	(115)
Profit/(Loss) after Tax (PAT)	235	(215)
Basic EPS (₹) *	6.18	(5.65)
Cash EPS (₹) *	6.18	(5.65)

* Face value ₹10 per share

Business Performance

During the year, your Company has achieved a turnover of ₹ 10,745 Lacs as against ₹ 9,024 Lacs during the corresponding previous financial year. The Earning before interest, depreciation and tax (EBIDTA) for the year under review was around ₹ 433 Lacs as compared to loss before interest, depreciation and tax of around ₹ 49 Lacs during the previous financial year and registered a growth of almost 1000%. The profit before tax for the year was ₹ 355 Lacs as compared to Loss of ₹ 325 Lacs during the previous financial year due to higher sales during the period and better operational efficiency. The exports of the Company also registered a growth of 24.73% over previous year taking total exports to ₹ 7,828 Lacs from ₹ 6,276 Lacs, thereby continuing its leading position in the cotton thread segment.

Appropriations

Reserves

Total reserves and surplus of the Company has been increased to ₹ 1,517 Lacs on 31st March, 2018 as against ₹ 1,276 Lacs on 31st March, 2017.

Dividend

Your Directors are pleased to recommend for your consideration, a final dividend @ ₹ 1 per share on the fully paid up share capital of the Company for the financial year ended on 31st March, 2018. The dividend, if approved by the members, would involve a cash outflow of approx ₹ 45 Lacs (including Corporate Dividend Tax).

Details of significant and material orders impacting the going concern status and Company's operations in future

During the year under review, no significant and material orders were passed by any regulator or court or tribunal which may impact the going concern status and your Company's operations in future.

Share Capital and Net Worth

The Authorised Share Capital of the Company as on March 31, 2018, remains unchanged at ₹ 4,25,00,000 divided into 42,50,000 Equity Shares of ₹ 10 each and Paid up share capital of ₹ 3,81,00,000 divided into 38,10,000 Equity Shares of ₹ 10 each.

During the year under review, the Company had not issued any equity shares with differential rights/sweat equity shares under Rule 4 & Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

As at the end of year under review, the net worth of the Company calculated as per section 2(57) of the Companies Act, 2013 (**"the Act"**) stood at ₹ 1,898 Lacs as compared to ₹ 1,657 Lacs at the end of the previous financial year.

Management Discussion & Analysis Report

a) Industry Structure & Competitive Position:

Indian textile industry at a glance

The textile industry employs about 105 million people directly and indirectly. India's overall textile exports during FY 2017-18 stood at US\$ 37.74 billion. The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

Structural Shift in India's Competitive and the Effect of Global Warming Promoting Cotton Fiber over Worsted Fiber;

Cotton yarn accounts for the largest share in total yarn production in FY 17, the segment's share amounted to 71.64 per cent. Fabric production in the country rose to 61,084 million square meter in FY 18 from 52,665 million square meters in FY 07. Exports have been a core feature of India's textile and apparel sector, a fact corroborated by trade figures. Exports of textiles from India reached US\$ 37.74 billion during FY 2018. India's home textile industry is expected to expand at a CAGR of 8.3 per cent during 2014–21 to US\$ 8.2 billion in 2021 from US\$ 4.7 billion in 2014. In the recent few years, global warming has become an international key issue. Global Warming is the increase in the average temperature of the surface air near the earth. During the past 100 years, the earth's temperature has risen on an average of 0.74 0.18 C. Due to this, there has been significant increase in usage of cotton fiber over worsted fiber and therefore presence of the Company with opportunity to expand and grow its business in overseas.

During the year under review, the performance in terms of production, profitability and exports of your Company has remarkably increased and achieved a turnover of above ₹ 100 crore in the history of the Company. Your management is effectively dedicated to set and achieve the highest parameters of success through improving operational efficiency, quality enhancement, focus on optimal product mix and effective cost saving practices in the years to come.

We experience intense competition in traditional Textile Industries and see a rapidly changing Marketplace with new competitors arising with new technologies and innovation. We typically compete with other industries in response to request for proposals. Clients often cite our Industry expertise, comprehensive end to end solutions, ability to scale, Global Delivery Model, superior quality and process execution, experienced management team, talented professionals and track records as reason for awarding us contracts/orders.

b) Outlook, Risks and Concerns:

This section lists forward looking statements that involve risks and uncertainties. Our actual result could differ materially from those anticipated in these statements as a result of certain factors. Our outlook, risks and concerns are as follows;

- Since the Company derives significant portion of revenues from overseas, any appreciation in rupee

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poses a threat to earnings estimates. The profitability is expected to be continued in the same trend during the first two quarters of FY 2018-19 due to fluctuation in the currency rate and high prices of cotton crops however, the same is expected to be on higher side in the 2nd half (Q3 & Q4) of FY 2018-19 due to anticipated high domestic production of cotton crops and new markets, domestic as well as overseas, for the Company's products besides increase in efficiency of the employees because of induction of new professionals/talents in the Company.

- The profitability of the Company may rise due to strategic raw material purchase strategy.
- Focus on sustainability- The Company endeavors to focus on sustainable development comprising of environmental protection, social justice and equity, and economic development while recognizing simultaneous growth of the corporate and profitability in the long run.
- Sharp rise in prices of cotton (key raw material) could affect margins as it may be unable to take timely price hikes, however the company is developing a robust cotton hedge policy between various countries.
- The economic environment and pricing pressures could negatively impact our revenues and operating results.
- Currency fluctuations and declining interest rates may favourably affect the result of our operation.
- Wage pressure in India and the hiring of employee in other countries may prevent us from sustaining some of our competitive advantage and may reduce our profit margins.
- Continual organic growth in niche overseas yarn segment and continual new product development, may lead the Company in earning better revenues in the times to come.

c) **Opportunities and Threats:**

We believe our strength give us the competitive advantage to position ourselves as the global Textile Industry. We have long standing relationship with our clients and our track records in delivering high quality product across the entire Textile industry help us to solidify these relationships and gain increased business from existing clients. The Customer base of the Company spread across many countries and regions which reduces dependability on specific country and regions.

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

Initiative will be taken into consideration by Government of India.

- The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power loom sector of India.
- The Government has planned to connect as many as 5 crore (50 million) village women to charkha (spinning wheel) in next 5 years with a view to provide them employment and promote khadi and also, they inaugurated 60 khadi outlets which were renovated and re-launched during the completion of KVICs 60th anniversary and a khadi outlet.
- Government policies aimed at employment generation as well as skill development presents us with all opportunities to gain from these initiatives.
- The Textiles Ministry will organise 'Hastkala Sahyog Shivirs' in 421 handloom-handicrafts clusters across the country which will benefit over 1.2 lakh weavers and artisans.
- The Haryana Government has approved Textile Policy, 2018 to incentivise setting up of new units and ensure growth & modernisation of existing textile industry in the state keeping in view of making Haryana a global hub of textile manufacturing and preferred investment destination. The policy

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is packed with fiscal incentives and contains provisions for infrastructure augmentation, setting up textile parks, promotion of Khadi Industry and facilities for skill training. It aims at generating almost 50,000 new jobs by attracting investment in textile sector to the tune of ₹ 5,000 crore.

- The Textile Ministry of India earmarked ₹ 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernisation of Indian Textile Sector.
- Government's process of streamline the Goods and Services Tax may help the Company in the long run.

Some of initiatives taken by the government to further promote the industry are as under:

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.
- The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), launch of India Handloom Brand and integrated scheme for development of silk industry, for the strategic enhancement of Indian textiles quality to international standards.
- The Company has developed and implemented a policy focussed on multi skill development by giving incentives to its workforce thereby encouraging participation and training and give certification in multi-skilling.

d) **Material development in Human Resources/Industrial relation, including number of People Employed:**

During the year under review, the total number of employees on the rolls of the Company were 1418. Our culture and reputation as Leader in Textile industries enable us to attract and retain some of the best talent in India. Our Professionals/Employees/Workers are our most important assets. We are committed to remaining among the industries leading's Employers.

Our culture and reputation in the Textile Industry enable us to recruit and retain some of the best available talent in India. The key elements that define our culture include recruitment, training and development, and compensation. Company takes adequate steps for maintaining safety and healthy environment for the workers. During the year under review, Industrial relations continued to be cordial and satisfactory. Company has enjoyed cordial relationship with workers and employees at all levels.

Segment wise or Product Wise Performance

The Company operate in one segment i.e. manufacturing of Threads

The Company has produced two types of threads i.e. sewing threads and Hosiery Yarn. As compare to previous year, the production of Hosiery Yarn and that of sewing Threads have been increased. Total production during the financial year 2017-18 is up by 18.10% over the last year's production.

Detail of product wise performance in the year 2017-18 is as follows:

Type	2017-18		Sale Realisations (₹ in crore)
	Production (Kg)	(%)	
Hosiery yarn	6,93,200	31.81	11.88
Sewing Thread	14,86,289.94	68.19	90.70
Total	21,79,489.94	100.00	102.58

e) Internal Control System and their adequacy

The Company has adequate Internal Control systems in all areas of operations commensurate with the size of the operation. Your Company has an adequate and effective internal control system to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The scope and authority of internal audit function is defined in the internal audit manual.

The internal controls have been developed and implemented at each business process level across the Company. Checks & balances and control systems have been established to ensure that assets are safeguarded, utilized with proper authorization and recorded in the books of account. There is a proper definition of roles and responsibilities across the organization to ensure information flow and monitoring. Internal audits are conducted periodically by independent Chartered Accountant. The Audit Committee comprising of independent directors actively reviews the adequacy and effectiveness of internal controls, internal audit systems and advises improvements as may be required. Post audit follow-ups are carried out to ensure identified risks are addressed and recommendations of the Audit Committee are implemented. The Company has established and maintained adequate and effective internal Financial controls over Financial reporting in accordance with the framework, which includes policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable Financial information.

The Internal Control system is improved and modified continuously to meet the changes in business Conditions, statutory and accounting requirements. The Audit Committee of the Board of Directors, Statutory Auditors and the business heads are periodically appraised of the internal audit findings and the corrective actions taken. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvements for strengthening them.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations includes, among others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

Statement on Declaration given by Independent directors under section 149(7)

Your Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence provided in Section 149(6) of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **{SEBI (LODR) Regulations, 2015}** and there has been no change in the circumstances which may affect their status as Independent Director during the year under review.

The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Companies Act.

Information about the Subsidiaries / Associates/ Joint Ventures

As on the date of this report, your Company has no Subsidiaries, Associates and joint Ventures.

Listing of Equity Shares

The Equity Shares of the Company continued to be listed on BSE Limited ("BSE") (Formerly Known as Bombay Stock Exchange Limited). The requisite annual listing fee has been paid to the Exchange.

Public Deposits

During the year under review, your Company has not invited or accepted any deposits from the public/members pursuant to the provisions of Section 73 and 76 of the Act.

Directors and Key Managerial Personnel

During the year under review, Mr. Kailash Kumar Agarwal, Managing Director of the Company, was reappointed as Managing Director of the Company, in its 36th Annual General Meeting held on 25th September, 2017 as per Schedule V of the Act for further period of three (3) years with effect from 6th August, 2017. Further, Mr. Anil Agarwalla, Independent Director of the Company, has owing to his personal reasons, resign from the directorship w.e.f. 3rd January, 2018

Board Meetings

During the year under review, five (5) Board Meetings were held on May 29, 2017, August 12, 2017, September 25, 2017, December 13, 2017 and February 12, 2018. The intervening gap between two Board Meetings was less than the maximum period prescribed under the Act and SEBI (LODR) Regulations, 2015.

Audit Committee

During the year under review Mr. Anil Agarwalla, Independent Director of the Company, has resigned directorship of the Company w.e.f. 3rd January, 2018. The Committee has been further reconstituted by the Board of Directors in its meeting held on 12th February, 2018, with the following members:

The details of present constitution/composition is given hereunder:

Name	Designation	Category
Mr. Parshotam Das Agarwal	Chairman of the Committee	Independent Director
Mr. BibhutiCharan Talukdar	Member of the Committee	Independent Director
Mr. Mohan Lal Jain	Member of the Committee	Independent Director
Ms. Ritu Bansal	Member of the Committee	Independent Director
Mr. Kailash Kumar Agarwal	Member of the Committee	Managing Director

During the year under review, 4 meetings of the Audit Committee were held on May 29, 2017, August 12, 2017, December 13, 2017 and February 12, 2018. The attendance of members of the Audit Committee at these meeting was as follows:

Name of the member	Designation	Category of Directorship	No. of meetings held	No. of meetings attended
Mr. BibhutiCharan Talukdar	Chairman	Independent	4	4
Mr. Parshotam Das Agarwal	Member	Independent	4	4
Mr. Mohan Lal Jain	Member	Independent	4	3
Mr. Anil Agarwalla	Member	Independent	4	0
Ms. Ritu Bansal	Member	Independent	4	4

The management is responsible for the Company's internal controls and the financial reporting process, while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

The terms of reference and scope of the Audit Committee include the following:

- To oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible,

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- Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements and auditor's report thereon before submissions to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of section 134(3)(c) of the Act;
 - Any changes in accounting policies and practices and reasons for the same;
 - Major accounting entries based on exercise of judgment by management;
 - Qualifications in draft audit report;
 - Significant adjustments made in the financial statements arising out of audit;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosures of any related party transactions; and
 - Modified opinion(s) in the draft audit reports.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussions with internal auditors any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- To review the functioning of the Whistle Blower Mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit Committee; and
- Any other duties/terms of reference which are incidental/necessary for the fulfillment of the above-mentioned terms of reference.

The Company Secretary is acting as the Secretary to the Audit Committee. The Chairman of the Committee, Mr. Parshotam Das Aggarwal was present at the AGM of the Company held on September 25, 2017.

Review of information by Audit Committee

Apart from other matters, as per Regulation 18(3) of SEBI (LODR) Regulations, 2015, the Audit Committee reviews, to the extent applicable, the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by the Management;
- Management letters/letters of internal control weaknesses, if any, issued by statutory auditors;
- Internal Audit Reports relating to internal control weaknesses; and
- Appointment, removal and terms of remuneration of the internal auditors;
- Statement of Deviations;
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.
 - (b) Annual statements of funds utilized for purposes other than those sated in the offer documents/prospectus/notice in terms of Regulation 32(7) of SEBI (LODR) Regulations, 2015.

The Audit Committee is also vested with the following powers:

- To investigate into any matter in relation to the items specified in Section 177 of the Act or referred to it by the Board and for this purpose, shall have full access to the information contained in the records of the Company and external professional advice, if necessary;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary,

During the year, all recommendation made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

During the year under review Mr. Anil Agarwalla, Independent Director of the Company, has resigned directorship of the Company w.e.f. 3rd January, 2018. The Committee has been further reconstituted by the Board of Directors in its meeting held on 12th February, 2018, with the following members:

The Nomination and Remuneration Committee of the Board of Directors of the Company had been constituted as per Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations, 2015.

The details of present constitution/composition is given hereunder:

Name	Designation	Category
Mr. Bibhuti Charan Talukdar	Chairman of the Committee	Independent Director
Mr. Parshotam Das Agarwal	Member of the Committee	Independent Director
Mr. Mohan Lal Jain	Member of the Committee	Independent Director
Ms. Ritu Bansal	Member of the Committee	Independent Director
Mr. Kailash Kumar Agrawal	Member of the Committee	Managing Director

During the year under review, 2 meetings of the Nomination and Remuneration Committee were held on May 29, 2017, and August 11, 2017. The attendance of members of the Nomination and Remuneration Committee at these meeting was as follows:

Name of the member	Designation	Category of Directorship	No. of meetings held	No. of meetings attended
Mr. Bibhuti Charan Talukdar	Chairman	Independent	2	2
Mr. Parshotam Das Agarwal	Member	Independent	2	2
Mr. Mohan Lal Jain	Member	Independent	2	1
Mr. Anil Agarwalla	Member	Independent	2	0
Ms. Ritu Bansal	Member	Independent	2	2

Role & Terms of Reference and scope of the Committee

The role of the Nomination and Remuneration Committee, inter-alia, includes the following:

- i. Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy relating to the remuneration for the directors, key managerial personnel (KMPs) and other employees;
- ii. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iii. Devising a policy on diversity of the Board of Directors;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- v. Recommending to the Board whether to extend or continue the term of appointment of appointment of the independent director, on the basis of report of performance evaluation of independent directors.

The Company Secretary is acting as the Secretary to the Nomination and Remuneration Committee. The Chairman of the Committee, Mr. Bibhuti Charan Talukdar was present at the AGM of the Company held on September 25, 2017.

Nomination and Remuneration Policy

The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

The key components of the Company's Nomination & Remuneration Policy are:

- Compensation will be a major driver of performance.
- Compensation will be competitive and benchmarked with a select group of companies from the pharmaceutical sector.

- Compensation will be fully transparent and tax compliant.

The details of this policy are available on the Company's website viz. www.hpthreads.com

Policy on Directors' appointment & remuneration

Pursuant to the provisions of Section 178(3) of the Act and Regulation 19(4) of SEBI (LODR) Regulations, 2015 and as per the recommendations of the Nomination and Remuneration Committee, the Board has adopted a policy for selection & appointment of Directors and Key Managerial Personnel of the Company and their remuneration including criteria for determining qualification, positive attributes and all other matters as provided under the said section of the Act and all appointments/re-appointments of Directors/KMPs during the financial year has been done according to the said policy.

Board Evaluation

In terms of the provisions of the Act and Regulation 19(4) of SEBI (LODR) Regulations, 2015, the Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects such as Board composition & quality, strategic & risk management, board functioning, etc.

Performance evaluation of independent directors was conducted by the Board of Directors excluding the director being evaluated on the criteria such as ethics and values, knowledge and proficiency, behavioral traits, etc.

Auditors

M/s Bhargava Associates, Chartered Accountants was appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting held on September 25, 2018.

Auditors' Report

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cost Auditors

The Company has not appointed any Cost Auditor for auditing the cost records of the Company.

Ministry of Corporate Affairs has issued a notification dated 31.12.2014 to make amendment in the Companies (Cost Records and Audit) Rules, 2014 that - "Textile Company shall get its Cost record audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is ₹ 100 Crore or more and the aggregate turnover of the individual product or products or service or services for which cost record required to be maintained under Rule 3 is ₹ 35 Crore or more, however the requirement for cost audit under Companies (Cost Records and Audit) Rules, 2014, shall not apply to a company whose revenue from export, in foreign exchange, exceeds 75% of its total revenue or which is operating from a SEZ".

The Company has crossed the turnover of ₹ 100 crore during the year under review but more than 75% of this turnover is earned from exports in foreign exchange by the Company and therefore, the Company is exempt from the said requirement of cost audit.

Secretarial Auditor

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Mr. Neelesh Kumar Jain, M/s NKJ & Associates, Company Secretaries (COP No. 5233), Pandav Nagar, Delhi to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2018. Further, the Board of Directors in its meeting held on May 30, 2018 re-appointed Mr. Neelesh Kumar Jain, M/s N.K.J.& Associates, Company Secretaries, to act as Secretarial Auditor of the Company for the financial year 2018-2019.

Secretarial Audit

The Secretarial Audit Report for the financial year ended March 31, 2018 (in Form MR-3) is attached as **Annexure-A** to this Report, which is Self-explanatory and needs no comments.

Extract of Annual Return

In accordance with the provisions of section 134(3)(a) of the Act, an extract of Annual Return in Form MGT-9 as on March 31, 2018 is attached as **Annexure B** hereto and forms a part of this Report.

The Annual Return referred to subsection (3) of Section 92 of the Companies Act, 2013 shall also be placed on the website of the company at <http://hpthreads.com/corporate-information.php>.

Particulars of Contracts or Arrangements with Related Parties and Related Party disclosure

As per the provisions of the Act and the SEBI (LODR) Regulations, 2015, your Company has formulated a Policy on Related Party Transactions. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Wherever applicable, prior approval is obtained for related party transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at arm's length basis.

During the year, all the related party transactions entered into were on an arm's length basis. The Company has not entered into any material related party transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements. Suitable disclosures as required under Accounting Standard AS-18 have been made in the notes to the financial statements.

Further, pursuant to the provisions of clause (h) of sub-section (3) of section 134 of the Companies Act, 2013, related party transactions during the financial year ended 31st March, 2018 has been attached in Form AOC-2 as **Annexure C**.

Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2018 and date of the Report

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments which can affect the financial position of the Company between the end of the financial year and the date of report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings/ Outgo

The information required under Section 134(3) (m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 is provided as follows and forms part of this report.

A) Conservation of Energy:

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- b) No specific investment has been made in reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

B) Technology Absorption:

The Company is focused on developing in-house technology to develop new products besides striving to continually improve and absorb latest technology suitable to its product mix with an objective to achieve lower cost of production. Therefore, no technology absorption is required. The

Company also constantly strives for maintenance and improvement in its equipment quality of its products and Research & Development activities are directed to achieve the aforesaid goal

C) Foreign Exchange Earning and Out-Go (₹ In Lacs):

	<u>2017-18</u>	<u>2016-17</u>
Foreign Exchange earned (FOB value of exports)	7,828.95	6,276.33
Foreign Exchange used (CIF value of imports and expenditure in foreign currency)	108.74	1,020.11

Environment and pollution Control

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy is to conduct of all operations in a manner to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible. The Company has taken drastic steps and measures in procuring and consuming eco-friendly sustainable dyes and chemicals for promoting ecologically sustainable technologies and promoting recycling and re-use and the Company has reputed certification including OEKOTEX and GOTS to its credentials.

The Company has effectively come out with implementation of Zero Liquid Discharge Project ("ZLD") for effluent water management as per the guidelines issued by Haryana state pollution Control Board. It is used to eliminate the hard fluids and to purify the water slowly and steadily. This process is used to make the water drinkable, reusable or to recycle.

Quality Management System

The Company continues to lay emphasis on excellence in quality and services and certified ISO 9001:2008 QMS certification and is also committed to total customer satisfaction. The high quality of the Company products is reflected in the Company ability to export its product in quality conscious world markets. The company continues to be on a mission to provide customer with products that can match with international standards and will surpass their expectations

Significant and Material Orders Passed by the Regulators/ Courts, If Any

There are no significant material orders passed by the regulators/ courts which would impact the going concern status of your Company and its future operations.

Directors' Responsibility Statement

The Directors hereby confirm:

- a) that in the preparation of the annual financial statements for the financial year ended March 31, 2018 the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) that for the financial year ended March 31, 2018, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the year ended March 31, 2018;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;

- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Particulars of loans, guarantees or investments under Section 186 of the Act

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements.

Business Risk Management

Pursuant to Section 134 (3) (n) of Companies Act 2013 and SEBI (LODR) Regulations, 2015, the Company has constituted a Business Risk Management committee.

Risk mitigation continues to be a key area of concern for the Company, which has regularly invested in insuring itself against unforeseen risks. The Company's stocks and insurable assets like building, plant & machinery, computer equipment, office equipment, furniture & fixtures, lease hold improvements and upcoming projects have been adequately insured against major risks.

At present the company has not identified any element of risk which may threaten the existence of company.

Vigil Mechanism

Your Company has adopted a Vigil Mechanism with a view to provide its employees an avenue to raise any sensitive concerns regarding any unethical behavior or wrongful conduct and to provide adequate safeguard for protection from any victimization.

Further, the Act and Regulation 22 of SEBI (LODR) Regulations, 2015 has mandated every listed Company to establish a vigil mechanism. Accordingly, the Company has framed the policy to align the same with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (LODR) Regulations, 2015 and the same is available on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

Corporate Social Responsibility

The provisions of Section 135 of the Act, regarding Corporate Social Responsibility are not attracted to the Company as the Company does not fall under the threshold limit of net worth of ₹ 500 crore or turnover of ₹ 1,000 crores or a net profit of ₹ 5 Crore during the financial year.

Particulars of Employees and Related disclosures

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

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the year under review none of the employee drawing remuneration in excess of the limits set out in the said Rules.

As per Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rule 2016, the details of top ten employees with regards to their salary in the Financial Year 2017-18 is as follow:

Serial No.	Name	Designation	Gross Salary Plus Perks (2017-18) (₹ In lacs)
1	Mr. Kailash Kumar Agarwal	Managing Director	21.04
2	Mr. Ashok Kumar Agarwal	Joint Managing Director	19.20
3	Raj Kumar Agarwal	Whole-time Director	18.00
4	Mr. Raghav Kumar Agarwal	CEO & CFO	15.74
5	Shashi Kant Shah	Vice President - Technical	13.85
6	Mr. Ravindra Agarwal	President (Export)	11.72
7	Mr. Surender Kumar Agarwal	President (Commercial)	11.72
8	Mr. Avinash Pratap Singh	GM – HR & Admin.	11.42
9	VK Srivastava	GM – Engineering	11.42
10	Shashi Ranjan Kumar	Company Secretary	10.93

Prevention of Sexual Harassment at Workplace

The Company has in place an anti-sexual harassment policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, the Board of Directors has re-constituted the Internal Complaint Committee (ICC) for the Company's single unit at Hisar and also constituted ICC for its Corporate Office at Delhi under the said Act. All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, there was no case filed or registered pursuant to this Act.

Corporate Governance

As per clause (2) of Regulation 15 of SEBI (LODR) Regulations, 2015:

"The compliance with the corporate governance provision as specified in regulations 17 to 27 and Clause (b) to (i) of Sub regulation (2) of Regulation 46 and para C, D, E of SCHEDULE V shall not apply, in respect of:

The listed entity having paid up Equity Share Capital not exceeding rupees ten crore and Net Worth not exceeding rupees twenty-five crore, as on the last day of the previous financial year."

As both the paid-up Equity Share Capital as well as the Net worth of the Company do not exceed the above-mentioned limits, the provisions of Corporate governance are not applicable on the Company. Hence Corporate Governance report does not form part of this Annual Report.

Investor Services

The Company has been engaged with the services of M/s Alankit Assignments Limited, New Delhi as Registrar and Share Transfer Agent (RTA). No complaint / query from any of the shareholders are pending to be resolved by the Company or RTA.

Publication of Financial Results

In conformity with the provisions of Regulation 47 of the SEBI (LODR) Regulations, 2015 the Company has published unaudited financial results for the quarter ended 30th June, 2017, 30th September, 2017, 31st December, 2017 and audited financial results for the quarter/ year ended on 31st March, 2018. The summarized results are published in Business Standard (English), Delhi & Mumbai and Aaj Samaj (Hindi), Hisar.

Code of Conduct

The board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the Company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "Code of Business Conduct.

The code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in the business practices and in dealing with stakeholders.

The code also lays down that Board Members and Senior Managers of the Company shall ensure compliance with SEBI (Prohibition of Insider Trading) regulations, 2015 as also other regulations as may be applicable to them from time to time.

All the Boards Members and The Senior Management personnel have confirmed compliance with the Code for the Financial Year ended 31st March, 2018. All Management Staff were given appropriate training in this regard.

Website of the Company

The Company maintains a website www.hpthreads.com where detailed information of the Company & its products is provided.

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from the, Central Government, State Governments and all other Government agencies and encouragement they have extended to the Company. Your Directors also thank the shareholders, financial institutions, banks/ other lenders, customers, vendors and other business associates for their confidence in the Company and its management and look forward for their continuous support. The Board wishes to place on record its appreciation for the dedication and commitment of your Company's employees at all levels which has continued to be our major strength.

For and on behalf of the Board of Directors

Mr. Kailash Kumar Agarwal
Managing Director
(DIN:00063470)

Mr. Ashok Kumar Agarwal
Joint Managing Director
(DIN:00046627)

Place: **New Delhi**
Dated: **7th August, 2018**

Form No. MR-3

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

To
The Members

H. P. Cotton Textile Mills Limited

15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hissar Haryana-125044

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by H. P. Cotton Textile Mills 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 our 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, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with the BSE Ltd to the date applicable.
- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date applicable

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



H. P. Cotton Textile Mills Limited

We further report that

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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.

Place: **New Delhi**

Date: **07/08/2018**

For NKJ & Associates
Company Secretary

Neelesh Kr. Jain

FCS No. :5593

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE A

To,

The Members,

M/s H. P. COTTON TEXTILE MILLS LTD.

15th K.M. Stone, Delhi Road, V.P.O.

Mayar, Hissar Haryana-125044

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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. 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 are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: **New Delhi**
Date: **07/08/2018**

For NKJ & Associates
Company Secretary

Neelesh Kr. Jain
FCS No. :5593

ANNEXURE to the Directors' Report**'Annexure B'**

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	L18101HR1981PLC012274
2	Registration Date	03/09/1981
3	Name of the Company	H P COTTON TEXTILE MILLS LIMITED
4	Category/Sub-category of the Company	Company Limited By Shares
5	Address of the Registered office & contact details	15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana) Phone: (01662)261425-26-27,261483 E-mail: info@hpthreads.com
6	Whether listed Company	YES
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Alankit Assignments Ltd. 2E/21, Alankit House, Jhandewalan Extention, New Delhi-110055 Tel No. 011-23541234-42541234

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 as follows)

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service*	% to total turnover of the company
1	Manufacturing of Thread	139 - Manufacturing of other textiles	100

*As per National Industrial Classification-Ministry of Statistics and Programme Implementation

III PARTICULAR OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of Company	NIC/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	N.A	N.A	N.A	N.A	N.A

(iv) (i) SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1,453,770	-	1,453,770	38.68	1,473,770	-	1,473,770	38.68	0.01
b) Central Govt.	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt.	-	-	-				-		
d) Body Corporates	905,920	-	905,920	23.78	905,920		905,920	23.78	0.00
e) Bank/FI	-	-	-				-		
SUB TOTAL:(A) (1)	2,359,690	-	2,359,690	61.93	2,379,690		2,379,690	62.46	0.01
(2) Foreign									
a) NRI-Individuals	-	-	-						
b) Other Individuals	-	-	-						
c) Body Corp.	-	-	-						
d) Any other	-	-	-						
SUB TOTAL (A) (2)	-	-	-						
SUB TOTAL : (A)	2,359,690	-	2,359,690	61.93	2,379,690		2,379,690	62.46	0.01
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	600	600	0.02		600	600		0.00
b) Banks/FI	-	2,150	2,150	0.06		2150	2,150		0.00
c) Central Govt	-	-	-						
d) State Govt.	-	-	-						
e) Venture Capital Fund	-	-	-						
f) Insurance Companies	-	-	-						
g) FIs	-	50	50	0.00		50	50		0.00
h) Foreign Venture	-	-	-						
i) Others (specify)	-	-	-						
SUB TOTAL (B)(1):	-	2,800	2,800	0.07		2800	2,800		0.00
(2) Non Institutions									
a) Body corporate									
i) Indian	106,231	750	106,981	3	121,932	750	122,682		0
ii) Overseas	-	-	-						
b) Individuals	-	-	-						
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakhs	518,070	197,960	716,030	19	466,685	190,860	657,545		(0)

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	621,882	-	621,882	16	647,164	-	647,164		0
c) Others (specify)									-
(i) NRI	2,617	-	2,617	0	119	-	119		
SUB TOTAL (B)(2):	1,248,800	198,710	1,447,510	38	1,235,900	191,610	1,427,510		(0)
Total Public Shareholding (B)	1,248,800	201,510	1,450,310	38	1,235,900	194,410	1,430,310		(0)
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	3,608,490	201,510	3,810,000	100	3,615,590	194,410	3,810,000		-

II) SHAREHOLDING OF PROMOTERS:

Sl No.	Shareholders Name	Shareholding at the beginning of the year (As on 01-04-2017)			Shareholding at the end of the year (As on 31-03-2018)			% 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	Kashmirilal Ghanshyamdas HUF	22,500	0.59	-	22,500	0.59	-	0.00
2	Agarwal Arjundas Kashmirilal HUF	13,850	0.36	-	13,850	0.36	-	0.00
3	Kashmirilal Rajkumar HUF	13,950	0.37	-	13,950	0.37	-	0.00
4	Raj Kumar Kashmirilal HUF	14,000	0.37	-	14,000	0.37	-	0.00
5	"K.K. Agarwal HUF Kashmiri Lalagarwal"	11,450	0.30	-	11,450	0.30	-	0.00
6	Ghanshyam Das Agarwal HUF	136,736	3.59	-	136,736	3.59	-	0.00
7	Jainarayan Agarwal HUF	85,000	2.23	-	85,000	2.23	-	0.00
8	Vijay Kumar Agarwal HUF	49,000	1.29	-	49,000	1.29	-	0.00
9	K. Ghanshyamdass HUF	11,500	0.30	-	11,500	0.30	-	0.00
10	Kashmiri Lal Agarwal HUF	114,804	3.01	-	114,804	3.01	-	0.00

Sl No.	Shareholders Name	Shareholding at the beginning of the year (As on 01-04-2017)			Shareholding at the end of the year (As on 31-03-2018)			% 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	
11	Arjun Das Agarwal HUF	90,250	2.37	-	90,250	2.37	-	0.00
12	Kailash Kumar Agarwal (H.U.F)	31,150	0.82	-	31,150	0.82	-	0.00
13	Raj Kumar Agarwal	127,164	3.34	-	127,164	3.34	-	0.00
14	Surendra Kumar Agarwal HUF	27,650	0.73	-	27,650	0.73	-	0.00
15	Ravindra Agarwal HUF	30,500	0.80	-	30,500	0.80	-	0.00
16	Raghubir Agarwal HUF	39,500	1.04	-	39,500	1.04	-	0.00
17	Vijay Kumar Agarwal	57,800	1.52	-	57,800	1.52	-	0.00
18	Ashok Kumar Agarwal	75,896	1.99	-	75,896	1.99	-	0.00
19	Kashmiri Lal Agarwal	12,010	0.32	-	12,010	0.32	-	0.00
20	Ruchi Agarwal	35,500	0.93	-	35,500	0.93	-	0.00
21	Raj Kumar Agarwal	6,786	0.18	-	6,786	0.18	-	0.00
22	Kailash Kumar Agarwal	89,385	2.35	-	89,385	2.35	-	0.00
23	Surendra Kumar Agarwal	98,265	2.58	-	98,265	2.58	-	0.00
24	Ravindra Agarwal	106,066	2.78	-	106,066	2.78	-	0.00
25	Raghubir Prasad Agarwal	93,750	2.46	-	93,750	2.46	-	0.00
26	Renu Agarwal	7,400	0.19	-	7,400	0.19	-	0.00
27	Mridula Agarwal	7,300	0.19	-	7,300	0.19	-	0.00
28	Atma Devi Agarwal	10,000	0.26	-	10,000	0.26	-	0.00
29	Anuradha Agarwal	18,954	0.50	-	18,954	0.50	-	0.00
30	Raghavkumar Agarwal	10,054	0.26	-	10,054	0.26	-	0.00
31	Rachit Agarwal	5,600	0.15	-	5,600	0.15	-	0.00
32	Premlata Agarwal	20,000	0.52	-	20,000	0.52	-	0.00
	Sub Total	1,473,770	38.68	-	1,473,770	38.68	-	0.00
Body Corporate								
1	Achhar Investment Ltd.	227,400	5.97	-	227,400	5.97	-	0.00
2	Atishay Investment & Finance Pvt. Ltd.	4,500	0.12	-	4,500	0.12	-	0.00
3	Jainish Products Ltd.	242,850	6.37	-	242,850	6.37	-	0.00
4	Sacred Trading & Investment co. Ltd.	224,170	5.88	-	224,170	5.88	-	0.00
5	Sailesh Textile Manufacturing Co. Ltd.	207,000	5.43	-	207,000	5.43	-	0.00
	Sub Total	905,920	23.78	-	905,920	23.78	-	0.00
	Total	2,379,690	62.46	-	2,379,690	62.46	-	0.00

III) Change in Promoters Shareholding

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	2,379,690	0.62	2,379,690	0.62
2	transfer of shares				
3	At the end of the year			2,359,690	0.62

IV) Shareholding pattern of top 10 Shareholders* (Other than Directors, Promoters* and Holders of GDRs and ADRs):

S. No.	Particulars	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.17 to 31.03.18)	
		No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No of shares	% of total shares of the company
1	Kulvinder Singh							
		206,400	5.42	01.04.2017			206,400	5.42
			0.00	12.01.2018	14,328	Purchase	220,728	5.79
			0.00	19.01.2018	4,272	Purchase	225,000	5.91
		225,000	5.91	31.03.2018			225,000	5.91
2	Vinod Kumar Ohri							
		199,996	5.25	01.04.2017	NIL movement during the year		97,123	2.55
		199,996	5.25	31.03.2018			97,123	2.55
3	Veena K Jagwani							
		97,123	2.55	01.04.2017	NIL movement during the year		97,123	2.55
		97,123	2.55	31.03.2018			97,123	2.55
4	Mukesh Jain							
		53,614	1.41	01.04.2017	NIL movement during the year		53,614	1.41
		53,614	1.41	31.03.2018			53,614	1.41
5	Manishkumar Sumatilal Mehta							
		0	0.00	01.04.2017			-	
				16.03.2018	26,682	Purchase	26,682	0.70
		26682	0.70	31.03.2018			26,682	0.70

H. P. Cotton Textile Mills Limited



6	Swift Mail Communications Limited							
		0		01.04.2017			0	0
				01.12.2018	24,351	Purchase	24,351	0.64
		24,359	0.64	31.03.2018			24,351	0.64
7	Anil Bhavanji Shah							
		13,967	0.37	01.04.2017	NIL movement during the year		13,967	0.37
		13,967	0.37	31.03.2018				13,967
8	Mittal Polymers Pvt Ltd							
		0	0.00	01.04.2017			-	0.00
				02.02.2018	13,700	Purchase	13,700	0.36
		13700	0.36	31.03.2018	34	Purchase	13,700	0.36
9	Sangeetha S							
		10396	0.27	01.04.2017	NIL movement during the year		10,396	0.27
		10396	0.27	31.03.2018				10,396
10	Shri Parasram Holdings Pvt Ltd.							
		18399	0.48	01.04.2017			18,399	0.48
		-		14.04.2017	600	Purchase	18,999	0.50
		-		28.04.2018	1,000	Purchase	19,999	0.52
		-		19.05.2017	223	Purchase	20,222	0.53
		-		26.05.2017	(50)	Sale	20,172	0.53
		-		16.06.2017	1,000	Purchase	21,172	0.56
		-		30.06.2017	(360)	Sale	20,812	0.55
		-		07.07.2017	(213)	Sale	20,599	0.54
		-		14.07.2017	(10)	Sale	20,589	0.54
		-		28.07.2017	(260)	Sale	20,329	0.53
		-		04.08.2017	(92)	sale	20,237	0.53
		-		11.08.2017	(287)	Sale	19,950	0.52
		-		25.08.2017	(600)	Sale	19,350	0.51
		-		01.09.2017	800	Purchase	20,150	0.53
		-		08.09.2017	(800)	Sale	19,350	0.51
		-		15.09.2017	(46)	Sale	19,304	0.51
		-		29.09.2017	(233)	Sale	19,071	0.50

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		-		06.10.2017	(100)	Sale	18,971	0.50
		-		13.10.2017	(1,300)	Sale	17,671	0.46
		-		24.11.2017	245	Purchase	17,916	0.47
		-		01.12.2017	(245)	Sale	17,671	0.46
		-		30.12.2017	942	Purchase	18,613	0.49
		-		19.01.2018	1,657	Purchase	20,270	0.53
		-		02.02.2018	(13,694)	Sale	6,576	0.17
		-		09.02.2018	(457)	Sale	6,119	0.16
		-		23.03.2018	(50)	Sale	6,069	0.16
		6069.00		31.03.2018			6,069	0.16
11	Sushil Financial Services Pvt Ltd							
		11,260	0.30	01.04.2017			11,260	0.30
				07.04.2017	100	Purchase	11,360	0.30
				14.04.2017	(100)	Sale	11,260	0.30
				09.06.2017	10	Purchase	11,270	0.30
				16.06.2017	15	Purchase	11,285	0.30
				30.06.2017	(25)	Sale	11,260	0.30
				21.07.2017	30	Purchase	11,290	0.30
				28.07.2017	(30)	Sale	11,260	0.30
				04.08.2017	(11,240)	Sale	20	0.00
				11.08.2017	25	Purchase	45	0.00
				25.08.2017	10	Purchase	55	0.00
				01.09.2017	(55)	Sale	-	0.00
				08.09.2017	20	Purchase	20	0.00
				15.09.2017	(10)	Sale	10	0.00
				18.09.2017	10	Purchase	20	0.00
				22.09.2017	30	Purchase	50	0.00
				29.09.2017	(50)	Sale	-	0.00
				10.11.2017	40	Purchase	40	0.00
				17.11.2017	(40)	Sale	-	0.00
				01.12.2017	10	Purchase	10	0.00
				08.12.2017	5	Purchase	15	0.00
				15.12.2017	35	Purchase	50	0.00
				22.12.2017	(45)	Sale	5	0.00

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				30.12.2017	24	Purchase	29	0.00
				05.01.2018	(29)	Sale	-	0.00
				26.01.2018	30	Purchase	30	0.00
				02.02.2018	19	Purchase	49	0.00
				09.02.2018	5,749	Purchase	5,798	0.15
				16.12.2018	(39)	Sale	5,759	0.15
				09.03.2018	5	Purchase	5,764	0.15
				16.03.2018	100	Purchase	5,864	0.15
				23.03.2018	(5)	Sale	5,859	0.15
				30.03.2018	(100)	Sale	5,759	0.15
		5759	0.15	31.03.2018			5,759	0.15
12	Ninja Securites Pravite Limited							
		14131	0.37	01.04.2017			14,131	0.37
				07.04.2017	2,500	Purchase	16,631	0.44
				28.04.2017	3,136	Purchase	19,767	0.52
				05.05.2017	100	Purchase	19,867	0.52
				07.07.2017	500	Purchase	20,367	0.53
				14.07.2017	750	Purchase	21,117	0.55
				10.11.2017	128	Purchase	21,245	0.56
				17.11.2017	1,356	Purchase	22,601	0.59
				15.12.2017	500	Purchase	23,101	0.61
				30.12.2017	224	Purchase	23,325	0.61
				19.01.2018	1,725	Purchase	25,050	0.66
				26.01.2018	500	Purchase	25,550	0.67
				23.02.2018	1,132	Purchase	26,682	0.70
				16.03.2018	(26,682)	Sale	-	0.00
				23.03.2018	445	Purchase	445	0.01
		445	0.01	31.03.2018			445	0.01
13	Bhajjee Portfolio Ltd.							
		15169	0.40	01.04.2017			15,169	0.40
				07.04.2017	(148)	Sale	15,021	0.39
				14.04.2017	(500)	Sale	14,521	0.38
				30.06.2017	(3,750)	Sale	10,771	0.28

				29.09.2017	(40)	Sale	10,731	0.28
				05.01.2018	(2,590)	Sale	8,141	0.21
				12.01.2018	(1,674)	Sale	6,467	0.17
				19.01.2018	(296)	Sale	6,171	0.16
				09.02.2018	(2,101)	Sale	4,070	0.11
				16.02.2018	(1,010)	Sale	3,060	0.08
				16.03.2018	(3,060)	Sale	-	0.00
		0	0.00	31.03.2018			-	0.00

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Particulars	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.17 to 31.03.18)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
A.	Executive Directors :							
1	Mr. Raj Kumar Agarwal							
		6,786	0.18	01.04.2017	NIL movement during the year		6,786	0.18
		6,786	0.18	31.03.2018			6,786	0.18
2	Mr. Ashok Kumar Agarwal							
		75,896	1.99	01.04.2017	NIL movement during the year		75,896	1.99
		75,896	1.99	31.03.2018			75,896	1.99
3	Mr. Kailash Kumar Agarwal							
		89,385	2.35	01.04.2017	NIL movement during the year		89,385	2.35
		89,385	2.35	31.03.2018			89,385	2.35
B.	Non Executive Directors							
4	Mr. P D Agarwal							
		-	0.00	01.04.2017	NIL movement during the year		-	0.00
		-	0.00	31.03.2018			-	0.00
5	Mr. B C Talukdar							
		-	0.00	01.04.2017	NIL movement during the year		-	0.00
		-	0.00	31.03.2018			-	0.00
6	Mr. Mohan Lal jain							
		-	0.00	01.04.2017	NIL movement during the year		-	0.00
		-	0.00	31.03.2018			-	0.00

7	Mr. Anil Agarwalla						
		-	0.00	01.04.2017	NIL movement during the year	-	0.00
		-	0.00	31.03.2018		-	0.00
8	CA Ritu Bansal						
		-	0.00	01.04.2017	NIL movement during the year	-	0.00
		-	0.00	31.03.2018		-	0.00
C.	Key Managerial Personnel (KMPs)						
9.	MR. RAGHAVKUMAR AGARWAL (CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER)						
		10,054	0.26	01.04.2017	NIL movement during the year	-	0.26%
		10,054	0.26	31.03.2018		-	0.26%
10.	MR. SHASHI RANJAN KUMAR (Company Secretary)						
		-	0.00	01.04.2017	NIL movement during the year	-	0.00
		-	0.00	31.03.2018		-	0.00

VI) Indebtedness

(Indebtedness of the Company including Interest outstanding / accrued but not due for payment)

(₹ in Thousand)

Particulars	Unsecured Loans	Secured Loan	Letter of Credit	Cash Credit	WHR	Total Indebtedness
Indebtedness at the beginning of the financial year						
i) Principal Amount	693	77,179	45,953	78,696	-	202,521
ii) Interest due but not paid	-	794	-	-	-	794
iii) Interest accrued but not due	-	-	-	-	-	-
Total (i+ii+iii)	693	77,973	45,953	78,696	-	203,315
Change in Indebtedness during the financial year						
Additions	9	15,025	-	17,672	42,165	74,871
Reductions	-	-	19,974	-	-	19,974
Net Change	9	15025	(19,974)	17672	42165	54,897
Indebtedness at the end of the Financial Year						
i) Principal Amount	693	92,811	25,979	96,368	42,165	258,016
ii) Interest due but not paid	9	187	-	-	-	196
iii) Interest accrued but not due	-	-	-	-	-	-
Total (i+ii+iii)	702	92,998	25,979	96,368	42,165	258,212

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole Time Directors and/or Manager:**

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (₹ in Lacs)
	Name	Mr. Kailash Kumar Agarwal	Mr. Ashok Kumar Agarwal	Mr. Raj Kumar Agarwal	
	Designation	Managing Director	Joint Managing Director	Whole Time Director	
1	Gross salary				
	(a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	14.14	13.06	12.82	40.02
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	14.14	13.06	12.82	40.02

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (in ₹)
	Independent Directors	Mr. Bibhuti Charan Talukdar	Mr. Parshotam Das Agarwal	Mr. Mohan Lal Jain	Ms. Ritu Bansal	Mr. Anil Agarwalla	
1	Fee for attending board/committee meetings	80,000	85,000	65,000	80,000	-	310,000
2	Commission	-	-	-	-	-	-
3	Other- monthly allowances	-	-	-	-	-	-
	Total	80,000	85,000	65,000	80,000	-	310,000

c. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (in ₹)
	Designation	CEO & CFO	CS and Compliance Officer	
	Name	Mr. Raghav Kumar Agarwal	Mr. Shashi Ranjan Kumar	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11,06,019	9,44,509	20,50,528
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	1,106,019	944,509	2,050,528

VIII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2017-18, there was no penalty/punishment/ compounding of offences under the Companies Act, 2013.

For and on behalf of the Board

Mr. Kailash Kumar Agarwal
Managing Director
(DIN:00063470)

Mr. Ashok Kumar Agarwal
Joint Managing Director
(DIN:00046627)

Place: **New Delhi**
Dated: **7th August, 2018**

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies

(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no transactions, contracts and arrangements entered into during the year ended March 31, 2018 which were not at Arm's Length Basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of Related Party	Nature of Relationship	Nature of Contracts	Duration of Contracts	Salient terms	Date of Approval By Board	Amount Paid as advances, if any
Sanjay Mercantile Pvt. Ltd.	Associates	Leasing of Immovable Property	3 years	Yearly Rent ₹ 15000 per Acre	29.05.2015	₹ 1,50,000/-
Kashmiri Lal Agarwal HUF	Associates	Leasing of Immovable Property	3 years	Yearly Rent] ₹ 15000 per Acre	29.05.2015	₹ 60,000/-
Jai Narain Agarwal HUF	Associates	Leasing of Immovable Property	3 years	Yearly Rent ₹ 15000 per Acre	29.05.2015	₹ 15,000/-
Raghav Kumar Agarwal	Relative of Director	Any office or place of profit in the Company	N.A.	N.A.	12.02.2016 (CFO) & 12.08.2017 (CEO)	Nil
Ravindra Kumar Agarwal	Relative of Director	Any office or place of profit in the Company	N.A.	N.A.	28.05.2016	Nil
Surender Agarwal	Relative of Director	Any office or place of profit in the Company	N.A.	N.A.	12.02.2014	Nil
Jawala Prasad Ram Pat	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 108000/-		Nil
Supermax Promoters Pvt. Ltd.	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 36000		Nil
Siram Appartments Pvt. Ltd.	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 36000		Nil

For and on behalf of the Board

Mr. Kailash Kumar Agarwal
Managing Director
(DIN:00063470)

Mr. Ashok Kumar Agarwal
Joint Managing Director
(DIN:00046627)

Place: **New Delhi**Dated: **7th August, 2018**

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2018

a. The ratio of the remuneration of each Director to the median remuneration of the employees and the performance of the Company for the year 2017-18:

(₹ In lac)

Name of the Director	Title	Financial Year 2017-18	Financial Year 2016-17	No. of Stock options granted in Financial Year 2016-17	% increase of remuneration as compared to Previous Year	Ratio of remuneration to Ratio of remuneration to MRE*
Mr. Kailash Kumar Agarwal	Managing Director	18.29	11.20	Nil	63.30	21.80
Mr. Ashok Kumar Agarwal	Joint Managing Director	16.72	14.17	Nil	17.99	19.92
Mr. Raj Kumar Agarwal	Whole-time Director	15.70	10.21	Nil	53.77	18.71

* MRE – Median Remuneration of Employees.

b. The ratio of the remuneration of each Key Managerial Personnel (KMP) to the median remuneration of the employees and the performance of the Company for the year 2017-18:

(₹ In lac)

Name of the KMP	Title	Financial Year 2017-18	Financial Year 2016-17	No. of Stock options granted in Financial Year 2016-17	% increase of remuneration as compared to Previous Year	Ratio of remuneration to Ratio of remuneration to MRE
Mr. Shashi Ranjan Kumar	Company Secretary	9.99	0.62*	Nil	Nil	11.90
Mr. Raghavkumar Agarwal	CEO/CFO	13.69	3.15@	Nil	Nil	16.31
#Ms. Priyanka Singal	Company Secretary	Nil	0.87	Nil	Nil	Nil
§Mr. Ojaswi Singal	CFO	Nil	0.56	Nil	Nil	Nil

*Appointment in March 07, 2017

@ Appointed in November 04, 2016

#Resigned in September 09, 2016

§Resigned in May 04, 2016

c. The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹83915 p.a. and ₹83,897 p.a. in financial year 2017-18 and financial year 2016-17, respectively. The Increase/(decrease) in MRE (including WTDs) in financial year 2017-18, as compared to financial year 2016-17 was 0.02%.

d. During the year, there is increase in salary of WTD (including MD & JMD) by 42.52% and aggregate change in salary for KMPs as(82.20%) in financial year 2017-18 over financial year 2016-17.

e. The number of permanent employees on the rolls of the Company as on March 31, 2018 and March 31, 2017



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were 1418 and 1377, respectively. The Company's revenue increased during the financial year 2017-18 by approx 19.07% over financial year 2016-17. The Company incurred net profit/loss after tax and exceptional items of ₹ 235.41 Lacs as compared to the profit/loss of ₹(215.24) Lacs in last financial year.

- f. The Price Earning Ratio (P/E ratio) as at March 31, 2018 was 5 as compared to P/E ratio of (7.25) as at 31st March, 2017
- g. None of the Employees (who are not Directors) received remuneration in excess of the highest paid director.
- h. The remuneration and perquisites provided to the employees including that of the management are on par with industry levels. The nominated remuneration committee continuously reviews the compensation of Executive Directors & Key Managerial Personnel to align both the shortterm and long-term business objectives of the Company and to link compensation with the achievement of measurable performance goals; and
- i. It is affirmed that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board

Mr. Kailash Kumar Agarwal
Managing Director
(DIN:00063470)

Mr. Ashok Kumar Agarwal
Joint Managing Director
(DIN:00046627)

Place: **New Delhi**

Dated: **7th August, 2018**

BHARGAVA ASSOCIATES

Chartered Accountants

PD-101A, Ground Floor, Pitam Pura, Delhi-110034

E-mail bhargavaassociates.nsp@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of H. P. Cotton Textile Mills Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of H. P. Cotton Textile Mills Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance includes other comprehensive income), cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards (IND AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 standalone Ind AS 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true

H. P. Cotton Textile Mills Limited



and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2018, and its Profit (financial performance including other comprehensive income) its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative standalone Ind AS financial statements of the Company for financial year ended on 31st March, 2017 included in these standalone financial statements have been audited by predecessor auditors whose report for the year ended on 31st March, 2017 dated May 29th 2017 expressed an unmodified opinion on those financial statements.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 of sub-section (11) of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act,
 - (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure "B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:-
 - i) The Company has not disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For BHARGAVA ASSOCIATES
Chartered Accountants
Firm's Registration No. 000582N

(VIJAY AGGARWAL)

PARTNER

Membership No. 093387

Place : NEW DELHI

Date : 30.05.2018

BHARGAVA ASSOCIATES

Chartered Accountants

Annexure 'A' to the Independent Auditors' Report

(Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirement" of our report of even date)

- 1) In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
 - (b) According to the information and explanations given to us, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion in reasonable having regard to the size of the company and nature of its assets, No material discrepancies were noticed on such verification
 - (c) Based upon the audit procedure performed and according to the records of the company, the title deeds of all the immovable properties are held in the name of the Company.
- 2) In respect of its inventories:
 - (a) The management has physically verified the inventories. In our opinion , the frequency of verification is reasonable.
 - (b) The discrepancies noticed on verification between the physical stocks and the book records were not material and such discrepancies have been properly dealt with in the books of accounts.
- 3) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Act.
- 4) In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided any guarantees or security to the parties over under section 185 of the Act. In respect of investments made by the Company, the company has complied with the provision of section 186 of the Act.
- 5) According to the information and explanations given to us, the company has not accepted any deposit from the public during the year in terms of the provisions of section 73 to 76 of the Act or any other relevant provisions of the Company Act, 2013 and the rules made thereunder.
- 6) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 read with Companies (Cost Records and Audit) Amendment Rules, 2014 specified by the Central Government under Section 148 of the Act, and are of the opinion that prima facie the prescribed Cost records have been made and maintained, We have how ever, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 7) (a) According to the information and explanations given to us, the company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, value Added Tax, Service Tax, Custom Duty, Excise Duty Cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2018 for a period more than six months from the date they become payable.



H. P. Cotton Textile Mills Limited

- (b) According to the information and explanations given to us there is no disputed amount of Income Tax, Value Added Tax, Sales Tax, Excise Duty, Custom Duty, Service Tax and Goods and Service Tax.
- 8) Based on the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of loans and borrowings to the financial institutions, banks or debenture holders. The company did not have any outstanding loans and borrowings from government during the year.
- 9) The company has not raised any money by way of initial public offer, further public offer (including debt instruments) during the year. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- 10) In our opinion and according to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the year.
- 11) In our opinion the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Standalone Ind AS financial statements, as required by the applicable Indian accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore reporting under Clause 3(xiv) of the Order are not applicable.
- 15) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not entered into any non-cash transaction with directors or persons connected with him, therefore, reporting under Clause 3(xv) of the Order are not applicable.
- 16) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For BHARGAVA ASSOCIATES
Chartered Accountants
Firm's Registration No. 000582N

(VIJAY AGGARWAL)
PARTNER
Membership No. 093387

Place : NEW DELHI
Date: 30.05.2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 2(1) under the heading "Report on other legal and regulatory requirements" of our report of even date)

(Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"))

We have audited the internal financial controls over financial reporting of H. P. Cotton Textile Mills Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of



H. P. Cotton Textile Mills Limited

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BHARGAVA ASSOCIATES
Chartered Accountants
Firm's Registration No. 000582N

(VIJAY AGGARWAL)

PARTNER
Membership No. 093387

Place : NEW DELHI
Date: 30.05.2018

H. P. Cotton Textile Mills Limited



CIN: L18101HR1981PLC012274

Balance Sheet as at 31st March, 2018

(₹ in Lakh)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
a) Property, plant and equipment	3	2,175.38	744.76	777.78
b) Capital work in progress		35.93	1,021.68	-
c) Financial assets				
i) Other financial assets	4	401.11	261.02	123.66
d) Deferred tax asset (net)	5	79.01	128.15	10.11
e) Other non current assets	6	5.69	22.01	-
		2,697.12	2,177.62	911.56
Current assets				
a) Inventories	7	1,949.55	2,100.47	2,075.75
b) Financial assets				
i) Trade receivables	8	916.02	867.47	733.72
ii) Cash & cash equivalent	9	599.36	7.65	38.76
iii) Bank balances other than (ii) above	10	105.47	74.74	41.67
iv) Other financial assets	11	53.64	223.36	204.92
c) Other current assets	12	697.30	446.34	405.67
d) Current tax assets (net)	13	27.76	15.87	-
		4,349.11	3,735.91	3,500.49
		7,046.23	5,913.53	4,412.05
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	14	381.00	381.00	381.00
b) Other equity	15	1,517.39	1,276.02	1,544.76
		1,898.39	1,657.02	1,925.76
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	16	872.95	710.35	8.33
b) Provisions	17	291.15	281.87	237.08
		1,164.10	992.22	245.41
Current liabilities				
a) Financial liabilities				
i) Borrowings	18	1,652.14	1,253.41	1,054.49
ii) Trade payables	19	1,286.31	1,102.09	364.87
iii) Other financial liabilities	20	475.73	460.21	282.65
b) Other current liabilities	21	286.46	303.69	311.70
c) Provisions	22	283.09	144.88	221.22
d) Current tax liabilities (net)	23	-	-	5.94
		3,983.73	3,264.28	2,240.88
		7,046.23	5,913.53	4,412.05

Notes 1 to 48 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For Bhargava Associates

Chartered Accountants

Firm Regd No. 000582N

Vijay Aggarwal, FCA
(PARTNER)
M.No. 093387

Kailash Kumar Agarwal
Managing Director
DIN 00063470

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

Place : New Delhi
Date : 30/05/2018

For and on behalf of the Board of Directors

H. P. Cotton Textile Mills Limited

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Raghav Kumar Agarwal
Chief Executive Officer
& Chief Financial Officer

H. P. Cotton Textile Mills Limited



CIN: L18101HR1981PLC012274

Statement of Profit and Loss for the Year ended March 31, 2018

(₹ in Lakh)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
REVENUE			
Revenue from operations	24	10,744.95	9,023.89
Other income	25	80.04	45.98
		10,824.99	9,069.87
EXPENDITURE			
Cost of material consumed	26	5,354.28	4,683.20
Changes in stock-in-trade	27	(2.58)	5.80
Employee benefit expenses	28	2,300.04	1,841.45
Other expenses	29	2,740.43	2,588.41
Total expenses		10,392.16	9,118.85
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		432.82	(48.98)
Finance costs	30	251.20	168.39
Depreciation and amortization expense	31	161.49	108.04
Profit before tax & exceptional items		20.13	(325.41)
Exceptional items	32	334.40	-
Profit before tax but after exceptional items		354.53	(325.41)
Tax expenses	33		
Current tax (including earlier years)		72.29	4.92
Deferred tax		46.84	(115.09)
Total tax Expense		119.13	(110.17)
Profit/loss for the year		235.41	(215.24)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
'Remeasurement of post employment benefit obligations		8.26	(10.59)
Income tax relating to these items		(2.30)	2.95
Total Other Comprehensive Income		5.96	(7.64)
Total Comprehensive Income		241.37	(222.88)
Earning per share (In ₹)	34		
Basic		6.18	(5.65)
Diluted		6.18	(5.65)
Notes 1 to 48 form an intergral part of these financial statements.			

This is the Balance Sheet referred to in our report of even date.

For Bhargava Associates

Chartered Accountants

Firm Regd No. 000582N

Vijay Aggarwal, FCA
(PARTNER)
M.No. 093387

Kailash Kumar Agarwal
Managing Director
DIN 00063470

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

For and on behalf of the Board of Directors

H. P. Cotton Textile Mills Limited

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Raghav Kumar Agarwal
Chief Executive Officer
& Chief Financial Officer

Place : New Delhi

Date : 30/05/2018

Cash Flow Statement for the Year ended March 31, 2018

(₹ in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	354.53	(325.41)
<u>Adjustments for:</u>		
Depreciation and amortization	161.49	108.04
Employee benefit expenses on actuarial valuation	8.26	(10.59)
Profit on sale of Fixed Assets		(20.68)
Interest income	(79.37)	(18.82)
Interest expense	251.20	168.39
Interest and expenses for fair valuation of deposits	0.10	0.02
Operating profit before working capital changes	696.21	(99.05)
Movements in working capital :		
<i>Other Bank Balances</i>	(30.73)	(33.07)
Other Non Current Asset	16.32	(22.01)
Movement in other financial assets	(140.19)	(137.38)
Movement in trade receivables	(48.55)	(133.76)
Movement in current tax asset (net)	(11.89)	(15.87)
Movement in other current assets	(250.95)	(40.67)
Movement in other financial assets (Current)	169.71	(18.44)
Movement in inventories	150.92	(24.72)
Movement in current tax liabilities (net)	-	(5.94)
Movement in trade payables	184.22	737.22
Movement in other financial liabilities	15.52	177.55
Movement in other liabilities	(17.23)	(8.01)
Movement in provisions (Non-Current)	9.28	44.79
Movement in provisions (Current)	138.21	(76.34)
Cash generated from operations	880.84	344.31
Taxes paid	(72.29)	(4.92)
Net cash flow from operating activities	808.56	339.39
B. CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances	(606.35)	(1,102.74)
Proceeds from sale of fixed assets	-	26.72
Interest received	79.37	18.82
Net cash flow used in investing activities	(526.97)	(1,057.20)
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)-Non Current	162.60	702.02
Proceeds from Borrowings (Net)-Current	398.73	198.92
Dividend paid		(45.86)
Finance charges paid	(251.20)	(168.39)
Net cash flow from/(used in) financing activities	310.13	686.70
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	591.71	(31.12)
E. Cash and cash equivalents at the beginning of the year	7.65	38.76
F. Cash and cash equivalents at the end of the year (D+E)	599.36	7.65

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

For Bhargava Associates

Chartered Accountants

Firm Regd No. 000582N

Vijay Aggarwal, FCA
(PARTNER)
M.No. 093387

Kailash Kumar Agarwal
Managing Director
DIN 00063470

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

For and on behalf of the Board of Directors

H. P. Cotton Textile Mills Limited

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Raghav Kumar Agarwal
Chief Executive Officer
& Chief Financial Officer

Place : New Delhi

Date : 30/05/2018

H. P. Cotton Textile Mills Limited



CIN: L18101HR1981PLC012274

Statement Of Changes In Equity for the year ended March 31, 2018

(₹ in Lakh)

A. Equity share capital						
Balance as on April 1, 2016						1,806.82
Change in equity share capital						
Balance as on March 31, 2017						1,806.82
Change in equity share capital						
Balance as on March 31, 2018						1,806.82
B. Other equity						
Particulars	Capital reserve	General reserve	Retained earnings	Share premium	OCI Reserve	Total
Balance as on April 1, 2016	0.11	784.41	760.06	0.18		1,544.76
Profit for the year	-	-	(215.24)	-	-	(215.24)
Remeasurement of defined benefit obligations	-	-	-	-	(7.64)	(7.64)
Payment of dividend on equity shares	-	-	(38.10)	-	-	(38.10)
Payment of dividend distribution tax	-	-	(7.76)	-	-	(7.76)
Balance as on March 31, 2017	0.11	784.41	498.96	0.18	(7.64)	1,276.02
Profit for the year	-	-	235.41	-	-	235.41
Remeasurement of defined benefit obligations	-	-	-	-	5.96	5.96
Payment of dividend on equity shares	-	-	-	-	-	-
Payment of dividend distribution tax	-	-	-	-	-	-
Balance as on March 31, 2018	0.11	784.41	734.37	0.18	(1.68)	1,517.39

This is the Statement of Changes in Equity referred to in our report of even date.

For Bhargava Associates
Chartered Accountants
Firm Regd No. 000582N

For and on behalf of the Board of Directors
H. P. Cotton Textile Mills Limited

Vijay Aggarwal, FCA
(PARTNER)
M.No. 093387

Kailash Kumar Agarwal
Managing Director
DIN 00063470

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

Raghav Kumar Agarwal
Chief Executive Officer
& Chief Financial Officer

Place : **New Delhi**
Date : **30/05/2018**

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

Note 1: CORPORATE INFORMATION

H P cotton Textiles Mills Ltd. ('the Company') is a public company Domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It has its registered office at Delhi Road, V.P.O Mayar, Hisar. The Company is a leading manufacturer of cotton specialty yarns and cotton sewing threads catering to both local and Export Markets. The Shares of the Company are currently listed at Bombay Stock Exchange.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 and the guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements are prepared on accrual basis under the historical cost convention. The Ind AS are prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016.

The Company has adopted all the Ind AS Standards with effect from April 01, 2016 and the adoption are carried out in accordance with Ind AS 101, First -Time Adoption of Indian Accounting Standards with April 01, 2016 as transition date. The transition was carried out from IGAAP as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rule, 2014, which was previous GAAP.

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

ii. Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Difference between actual and estimates are recognized in the period in which the result are known/materialised.

iii. Property, Plant and Equipment

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under IND AS and hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation. All costs including borrowing costs relating to the acquisition and installation of property plant and equipment are capitalized.

Advances Paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Repair and maintenance cost of property, plant and equipments are charged to profit and loss as an expense in the period in which it is incurred. The cost and related accumulated depreciation are eliminated from the

financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss.

iv. **Intangible Assets**

Intangible assets are stated at cost less accumulated amount of amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

v. **Depreciation**

Depreciation on property plant and equipment is provided to the extent of depreciable amount on the 'Straight Line Method'. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

vi. **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its property plant and equipment to determine whether there is any indication that those property plant and equipment suffered an impairment loss. If any such indication exist the recoverable amount of the property plant and equipment is estimated to determine the extent of impairment loss and necessary adjustments is made there against Reversal of impairment loss is recognized as income in the profit and loss account.

vii. **Revenue Recognition**

Sales: The Company recognises revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the entity. Revenue from Sale of Goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control of the goods sold. Normally it is the point of dispatch of finished goods to the customers. Revenue reported is net of rebates, discounts, sales tax/value added tax/goods and service tax. Duty Drawbacks and other export incentives also form part of revenue.

Interest: Income from interest is recognised using the effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial Instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective Interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit loss.

Insurance and other Claims: Revenue in respect of claims is recognised when no significant uncertainties exists with regard to the amount to be realised and the ultimate collection thereof.

viii. **Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost of raw materials, loose yarn, color & chemicals, stores & spares, packing material and oil & fuel is determined using First in, First out (FIFO) formula and includes cost of purchase and other cost incurred in bringing the inventory to their present location and condition.

Work-in-progress is valued at raw material cost plus conversion cost incurred on them depending upon stage of completion.

Cost of finished goods include raw material cost, packing cost and other overheads incurred to bring the goods to their present location and condition.

Net realizable value of the inventories is measured at estimated selling price of each item of inventory in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale. Raw materials, loose yarn, color & chemicals, packing material etc. are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost.

ix. **Earnings per Share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented

x. **Government Grants**

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Government grant receivable as compensation for expenses or losses already incurred with no future related cost are recognized in profit or loss of the period in which it becomes receivable.

xi. **Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

xii. **Financial Instruments**

(a) **Initial recognition and measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Any purchase and sale of financial assets are accounted for at trade date.

(b) **Subsequent Recognition (Primary Financial Instruments)**

(i) **Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is measured at fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(c) Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind. AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

xiii. Fair value measurement of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used in determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

xiv. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be an outflow of resources, contingent Liabilities are not recognized but are disclosed in the notes, contingent Assets are neither recognized nor disclosed in the financial statements.

xv. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset and which are incurred upto the date the asset is put to commercial use are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xvi. Employees Benefits

(i) Short term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related service is rendered.

(ii) Post-Employment Benefits

(a) Defined Contribution Plans

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund.

The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(b) Defined Benefit Plans

Gratuity:

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

(iii) Long Term Employee Benefits

Leave Encashment:

The liability of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

xvii. Foreign Exchange Transactions

i) Functional and Presentation currency

The functional currency of the company is Indian rupee. These financial statements are presented in Indian rupee.

ii) Transaction and balances

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

xviii. Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is also recognized in equity or other comprehensive income respectively.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all

temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

xix. Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease under which the risks and rewards incidental to ownership are not transferred to lessee is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

xx. Cash and cash equivalents

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity period of three months or less from the balance sheet date, which are subject to an insignificant risk of changes in value.

xxi. Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

3 : Property, plant and equipment

	Freehold Land	Buildings	Plant & Machinery	Furniture and Fixtures	Office Equipments	Vehicles	Total
Cost or Deemed Cost							
As at April 1, 2016	20.77	611.39	3,575.39	54.12	65.74	222.43	4,549.84
Additions				1.19	5.89	73.98	81.06
Disposal	(0.03)	-	(0.93)	-	(0.79)	(26.77)	(28.53)
As at March 31, 2017	20.75	611.39	3,574.45	55.31	70.83	269.63	4,602.37
As at April 1, 2017	20.75	611.39	3,574.45	55.31	70.83	269.63	4,602.37
Additions		35.70	1,490.94	21.99	43.48	-	1,592.10
Disposal	-	-	-	-	-	-	-
As at March 31, 2018	20.75	647.09	5,065.40	77.30	114.32	269.63	6,194.48
Accumulated depreciation							
As at March 31, 2016	-	444.57	3,136.26	44.05	58.84	88.34	3,772.06
Charge for the year		16.96	53.19	1.19	4.49	32.22	108.04
Disposals	-	-	(0.89)	-	(0.75)	(20.85)	(22.49)
As at March 31, 2017	-	461.52	3,188.56	45.24	62.57	99.72	3,857.61
As at April 1, 2017	-	461.52	3,188.56	45.24	62.57	99.72	3,857.61
Charge for the year		7.26	112.12	2.11	8.36	31.65	161.49
Disposals	-	-	-	-	-	-	-
As at March 31, 2018	-	468.78	3,300.68	47.35	70.93	131.36	4,019.10
Carrying amount (net)							
As at April 1, 2016	20.77	166.82	439.12	10.08	6.90	134.09	777.78
As at March 31, 2017	20.75	149.87	385.89	10.08	8.26	169.92	744.76
As at March 31, 2018	20.75	178.31	1,764.71	29.95	43.39	138.27	2,175.38

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Summary of significant accounting policies and other explanatory information for the year ended March 31, 2018

(All amounts in ₹ lakhs, unless stated otherwise)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
4. Other Non-current financial assets			
Margin money	265.83	129.08	-
Security deposits (unsecured, considered good)	135.28	131.94	123.66
	401.11	261.02	123.66
5. Deferred tax assets (net)			
Tax effect of items constituting deferred tax liabilities			
Difference between accounting base and tax base of PPE	182.97	80.31	88.63
	182.97	80.31	88.63
Tax effect of items constituting deferred tax assets			
Unabsorbed losses/depreciation carried forward	21.79	93.06	-
Timing difference on account of expense allowable on payment basis	167.91	115.39	98.74
Mat credit entitlement	72.29	-	-
	261.98	208.45	98.74
	79.01	128.15	10.11
6. Other non current assets			
Prepaid lease rent	3.67	4.43	-
Capital advances	-	14.54	-
Prepaid expenses	2.03	3.04	-
	5.69	22.01	-
7. Inventories			
(valued at lower of cost or net realizable value)			
Raw materials	654.42	765.68	765.67
Work-in-progress*	820.48	832.15	615.20
Finished goods	219.53	235.81	448.92
Stores and spares	206.70	225.84	180.05
Purchase Goods In Transit	-	23.10	38.39
Return goods in transit	0.22		
Scrap	48.21	17.88	27.52
	1,949.55	2,100.47	2,075.75
	761.22	760.21	551.20
*Includes Loose Yarn			

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	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
8. Trade receivables			
Trade Receivables Outstanding for a Period Exceeding Six Months			
Secured, considered good	-	-	-
Unsecured, considered good	3.16	0.84	0.26
Other Trade Receivables			
Secured, considered good	86.07	135.97	482.45
Unsecured, considered good	826.79	730.67	251.01
	<u>916.02</u>	<u>867.47</u>	<u>733.72</u>
9. Cash and cash equivalents			
Cash and cash equivalents as presented in cash flow statement			
Cash in hand	5.19	6.55	4.98
Cheques, drafts in hand	-	-	1.00
Balances with banks			
- In Current Accounts	8.33	1.09	6.15
- Debit Balances in Cash Credit A/c - OBC	26.40	-	-
Deposits with maturity less than 3 months	559.43	-	26.63
	<u>599.36</u>	<u>7.65</u>	<u>38.76</u>
10. Other bank balances			
In fixed deposits	89.85	63.71	35.52
Interest accrued on fixed deposits	9.67	5.08	1.68
Unpaid Dividend	5.95	5.95	4.48
	<u>105.47</u>	<u>74.74</u>	<u>41.67</u>
11. Other current financial assets			
Insurance Claim Receivable (Refer Note 32)	50.89	220.61	204.92
Dues against acquisition of land	2.75	2.75	-
	<u>53.64</u>	<u>223.36</u>	<u>204.92</u>
12. Other current assets (Unsecured considered good unless otherwise stated)			
Prepaid expenses	19.20	15.84	12.82
Balances with government authorities			
Unsecured, considered good			
- VAT credit receivable	189.12	276.92	284.70

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	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
- Duty Drawback Receivable	8.00	18.18	13.33
- GST Receivable	402.56	-	-
Advance to suppliers	62.44	64.23	59.20
Others (Advance Receivable in Cash or in Kind)	15.97	71.18	35.62
	697.30	446.34	405.67
13. Current tax assets (net)			
Advance Tax (Net of Provision of Income Tax)	27.76	15.87	-
	27.76	15.87	-
14. Share capital			
Authorised			
4,250,000 (March 31, 2017: 4,250,000; April 1, 2016: 4,250,000) equity shares of ₹10 each	425.00	425.00	425.00
	425.00	425.00	425.00
Issued, subscribed & paid up			
18,039,926 (Previous year 18,015,689) equity shares of ₹ 10 each			
Shares at the beginning of the accounting period 38,10,000 Equity shares of ₹ 10/- each fully paid up in cash	381.00	381.00	381.00
	381.00	381.00	381.00

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

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
At the beginning of the year	3,810,000	38,100,000	3,810,000	38,100,000	3,810,000	38,100,000
Shares issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	3,810,000	38,100,000	3,810,000	38,100,000	3,810,000	38,100,000

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c) **Aggregate number of bonus shares issued, shares issued for consideration other than cash during the five years immediately preceding the reporting date :**

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
	Nos.	Nos.	Nos.	Nos.	Nos.
Equity Share issued pursuant to any contract without payment being received in cash.	Nil	Nil	Nil	Nil	Nil
Equity Shares bought back	Nil	Nil	Nil	Nil	Nil
Equity shares allotted as fully paid bonus shares by capitalization of free reserves	Nil	Nil	Nil	Nil	Nil

d) **Details of equity shareholders holding more than 5% shares in the Company as at March 31, 2018**

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Jainish Products Limited	242,850	6.37	242,850	6.37	227,750	5.98
Kulvinder Singh	225,000	5.91	206,400	5.42	219,780	5.77
Achhar Investments Limited	227,400	5.97	227,400	5.97	212,300	5.57
Sacred Trading and Investment Company Limited	224,170	5.88	224,170	5.88	209,070	5.49
Sailesh Textile Manufacturing Company Limited	207,000	5.43	207,000	5.43	207,000	5.43
Vinod kumar Ohri	199,996	5.25	199,996	5.25	199,996	5.25

15. **Other equity**

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities premium account	0.18	0.18	0.18
Retained earnings	734.37	498.96	760.06
OCI reserve	(1.68)	(7.64)	-
Capital reserve	0.11	0.11	0.11
General reserve	784.41	784.41	784.41
	<u>1,517.39</u>	<u>1,276.02</u>	<u>1,544.76</u>

For additions and deductions under each heads refer Statement of Changes in Equity

16. **Long term borrowings**

	Non-current portion			Current maturities		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured						
Kotak Mahindra Prime Limited	9.58	31.74	8.33	22.16	28.44	15.19
State Bank of India (ZLD plant loan)	207.58	130.07	-	33.00	33.00	-
State Bank of India Frankfurt	238.75	198.25	-	-	-	-
State Bank of India Tokyo	417.04	350.29	-	-	-	-
	<u>872.95</u>	<u>710.35</u>	<u>8.33</u>	<u>55.16</u>	<u>61.44</u>	<u>15.19</u>

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Details of repayment, rate of interest and security for borrowings -

1. The term loans from Kotak Mahindra Prime Ltd are secured by hypothecation of vehicles acquired under the respective loans.

2. The Term loan from State Bank of India and the letters of comfort given by it to State Bank of India Frankfurt and State bank of India Tokyo in respect of Foreign Currency Loans are secured by -

Primary security- First Charge by hypothecation of all fixed assets created from such bank finance.

Collateral security- First pari-passu charge on all fixed assets of the Company (other than the charge on fixed assets given as primary security); both present and future, with other consortium bank; Oriental Bank of Commerce Personal guarantees of - Mr. Raj Kumar Agarwal, Mr. Ashok Kumar Agarwal and Mr. Kailash Kumar Agarwal (promoters/directors of the Company in their personal capacity)

3. The Foreign Currency Term Loans from State Bank of India Frankfurt and State Bank of India Tokyo are secured by letter of Comfort given by State Bank of India to these banks.

c) Repayment schedule:

Particulars	Rate of Interest(%)	Terms of Repayment (in lacs)		
		2017-18	2016-17	2015-16
Kotak Mahindra Prime Ltd.	9.43	20.11	11.11	-
Kotak Mahindra Prime Ltd.	10.27	8.33	15.19	22.96
State bank of India(Zld plant)	9.00	33.00	-	-

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
17. Long term provisions			
Provision for gratuity obligation	228.74	209.42	177.51
Provision for compensated absences	62.41	72.45	59.57
	291.15	281.87	237.08

18. Short term borrowings

Cash credits from banks (secured)			
State Bank of India	875.00	489.50	373.22
Oriental Bank of Commerce		297.46	298.84
State Bank of India	88.68	-	-
WHR Disbursement	421.65	-	-
Letter of Credit:			
State Bank of India	259.79	264.46	204.81
Oriental Bank of Commerce	-	195.07	170.79
Unsecured			
Trade Deposits	7.02	6.93	6.83
	1,652.14	1,253.41	1,054.49

1. Cash credit and other working capital facilities are secured by the hypothecation of all current assets of the Company including stocks, receivables and other current assets both present and future, first and exclusive charge by way of hypothecation of Plant & Machinery & Miscellaneous Fixed Assets and collateral security of equitable mortgage of Factory Land & Building.

2. Cash Credits from State Bank of India are guaranteed by Sh .R. K. Agarwal, Sh. A.K. Agarwal and Sh. K.K. Agarwal, Promoter/Directors of the Company in their personal capacity.

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	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
19. Trade payables			
Trade payables	1,286.31	1,102.09	364.87
(Refer Note 42)	-	-	-
	<u>1,286.31</u>	<u>1,102.09</u>	<u>364.87</u>
20. Other financial liabilities			
Current maturities of long term debts	55.16	61.44	15.19
Unpaid Dividend	5.95	5.95	4.48
Interest Accrued But Not Due	1.87	7.94	4.29
Employee related payables	207.07	227.24	180.93
Other payables	205.68	157.64	77.77
	<u>475.73</u>	<u>460.21</u>	<u>282.65</u>
21. Other current liabilities			
Statutory Remittances	70.71	63.69	54.14
Advance from customers	215.74	239.99	257.56
	<u>286.46</u>	<u>303.69</u>	<u>311.70</u>
22. Provisions			
Provision for bonus	226.60	105.26	183.91
Provision for gratuity	36.22	25.15	14.29
Provision for leave salary	20.27	14.47	23.02
Proposed Dividend	-	-	-
Dividend distribution tax payable	-	-	-
	<u>283.09</u>	<u>144.88</u>	<u>221.22</u>
23. Current tax liabilities (net)			
Income tax	-	-	5.94
	<u>-</u>	<u>-</u>	<u>5.94</u>
24. Revenue from operations		For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products		10,744.95	9,023.89
Revenue from operations (gross)		<u>10,744.95</u>	<u>9,023.89</u>

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	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products comprises :		
Yarn & Threads	10,335.03	8,926.90
Less: Sales Returns	-	-
Less: Rebate & Discount	77.20	363.63
	10,257.83	8,563.27
Exchange Rate Fluctuations	2.36	2.49
Raw Material Scrap	347.49	275.20
Other Scrap	26.60	17.45
Duty Drawback and other export incentives	115.39	165.48
	10,744.95	9,023.89
25. (a) Other income		
Interest income on		
Margin money/Deposit	21.08	8.58
Interest from Customers		
Others (security deposit with DHVBN)	6.95	8.75
Interest from customers	-	0.25
Interest on early payment of trade payables	0.31	1.25
Profit on sale of fixed assets	-	20.68
Interest on Insurance Claim received	50.89	
Liabilities / provisions no longer required written back	-	5.73
Other income	0.14	0.49
Prior period income	-	0.14
Total (a)	79.37	45.86
25. (b) Other gains		
Interest on fair valuation of security deposits	0.67	0.12
Total (b)	0.67	0.12
	-	-
Total other income (a+b)	80.04	45.98
26. Cost of material consumed		
Raw Material:		
Cotton	4,012.86	3,282.57
Yarn	-	46.46
Man Made Fibre	74.17	65.66
Colour & Chemicals	835.07	883.44
Packing Materials	432.18	405.06
	5,354.28	4,683.20

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	For the year ended March 31, 2018	For the year ended March 31, 2017
27. Changes in inventories		
Inventories at the end of the year		
Finished Goods	219.75	235.81
Work-in-Progress	820.48	832.15
Cotton Scrap	48.21	17.88
	1,088.43	1,085.85
Inventories at the beginning of the year		
Finished goods	235.81	448.92
Work-in-progress	832.15	615.20
Cotton Scrap	17.88	27.52
	1,085.85	1,091.65
	-	-
Details of inventory (traded goods)	(2.58)	5.80
28. Employee benefit expenses		
Salaries and Wages	2,062.54	1,611.02
Contributions to Provident and Other Funds	142.74	141.59
Employee State Insurance	69.19	58.29
Staff Welfare Expenses	25.57	30.54
	2,300.04	1,841.45
29. Other expenses		
Consumption of Stores and Spare Parts	220.92	428.19
Material Lying More than 3 years	-	4.82
Power and Fuel	1,381.02	1,174.05
Earth Filling Expenses	6.41	11.39
Water	8.30	6.32
Rent including lease rentals	76.69	26.62
Repairs and Maintenance - Buildings	26.96	34.45
Repairs and Maintenance - Machinery	20.24	59.27
Operations and Maintenance - ZLD Plant	62.62	-
Repairs and Maintenance - Others	5.14	6.61
Insurance	15.11	13.21
Rates and taxes	9.32	18.73
Communication	12.80	11.83
Travelling and conveyance	74.74	70.41
Security Expenses	20.92	-
Vehicle expenses	48.78	47.13
Printing and stationery	11.87	10.23
Freight and forwarding	418.56	399.03

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sales commission	77.63	68.92
Advertisement	15.68	13.58
Business promotion	31.62	15.14
Bank charges	12.80	17.89
Interest on others	0.48	0.24
Legal and professional	89.58	57.23
Excess Provision written Back	0.77	-
Festival Expenses	11.35	28.03
Payment to Statutory Auditors - Audit Fee	12.00	9.12
- Reimbursement of Expenses	0.81	1.32
Sales Tax Paid	0.00	0.01
Prior period Expenses	0.99	1.75
Miscellaneous Expenses	65.53	52.78
Lease rental expenses on security deposits	0.76	0.14
	2,740.43	2,588.41

30. Finance costs

Interest Expense on Borrowings	196.39	125.76
Foreign exchange fluctuation	2.04	-
Other Borrowing Costs	52.78	42.63
	251.20	168.39

31. Depreciation and amortization expenses

Depreciation of tangible assets	161.49	108.04
	161.49	108.04

32. Exceptional items

- The exceptional items include excess Insurance Claim received as per the order of Hon'ble Delhi High Court amounting ₹ 129.58 Lakhs over and above claim receivable as per the books of accounts, interest on delayed payment of claim of ₹ 332.79 Lakhs and reimbursement of arbitration Expenses of ₹ 4.09 Lakh total amounting to ₹ 466.46 lakh related to a fire incident of FY 2010-11. Further, an interest of ₹ 50.89 Lakhs, which has been recognized in the current year is still receivable from the insurance company.
- The Company had made another insurance claim of ₹ 15.42 Lakh for a fire incident of factory in FY 2016-17. The claim was settled during the year for ₹ 4.79 Lakh. The company has accepted the claim settlement & included ₹ 10.63 Lakhs short claim received in exceptional item in the statement of Profit & Loss.
- Exceptional items also includes an amount of Bonus by way of ex-gratia at the rate of 11.67% amounting to ₹ 117.66 lakh paid to employee of the company at the time of payment of Bonus of FY 2016-17, out of which an amount of ₹ 103.08 Lakh was included in the Employee benefit expenses.
- Interest charges of ₹ 3.35 lakh & suit expenses of ₹ 0.42 lakh has been included in exceptional item in the Statement of Profit & Loss A/c, payable to M/s Veer Vardhman Textile Mills Limited as per order of additional Civil Judge, Hisar pertaining to liability standing in books of accounts for FY 2010-11.

	For the year ended March 31, 2018 (₹ in Lakhs)	For the year ended March 31, 2017 (₹ in Lakhs)
Detail of Exceptional Item		
(i) Insurance Claim (of FY 2010-11)	466.45	-
(ii) Insurance Claim (of FY 2016-17)	(10.63)	-
(iii) Bonus by way of ex-gratia for FY 16-17	(117.66)	-
(iv) 2010-11 Suit Interest & Charges	(3.76)	-
	334.40	-
33. Income tax		
Current tax		
Current tax on profits for the year	72.29	-
Adjustments for current tax of prior periods	-	4.92
Total current tax expense (a)	72.29	4.92
Deferred tax	49.14	(118.04)
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit) (b)	49.14	(118.04)
	-	-7
Total income tax expense (a+b)	121.43	(113.12)
34. Earnings per share		
Profit after tax	235.41	(215.24)
Nominal value per share (Rupees)	10.00	10.00
Weighted average number of equity shares for basic earnings per share	3,810,000.00	3,810,000.00
	-	-
Weighted average number of equity shares for diluted earnings per share	3,810,000.00	3,810,000.00
Earnings per share (in ₹)		
Basic earnings per share	6.18	(5.65)
Diluted earnings per share	6.18	(5.65)
35. Contingent liabilities and Commitments		
i) Contingent liabilities		
Contingent liabilities shall be classified as:		
Other money for which the company is contingently liable*	77.87	77.87
	77.87	77.87
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	20.00	109.80
	20.00	109.80

*The Entry tax was imposed by the Haryana Government but was struck down by the Hon'ble Punjab & Haryana High Court. The Haryana Government has gone into appeal before the Hon'ble Supreme Court of India against the judgement of Punjab & Haryana High Court. The liability of Entry Tax; if any, arising upon the judgement of Hon'ble Supreme Court of India will be provided during the year in which the judgement is passed by the Hon'ble Court.

36. Related Party Disclosures

(a) List of Related Parties and nature of relationship where control exists

Directors

Sh.Raj Kumar Agarwal
 Sh.Ashok Kumar Agarwal
 Sh.Kailash Kumar Agarwal
 Sh. B.C. Talukdar
 Sh. P.D. Agarwal
 Sh. M.L. Jain
 Smt. Ritu Bansal

Relationship

Whole Time Director
 Joint Managing Director
 Managing Director
 Independent Director
 Independent Director
 Independent Director
 Woman Independent Director

Key Managerial Personnel

Sh. Raj Kumar Agarwal
 Sh. Ashok Kumar Agarwal
 Sh. Kailash Kumar Agarwal
 Mr. Shashi Ranjan Kumar
 Sh. Raghav Kumar Agarwal

Relationship

Whole Time Director
 Joint Managing Director
 Managing Director
 Company Secretary
 Chief Executive Officer & Chief
 Financial Officer
 Ex Company Secretary
 Ex Chief Financial Officer

CS Priyanka Kansal upto 08/09/2016

CA Ojaswi Singhal upto 04/05/2016

Relatives of Key Managerial Personnel

Sh.Ravindra Agarwal
 Sh. Surendra Kumar Agarwal
 Sh. Raghav Kumar Agarwal

Persons/Entities in which Directors and Key Managerial Personnel are interested

Surender Kumar Agarwal H U F
 Raj Kumar Agarwal H U F
 Jawala Prasad Ram Pat
 Supermax Promoters Pvt Ltd.
 Siram Appartments Pvt.Ltd.
 Sanjay Mercantile Pvt.Ltd.
 Kashmiri Lal Agarwal H.U.F.
 Jai Narain Agarwal H.U.F.
 Achhar Investmets Ltd.
 Atishay Investments & Finance (P) Ltd.
 Jainish Products Ltd.
 Sacred Trading & Investment Co. Ltd.

(b) The following transactions were carried out with related parties in the ordinary course of business:-

Name of Related Party	Relationship	Current Year	Previous Year
Board Sifting Fees			
Sh.B. C. Talukdar	Director	0.80	1.15
Sh.P.D.Agarwal	Director	0.85	1.15
Sh.M. L. Jain	Director	0.65	1.15
Sh.Anil Agarwalla	Director	0.00	0.20
Smt.Ritu Bansal	Director	0.80	1.15
Salary / Reumeration			
Sh.Raj Kumar Agarwal	Whole Time Director	16.10	13.65
Sh.Ashok Kumar Agarwal	Joint Managing Director	16.45	15.82
Sh.Kailash Kumar Agarwal	Managing Director	16.90	13.00
Sh.Ravindra Agarwaal	Relative of Director	12.13	13.53
Sh.Surendra Kumar Agarwal	Relative of Director	11.89	12.63
Sh.Raghav Kumar Agarwaal	CEO & CFO/ Relative of Director	13.28	7.60
CS Shashi Ranjan Kumar	CS	10.04	0.62
CS Priyanka Kansal	Ex CS	0.00	1.10
CA Ojaswi Singhal	Ex CFO	0.00	1.40
Details of material contracts or arrangements or transactions at arm's length basis:			
Surender Kumar Agarwal H U F	Associates	0.00	0.81
Raj Kumar Agarwal H U F	Associates	0.00	0.81
Jawala Prasad Ram Pat	Associates	1.08	1.08
Supermax Promoters Pvt Ltd.	Associates	0.36	0.36
Siram Appartments Pvt.Ltd.	Associates	0.36	0.36
Sanjay Mercantile Pvt.Ltd.	Associates	1.50	1.50
Kashmiri Lal Agarwal H.U.F.	Associates	0.60	0.60
Jai Narain Agarwal H.U.F.	Associates	0.15	0.15

37. Fair value measurements

Financial instruments by category

	March 31, 2018			March 31, 2017			April 1, 2016		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Other financial assets (Non current)	-	-	401.11	-	-	261.02	-	-	123.66
Trade receivables	-	-	916.02	-	-	867.47	-	-	733.72
Cash and cash equivalents	-	-	599.36	-	-	7.65	-	-	38.76
Other bank balances	-	-	105.47	-	-	74.74	-	-	41.67
Other financial assets (current)	-	-	53.64	-	-	223.36	-	-	204.92
Total financial assets	-	-	2,075.61	-	-	1,434.24	-	-	1,142.74
Financial liabilities									
Borrowings	-	-	2,525.10	-	-	1,963.76	-	-	1,062.82
Trade payables	-	-	1,286.31	-	-	1,102.09	-	-	364.87
Other financial liabilities	-	-	475.73	-	-	460.21	-	-	282.65
Total financial liabilities	-	-	4,287.14	-	-	3,526.06	-	-	1,710.35

(i) Fair value hierarchy

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2018

Financial assets

	Level 1	Level 2	Level 3	Total
Security deposits	-	-	135.28	135.28

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2017

Financial assets

	Level 1	Level 2	Level 3	Total
Security deposits	-	-	131.94	131.94

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

- (i) Specific valuation techniques used to value financial instruments include the use of quoted market prices and NAV of the instrument.
- (ii) Fair value of financial assets and liabilities measured at amortised cost.

	March 31, 2018		March 31, 2017		April 1, 2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Assets						
Loans						
Security deposits	139.07	135.28	136.39	131.94	123.66	123.66

The carrying amount of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using the current deposit rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

38. Financial Instruments

A. Capital Risk Management

The Company's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Company determines the amount of capital required on the basis of target debt equity ratio.

The Company monitors capital on the basis of total debt to total equity on a periodic basis. The following table summarizes the capital of the Company:

Capital	As at March 31, 2018	As at March 31, 2017
Long term borrowings (including current maturities)	928.11	771.79
Short term borrowings	1,652.14	1,253.41
Total debt	2,580.25	2,025.20
Equity share capital	381.00	381.00
Other equity	1,517.39	1,276.02
Total equity	1,898.39	1,657.02
Debt Equity Ratio	1.36	1.22

The Company's objective is to keep the debt equity ratio below/above and the same is achieved during the years.

B. Financial Risk Management

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk, liquidity risk and credit risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Company's operational and financial performance.

Market Risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk for the company arises primarily from foreign currency risk and interest rate risk.

Credit risk: Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. The credit limit of each customer is defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to overseas customers are generally covered by letters of credit.

Liquidity Risk :

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows

	Less than 1 year	Between 1 and 5 years	Carrying amounts
As at March 31, 2017			
Borrowings (long term and short term)	1,253.41	710.35	1,963.76
Interest payable	-	-	-
Trade payables and other accruals	1,562.30	-	1,562.30
As at March 31, 2018			
Borrowings (long term and short term)	1,652.14	872.95	2,525.10
Interest payable	-	-	-
Trade payables and other accruals	1,762.04	-	1,762.04

39. Employee Benefits

Employee benefit obligations

	March 31, 2018			March 31, 2017			April 1, 2016		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Contribution to Provident Fund	70.71	-	70.71	63.69	-	63.69	54.14	-	54.14
Gratuity	36.22	228.74	264.96	25.15	209.42	234.57	14.29	177.51	191.80
Leave obligations	20.27	62.41	82.68	14.47	72.45	86.92	23.02	59.57	82.60
Total employee benefit obligations	127.20	291.15	418.35	103.31	281.87	385.18	91.45	237.08	328.53

(a) Balance sheet amounts- Gratuity

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation
Balance as at April 1, 2016	191.80
Current service cost	41.20
Interest expense/(income)	15.34
Total amount recognised in profit or loss	248.34
<i>Remeasurements</i>	
(Gain)/loss from change in demographic assumptions	
(Gain)/loss from change in financial assumptions	9.86
(Gain)/ loss arising from Experience (gains) / losses	0.73
Total amount recognised in other comprehensive income	10.59
Benefit payments	(24.36)
Balance as at March 31, 2017	234.57
Balance as at April 1, 2017	234.57
Current service cost	45.27
Interest expense/(income)	17.69
Total amount recognised in profit or loss	62.96
<i>Remeasurements</i>	
Past Service Cost including curtailment Gains/Losses	13.29
(Gain)/loss from change in financial assumptions	(4.46)
(Gain)/ loss arising from Experience (gains) / losses	(3.81)
Total amount recognised in other comprehensive income	5.02
Benefit payments	(37.59)
Balance as at March 31, 2018	264.96

The net liability disclosed above relates to unfunded plans are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Present value of funded obligations	264.96	234.57	191.80
Unfunded Provision	(264.96)	(234.57)	(191.80)

(b) Assumptions:

1. Economic assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Future salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	7.73%	7.54%	8.00%
Future salary growth rate	6.00%	6.00%	6.00%

2. Demographic Assumptions

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company, business plan, HR Policy etc as provided in the relevant accounting standard. Attrition rates as given below have been received as input from the company.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Retirement age	58	58	58
Withdrawal rate, based on age			
Upto 30 years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%
Mortality rate	100% of IALM	100% of IALM	100% of IALM

(c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Impact on defined benefit obligation

Particulars	As at March 31, 2018	As at March 31, 2017
a) Impact of the change in discount rate		
Present value of Obligation at the end of the period	264.96	234.57
Impact due to increase of 0.50%	(11.50)	(10.93)
Impact due to decrease of 0.50%	12.48	11.86

b) Impact of the change in salary increase

Present value of Obligation at the end of the period	264.96	234.57
Impact due to increase of 0.50%	12.63	11.98
Impact due to decrease of 0.50%	(11.73)	11.13

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated. Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(iv) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

a) Salary Increases – Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

b) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

c) Discount Rate – Reduction in discount rate in subsequent valuations can increase the plan's liability.

d) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

e) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

40. Lease Commitments

A. Non-cancellable operating leases

The premises are taken on lease for a lease term for ten years including the lock-in period ranging from three to six years.

The minimum lease payments over the lease term (at present value) are as under:

Start of the period	1-Mar-17
End of the period	1-Mar-26
Discount rate	5.75%

Particulars	As at March 31, 2018	As at March 31, 2017
Payable within 1 year	48.29	51.06
Payable between 1-5 years	187.80	191.13
Payable after 5 years	98.09	143.04
	334.17	385.24

H. P. Cotton Textile Mills Limited



41. Operating Segments

The business activity of the company fall within the single primary business segment viz Textile (spinning). Hence there is no other reportable segment as per Ind As 108 "Operating segments"

42. Assets pledged as security

The carrying amounts of asset pledged as security for current and non-current borrowings are:

	March 31, 2018	March 31, 2017	April 1, 2016
Current			
Financial assets			
i) Trade receivables	916.02	867.47	733.72
ii) Cash & cash equivalent	599.36	7.65	38.76
iii) Bank balances other than (ii) above	105.47	74.74	41.67
iv) Other financial assets	53.64	223.36	204.92
Non-financial assets			
i) Inventories	1,949.55	2,100.47	2,075.75
ii) Other current assets	697.30	446.34	405.67
Total current assets pledged as security	4,321.35	3,720.03	3,500.49
Non-current			
Financial assets			
i) Other financial assets	401.11	261.02	123.66
Non-financial assets			
i) Property, plant & equipment	2,175.38	744.76	777.78
	-	-	-
Total non-current assets pledged as security	2,576.49	1,005.78	901.45
	-	-	-
Total assets pledged as security	6,897.84	4,725.82	4,401.94

43. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act")

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
i) Principal amount due to suppliers under MSMED Act	-	-	-
ii) Interest accrued and due to suppliers under MSMED Act on the above amount	-	-	-
iii) Payment made to suppliers (other than interest) beyond appointed day during the year	-	-	-
iv) Interest paid to suppliers under MSMED Act	-	-	-
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-	-
v) Interest due and payable to suppliers under MSMED Act towards payments already made	-	-	-
vi) Interest accrued and remaining unpaid at the end of the accounting year	-	-	-
vii) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-	-
	-	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

	For the year ended March 31, 2018 ₹ in Lakhs	For the year ended March 31, 2017 ₹ in Lakhs
44. Foreign Exchange earning and Out - Go		
Description		
FOB value of exports	7,828.95	6,276.33
	<u>7,828.95</u>	<u>6,276.33</u>
CIF value of imports		
Packing Material	-	-
Components, stores & spare parts	12.06	33.25
Capital goods	63.51	889.02
	<u>75.57</u>	<u>922.27</u>
45. Expenditure in foreign currency		
Description		
Travelling and conveyance	33.11	21.32
Commission on export sales	66.39	64.18
Professional charges	-	4.14
Foreign bank charges	9.24	8.20
Total	<u>108.75</u>	<u>97.84</u>

46. Corporate social responsibility

The provisions of Section 135 of the Act, regarding Corporate Social Responsibility are not attracted to the Company as the Company does not fall under the threshold limit of net worth of ₹ 500 crore or turnover of ₹ 1,000 crores or a net profit of ₹ 5 Crore during the financial year.

47. Reconciliations between previous GAAP and Ind AS

1. Reconciliations of equity

Particulars	As at March 31, 2017			As at April 1, 2016		
	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Assets						
Non-current assets						
Property, plant and equipment	744.76	-	744.76	777.78	-	777.78
Capital work in progress	1,021.68	-	1,021.68	-	-	-
Other intangible assets						
Financial assets						
Investments						
Other financial assets	265.47	(4.45)	261.02	123.66	-	123.66
Deferred tax assets	128.15	-	128.15	10.11	-	10.11
Other non current assets	22.01	-	22.01	-	-	-
Total non-current assets	<u>2,182.07</u>	<u>(4.45)</u>	<u>2,177.62</u>	<u>911.56</u>	<u>-</u>	<u>911.56</u>

Particulars	As at March 31, 2017			As at April 1, 2016		
	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Current assets						
Inventories	2,100.47	-	2,100.47	2,075.75	-	2,075.75
Financial assets						
Trade receivables	867.47	-	867.47	733.72	-	733.72
Cash and cash equivalents	7.65	-	7.65	38.76	-	38.76
Bank balances other than above	74.74	-	74.74	41.67	-	41.67
Other financial assets	223.36	-	223.36	204.92	-	204.92
Other current assets	441.91	4.43	446.34	405.67	-	405.67
Current tax assets (net)	15.87	-	5	-	-	-
Total current assets	3,731.48	4.43	3,735.91	3,500.49	-	3,500.49
	-	-	-	-	-	-
Total Assets	5,913.55	(0.02)	5,913.53	4,412.05	-	4,412.05
Equity and liabilities						
Equity						
Equity share capital	381.00	-	381.00	381.00	-	381.00
Other equity	1,276.04	(0.02)	1,276.02	1,498.90	45.86	1,544.76
Total equity	1,657.04	(0.02)	1,657.02	1,879.90	45.86	1,925.76
Liabilities						
Non-current liabilities						
Financial liabilities						
Borrowings	710.35	-	710.35	8.33	-	8.33
Provisions	281.87	-	281.87	237.08	-	237.08
Total non-current liabilities	992.22	-	992.22	245.41	-	245.41
Current liabilities						
Financial liabilities						
Borrowings	1,253.41	-	1,253.41	1,054.49	-	1,054.49
Trade payables	1,102.09	-	1,102.09	364.87	-	364.87
Other financial liabilities	460.21	-	460.21	282.65	-	282.65
Other current liabilities	303.69	-	303.69	311.70	-	311.70
Provisions	144.88	-	144.88	267.08	(45.86)	221.22
Current tax liabilities	-	-	-	5.94	-	5.94
Total current liabilities	3,264.28	-	3,264.28	2,286.74	(45.86)	2,240.88
	-	-	-	-	-	-
Total liabilities	4,256.51	-	4,256.51	2,532.15	(45.86)	2,486.29
	-	-	-	-	-	-
Total equity and liabilities	5,913.55	(0.02)	5,913.53	4,412.05	-	4,412.05

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

2. Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars	Notes	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Income				
Revenue from operations		9,023.89	-	9,023.89
Other income		45.86	0.12	45.98
Total revenue		9,069.76	0.12	9,069.87
Expenses				
Purchase of stock in trade		4,683.20	-	4,683.20
Changes in stock of finished goods, Stock-in-Trade and work-in-progress		5.80	-	5.80
Employee benefit expenses		1,852.04	(10.59)	1,841.45
Finance costs		168.39	-	168.39
Depreciation and amortisation expense		108.04	-	108.04
Other expenses		2,588.27	0.14	2,588.41
Total expenses		9,405.74	(10.45)	9,395.29
		-	-	-
Profit/(loss) before exceptional items and tax		(335.98)	10.57	(325.41)
Exceptional items		-	-	-
Profit/(loss) before tax		(335.98)	10.57	(325.41)
Income tax expense				
Current tax		4.92	-	4.92
Deferred tax		118.04	2.95	115.09
Profit/(loss) for the year		(222.86)	7.62	(215.24)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of post employment benefit obligations		-	(10.59)	(10.59)
Income tax relating to these items		-	2.95	2.95
Other comprehensive income/(loss) for the year		-	(7.64)	(7.64)
		-	-	-
Total comprehensive income/(loss) for the year		(222.86)	(0.02)	(222.88)

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

3. Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	As at March 31, 2017	As at April 1, 2016
Total equity as per previous GAAP	1,657.04	1,879.90
Adjustments		
Reversal of dividend proposed	-	38.10
Reversal of DDT	-	7.76
Interest income from security deposit	0.12	
Prepaid Lease rental	(0.14)	-
Total adjustments	<u>(0.02)</u>	<u>45.86</u>
	-	-
Total equity as per Ind AS	<u>1,657.02</u>	<u>1,925.76</u>

4. Reconciliation of total comprehensive income for March 31 2017

Particulars	March 31, 2017
Net profit as per previous GAAP	(222.86)
Adjustments	
Employee Benefit expenses (Gratuity)	10.59
Interest on fair valuation of Security deposits	0.12
Lease rental expenses	(0.14)
Actuarial loss on Defined Benefit Obligation	(10.59)
Total adjustments	<u>(0.02)</u>
	-
Net profit under Ind As	<u>(222.88)</u>

48. Notes to first-time adoption

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. The transition to Ind AS has been carried out in accordance with Ind AS 101- 'First time adoption of Indian Accounting Standards' with 1st April 2016 as the transition date.

This note explains the exemptions availed by the company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April 2016 and financial statements as at and for the year ended 31st March 2017 in accordance with Ind AS 101.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- (1) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.
- (2) The estimates at 1st April 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies)
- (3) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April 2016.

Principle Adjustments made by the Company

1. Financial instruments measured at amortized cost

Under Indian GAAP, security deposits are recorded at their transaction value. Under Ind AS, these security deposits are to be measured at amortized cost on the basis of effective interest rate method. Due to this, security deposits has been decreased and difference between carrying amount and amortized cost has been recognized as 'Prepaid lease rental' under the head 'Other non-current assets' (31st March 2017 4.58 Lakhs). Further, lease rental expenses under the head 'other expense' has been recorded due to amortisation of the security deposit of 0.13 Lakhs which is offset by the notional interest income on security deposit of 0.12 Lakhs for the year ended 31st March 2017.

2. Capital Grant

Under Indian GAAP, certain capital grant received from Government as 'Promoter Contribution' is shown under the head 'Capital reserve'. Under Ind AS, such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received. This has resulted in decrease in capital reserve by ₹ 30.10 Lakhs with a corresponding adjustment of same amount in retained earnings both as at 1st April 2016 and 31st March 2017.

3. Proposed Dividend

Under Indian GAAP, proposed dividend (including Dividend Distribution Tax) is recognized as a liability in the period to which it relates, irrespective of when it is declared. Under Ind AS, proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

4. Defined benefit Obligation

Under Ind AS, re-measurements i.e. actuarial gains are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these re-measurements were forming part of the profit or loss. Therefore, actuarial loss amounting to ₹ 10.59 lakhs for the financial year 2016-17 has been recognized in OCI which was earlier as recognized under the head 'Employee Benefits' expense. However, the same has no impact on the total equity as at 31st March, 2017.

₹ 10.59 Lakhs for the financial year 2016-17 has been recognized in OCI which was earlier as recognized under the head 'Employee Benefits' expense. However, the same has no impact on the total equity as at 31st March, 2017.

5. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. The transaction costs wherever considered material has been accounted for recognition of financial liabilities.

For Bhargava Associates

Chartered Accountants

Firm Regd No. 000582N

For and on behalf of the Board of Directors

H. P. Cotton Textile Mills Limited

**Vijay Aggarwal, FCA
(PARTNER)
M.No. 093387**

**Kailash Kumar Agarwal
Managing Director
DIN 00063470**

**Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627**

**Place : New Delhi
Date : 30/05/2018**

**Shashi Ranjan Kumar
Company Secretary
Membership No 8556**

**Raghav Kumar Agarwal
Chief Executive Officer
& Chief Financial Officer**

H. P. Cotton Textile Mills Limited





**Form No. MGT-11
Proxy Form**

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

H P COTTON TEXTILE MILLS LIMITED

CIN: L18101HR1981PLC012274

Regd. Off.: 15th K. M. Stone, Delhi Road, V.P.O.-Mayar (Hisar), Haryana

Name of the member(s):	
Registered address:	
E- mail Id:	
Folio No./Client ID	
DP ID	

I/We being a member(s) of _____ shares of the above named Company, hereby appoint

- Name: Address:
E-mail Id: Signature: or failing him;
- Name: Address:
E-mail Id: Signature: or failing him;
- Name: Address:
E-mail Id: Signature:

and whose signatures are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 37th Annual General Meeting of the Company to be held on Saturday, 22nd September, 2018 at 11.30 A.M. at 15th K. M. Stone, Delhi Road, V.P.O. Mayar, Hisar (Haryana) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	FOR I/We assent to the Resolution	AGAINST I/We dissent to the Resolution
1. Consider and adopt:		
a) Audited Financial Statements,		
b) Reports of the Board and Auditors		
2. Declaration of Dividend		
3. Re –appointment of Mr. Ashok Kumar Agarwal, who retires by rotation		
4. Appointment of Statutory Auditor		
5. Continuance of appointment of Mr. B.C. Talukadar, Non-Executive, Independent Director		

Signed this Saturday, the 22nd day of September, 2018.

Affix
Rupee 1/-
Revenue
Stamp

Signature of shareholder

Signature of the Proxy Holders

1. 2. 3.

Notes:

- The proxy form duly signed across the Revenue Stamp must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- A proxy need not be a member of the Company.
- This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

ROUTE MAP



AGM Venue Route Map

Venue Address

15th K.M. Stone, Delhi Road, V.P.O. Mayar
Hisar-125044 (Haryana)

Route from Hisar

Straight through Dabra Chowk onto Delhi road/ Mall road
Turn on to NH-10
Cross Vid Textile Mills Limited

H. P. Cotton Textile Mills Limited





H. P. COTTON TEXTILE MILLS LIMITED

CIN: L18101HR1981PLC012274

Regd. Off.: 15th K. M. Stone, Delhi Road, V.P.O.-Mayar (Hisar), Haryana

37th ANNUAL GENERAL MEETING

Date: Saturday, 22nd September, 2018 at 11.30 A.M.

ATTENDANCE SLIP

(Please Complete the Attendance Slip and hand it over at the entrance of the Meeting Hall and also bring your copy of the Annual Report)

I hereby record my presence at the 37th Annual General Meeting of the Company being held on Saturday, 22nd September, 2018 at 11.30 A.M. at the Registered Office of the Company at **15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125 044 (Haryana).**

.....
Full name of the shareholder/Proxy Signature

(In Block Letters)

Folio No./DP ID & Client ID

No. of Shares Held:



CORPORATE OFFICE
F-0, The Mira Corporate Suites,
1 & 2, Old Ishwar Nagar, Mathura Road, New Delhi - 110065, India