



3rd Annual Report 2012-2013

H.P. Cotton Textile Mills Limited

REGISTERED / CORPORATE OFFICE AND WORKS

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BOARD OF DIRECTORS

Shri Raj Kumar Agarwal, Whole Time Director
Shri Ashok Kumar Agarwal, Deputy Managing Director
Shri Kailash Kumar Agarwal, Deputy Managing Director
Shri Parshotam Das Agarwal, Director
Shri Bibhuti Charan Talukdar, Director
Shri Anil Agarwalla, Director
Shri Mohan Lal Jain, Director

BANKERS

State Bank of Patiala
Oriental Bank of Commerce

AUDITORS

A.K. Associates, New Delhi

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

NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of H.P.Cotton Textile Mills Limited will be held on Saturday, the 07th day of September, 2013 at 3:00 p.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 receive, consider and adopt Audited Balance Sheet of the Company as at 31stMarch, 2013 and Statement of Profit and Loss for the financial year ended on that date along with the report of the Directors and Auditors thereon.
2. To Declare Dividend.
3. To appoint a Director in place of Sh. Ashok Kumar Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. Mohan Lal Jain who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. **To consider and if thought fit, to pass with or without modification(s) the following resolution as special resolution:-**

"Resolved that pursuant to the provisions of section 198, 269, 309, 310 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals/ consents/ sanctions/ permission as may be necessary and pursuant to the recommendation of the Remuneration Committee of the Board, the approval of the members be and is hereby accorded for revision of remuneration of Shri Raj Kumar Agarwal, Whole Time Director of the company w.e.f. 01stJuly, 2013 for the remaining period of his tenure i.e. upto 30th June, 2016 in accordance within the limits specified in the revised Schedule XIII under the Companies Act, 1956.

Salary Basic	: ₹ 68100 per month
HRA	: HRA 25% of Basic Salary
Medical	: Re-imbursment of medical expenses for self and family upto a limit of 5% of Basic salary per annum.
LTA	: Re-imbursment of Leave Travel Concession expenses for self and family upto a limit of 5% of Basic salary per annum.
Bonus	: As per company rule
Encashment of un-availed leave at the time of retirement/cessation of service shall not be included in the computation of the ceiling on remuneration.	

"Resolved Further That the Board of Directors of the company is hereby authorized, to do all such acts, deeds and things as may be required in order to comply with the provisions of the Companies Act, 1956 and to give effect to the above resolution."

"Resolved Further that the Board of Directors be and is hereby authorized to alter, vary or modify the remuneration of Shri Raj Kumar Agarwal within the limits specified in Part – II of Schedule XIII of the Companies Act, 1956 for the remaining period of his tenure i.e. upto 30th June, 2016."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as special resolution:-

"Resolved that pursuant to section 314(1B) and other applicable provisions, if any, and subject to such other requisite approvals, if any, approval of the members be and is hereby accorded to the revision in the terms and conditions of remuneration payable to Shri Kashmiri Lal Agarwal, Advisor (Commercial & Technical) of the Company, with effect from 01st July, 2013 for the remaining period of his tenure i.e. upto 31st July, 2014 on the following revised terms:-

Salary	: ₹ 100000 (consolidated) per month
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"Resolved Further That the Board of Directors of the company be and is hereby authorized, to do all such acts, deeds and things as may be required in order to comply with the provisions of the Companies Act, 1956 and to give effect to the above resolution."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as special resolution:-

"Resolved that pursuant to section 314(1B) and other applicable provisions, if any, and subject to such other requisite approvals, if any, approval of the members be and is hereby accorded to the revision in the terms and conditions of remuneration payable to Shri Ravindra Agarwal, President (Commercial) of the Company, with effect from 01st July, 2013 for the remaining period of his tenure i.e. upto 30th June, 2016 on the following revised terms:-

Salary Basic	: ₹ 63000 per month
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HRA	: HRA 25% of Basic Salary
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Medical	: Re-imburement of medical expenses for self and family upto a limit of 5% of Basic salary per annum.
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LTA	: Re-imburement of Leave Travel Concession expenses for self and family upto a limit of 5% of Basic salary per annum.
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Bonus	: As per company rule
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P.F	: As per law
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Gratuity	: As per law
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"Resolved Further That the Board of Directors of the company be and is hereby authorized, to do all such acts, deeds and things as may be required in order to comply with the provisions of the Companies Act, 1956 and to give effect to the above resolution."

Place: New Delhi
Date: 22nd July, 2013

By Order of the Board of Directors
Ashok Kumar Agarwal
Deputy Managing Director

**NOTES:**

1. Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his behalf. 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.
2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. The Company has notified closure of Register of Members and Share Transfer Books from Saturday, 31st August, 2013 to Saturday, 07th September, 2013 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares; if declared, at the Meeting.
4. The dividend in respect of equity shares; if declared at the meeting, will be paid to those members whose name will appear on the Company's Register of Members on 30th August, 2013; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Security Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
5. Members holding shares in the certificate 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:-
 - i) Any change in their address / mandate / bank details.
 - ii) Particulars of their bank account, in case the same have not been furnished earlier, and
 - iii) 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.
6. Additional particulars of Directors retiring by rotation and eligible for appointment/re-appointment pursuant to Clause 49 of Listing Agreement are mentioned in the Annexure 'A' to the Notice.
7. Members desirous of making a nomination in respect of their shareholders, as permitted by section 109A of the Companies Act, 1956, are requested to write to the Share Transfer Agent of the Company for the prescribed form.
8. 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.

**9. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956
ITEM NO. 6**

Sh. Raj Kumar Agarwal was appointed as Whole Time Director for a period of 5 years w.e.f 1st July, 2011 on the following remuneration which was approved at the Annual General Meeting held on 29th September 2011. His remuneration was within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Salary Basic	: ₹ 40500-2500-50500 per month
HRA	: HRA 25% of Basic Salary
Medical	: Re-imbursment of medical expenses for self and family upto a limit of 5% of Basic salary per annum.
LTA	: Re-imbursment of Leave Travel Concession expenses for self and family upto a limit of 5% of Basic salary per annum.
Bonus	: As per company rule
Encashment of un-availed leave at the time of retirement / cessation of service shall not be included in the computation of the ceiling on remuneration.	

The Board of Director in their meeting held on 22nd July, 2013 upon the recommendation of the Remuneration Committee of the company and subject to the approval of the members of the company in the ensuing Annual General Meeting has decided to revise the remuneration of Sh. Raj Kumar Agarwal; as set out in the resolution, for the period 1st July 2013 to 30th June 2016 with an authority to the Board of Directors of the company to alter, vary or modify the terms upon recommendation of Remuneration Committee during the tenure of his holding the office as Whole Time Director.

The remuneration to be paid to Sh. Raj Kumar Agarwal will be within the limits prescribed under Schedule XIII of the Companies Act, 1956. Hence the resolution is recommended for your approval as a special resolution. The above statement may be regarded as an abstract of the terms of contract and memorandum of interest under Section 302 of the Act.

Memorandum of Interest: Sh. Raj Kumar Agarwal is interested in this resolution to the extent of remuneration payable to him. Sh. Ashok Kumar Agarwal, Dy. Managing Director and Sh. Kailash Kumar Agarwal, Dy. Managing Director; being relatives of Shri Raj Kumar Agarwal are interested in this resolution as relatives. None of the other directors is interested or concerned in this resolution.

ITEM NO. 7

The remuneration of Sh. Kashmiri Lal Agarwal was approved by the shareholders at the 30th Annual General Meeting held on 29th September, 2011 at ₹ 75000.00 (Consolidated) per month. The Board of Directors in its meeting held on 22nd July, 2013 has decided to revise the remuneration of Sh. Kashmiri Lal Agarwal as set out in the resolution, subject to the approvals of members in the ensuing Annual General Meeting.

Memorandum of Interest: Sh. Raj Kumar Agarwal; Whole Time Director, Sh. Ashok Kumar Agarwal; Dy Managing Director and Sh. Kailash Kumar Agarwal; Deputy Managing Director; being relatives of Sh Kashmiri Lal Agarwal are interested in this resolution as relatives. None of the other directors is interested or concerned in this resolution.

ITEM NO. 8

The remuneration of Sh. Ravindra Agarwal was approved by the shareholders at the 30th Annual General Meeting held on 29th September, 2011 as under:-

- 1) Salary Basic : ₹ 37500 – 2500 -- 47500 per month
- 2) HRA : HRA 25% of Basic Salary
- 3) Medical : Re-imburement of medical expenses for self and family upto a limit of 5% of Basic salary per annum.
- 4) LTA : Re-imburement of Leave Travel Concession expenses for self and family up to a limit of 5% of Basic salary per annum.
- 5) P.F. : As per Law
- 6) Bonus : As per company rule
- 7) Gratuity : As per Law

The Board of Directors, in its meeting held on 22nd July, 2013, has decided to revise the remuneration of Sh. Ravindra Agarwal as set out in the resolution, subject to the approval of members in the ensuing Annual General Meeting.

Memorandum of Interest: Sh. Raj Kumar Agarwal; Whole Time Director, Sh. Ashok Kumar Agarwal; Dy Managing Director and Sh. Kailash Kumar Agarwal; Deputy Managing Director; being relatives of Ravindra Agarwal are interested in this resolution as relatives. None of the other directors is interested or concerned in this resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE ANNUAL GENERAL MEETING (pursuant to Clause 49 of the Listing Agreement)

1.	Name of the Director	Shri Ashok Kumar Agarwal
	DIN NO.	00046627
	Date of Birth	04.10.1957
	Date of Appointment	03.08.1989
	Expertise in specific functional Area	More than 32 years practical experience with this Company itself.
	Qualification	B.Com.
	Directorship in other limited Companies	M/s Atishay Investments & Finance Private Limited. M/s Vardhaman Fabrics Private Limited. M/s Mahalakshmi Bright Steel Industries Private Limited. M/s Radha Tanjore Arts Private Limited M/s Siram Appartments Pvt. Ltd. M/s Supermax Premoters Pvt. Ltd. M/s Shivani Consultants Pvt. Ltd. M/s Annapurna Farms Pvt. Ltd.
	Memberships/Chairmanships of Committees of the Directors of the Company	NIL
	Memberships/ Chairmanships of Committees of the Directors of other Companies	NIL
	Number of share held	75896
2.	Name of the Director	Shri Mohan Lal Jain
	DIN NO.	00063240
	Date of Birth	01.03.1959
	Date of Appointment	23.01.2010
	Expertise in specific functional Area	Practicing Chartered Accountant since 1985. More than 27 years experience in Finance & Audit.
	Qualification	B.Com. (Hons), F.C.A.
	Directorship in other limited Companies	M/s MJ Softech Private Limited. M/s MLJ Financial Consultants Private Limited.
	Memberships/Chairmanships of Committees of the Directors of the Company	Member in Audit Committee.
	Memberships/ Chairmanships of Committees of the Directors of other Companies	NIL
	Number of share held	NIL

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting to you, the Thirty Second Annual Report on the activities of your Company along with the Audited Annual Accounts for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

The financial results of the Company for the year under review are compared below with the previous year's results for your consideration.

(₹ In Lacs)

Particulars	Year ended 31.03.13	Year ended 31.03.12
Sales and other Income	8664	7376
Profit before financial charges and depreciation	898	579
Financial charges	(242)	(284)
Profit before depreciation	656	295
Depreciation	(131)	(144)
Profit before tax	525	151
Prior year adjustment	10	(13)
Profit before Tax	535	138
Less: Provision for Tax		
- Current Tax (including 1 lac for earlier year)	(195)	-
- Deferred Tax	(1)	(48)
Profit after Tax	339	90
Basic and Diluted Earning Per Share (₹)	8.89	2.36
Dividend Recommended ₹/Share	1	-
Dividend Recommended (%)	10	-

OPERATIONAL PERFORMANCE

The total sale of the company for the year was ₹ 8625 lacs as compared to the ₹ 7354 lacs in the preceding financial year. The exports of the Company increased from ₹ 5248 lacs to ₹ 5965 lacs, showing an increase of 14% over the preceding financial year. Packed production for the year was 1986 MT as compared to 1484 MT in the preceding financial year. During the year under review, Company has earned profit before financial charges and depreciation of ₹ 898 lacs as against ₹ 579 lacs in the preceding financial year and profit after tax of ₹ 339 lacs as against ₹ 90 lacs in the preceding financial year.

APPROPRIATIONS

Reserves

Out of the profits of the Company, a sum of ₹ 50 lacs has been transferred to the General Reserves during the year and total reserves and surplus of the Company are ₹ 1029 lacs (Including Share Premium) as on 31st March, 2013.

**Dividend**

Your Directors are pleased to recommend for your consideration and approval dividend @ 10% for the financial year 2012-13 i.e. ₹ 1/- per equity share of ₹ 10/- each. The dividend if approved at ensuing Annual General Meeting will absorb ₹ 44.58 lacs including corporate dividend tax amounting to ₹ 6.48 lacs.

The dividend in respect of equity shares; if declared at the meeting, will be paid to those members whose name will appear on the Company's Register of Members on 30th August, 2013; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Security Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**a) Industry Structure & Development**

During the year under review your company was able to effect an improved performance through dedicated efforts aimed at improving operational efficiency, quality enhancement, focus on optimal product mix and effective cost saving practices, all of which resulted in improved turnover and enhancement profitability. The remunerative export sale prices and good demand for threads in foreign countries helped the company to overcome the escalation in cost of raw material, power and labour.

b) Risks, Concerns and Opportunities

The cotton price is subject to climatic variations and market volatility. Changes in government policies also have impact on cotton and yarn prices. Power shortage and shortage of labour are major concerns, which lead to escalation in cost of production. In financial year 2012-13 inflation has increased rapidly and touched record highs. Usually, growing inflation dampens consumer demand for household goods, including textiles and apparels. If India's inflation continues to stay at such a level, there is risk that domestic sales would be negatively impacted. We suffer on account of poor infrastructure, high transaction cost, not so favorable labour laws, increased power tariff and fuel cost etc. Structural weaknesses need to be addressed particularly in the wake of growing threats from China and other Countries. Moreover, the increased incentives being provided by the Governments of our competitors like China, Pakistan, Bangladesh, Vietnam etc. are enabling the manufacturers in those countries to get ahead of us in various export markets.

In view of raising population, sustained increase in per capita income and disposable surplus, favorable demographic profile and changing lifestyle, India is poised for health growth. These positive factors indicate extreme bring and positive future for the healthy growth of the Indian Textile Industry and provide ample opportunities to the Company. Moreover opportunities for exports have increased and to take full advantage, improvement in quality will have to be given priority.

c) Outlook

The economy is passing through difficult phase and the GDP growth in the preceding year has been very low and the inflation is also very high. Weakening rupee against foreign currencies is increasing the cost of petroleum, gas and coal which is ultimately raising the cost of power, transportation and other similar products which results in higher inflation. Cotton prices are dependent upon the monsoon and the government policies. Any adverse change in cotton prices will adversely affect the working for the current year.

The Directors are hopeful that the demand for cotton textiles in the long run should remain strong in India and abroad. The company is taking all efforts to improve the quality and productivity to get more orders at competitive rates. Continued efforts to maintain quality, variety in product mix and scouting for new and better markets shall promote growth.

Barring unforeseen circumstances the company is confident of achieving better results in the current year as well.

QUALITY MANAGEMENT SYSTEM

The company continues to lay emphasis on excellence in quality and services and is 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. Further the Company has got certificate of ISO 9001: 2008 from The Certification Body of TUV SUD South Asia Private Limited.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACIES

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 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.

HUMAN RESOURCES AND SAFETY OF WORKERS

Human capital is the most valuable resource of the organization, Development of human capital has always been thrust area of the Company. The success of any business lies under the qualified, trained & motivated Human Resources; industrial relations are geared at developing and aligning the operatives to the overall goal of the organization. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resources development continues to receive focused attention. Company takes adequate steps for maintaining safety and healthy environment for the workers.

During the year, Industrial relations continued to be cordial and satisfactory. Your Directors wish to place on record their appreciation of the dedicated and commendable services rendered by the staff and workforce of the Company, without whose efforts, such an impressive performance may not have been possible.

STATEMENT OF EMPLOYEES REQUIRED U/S 217(2A) OF THE COMPANIES ACT

No employee was in receipt of remuneration equal to or exceeding ₹ 60 lacs per annum, if employed for the full year or exceeding ₹ 5 lacs per month if employed for part of the year. Therefore, statement showing particulars of the employees as required under Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended, is not applicable.

**ENVIRONMENT AND POLLUTION CONTROL**

The Company is conscious of the importance of environmentally clean and safe operations. The company's policy is the 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.

DIRECTORS

Shri Ashok Kumar Agarwal and Shri Mohan Lal Jain; Directors are liable to retire by rotation and being eligible, have offered themselves for reappointment. The information on the particulars of Directors seeking appointment and re- appointment as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges, are provided in the notes to Notice forming part of the Annual Report.

AUDITORS AND AUDIT REPORT

The retiring Statutory Auditors M/s A.K. Associates, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them that their reappointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment/ reappointment within the meaning of section 226 of the said Act or any other Act rules or regulations applicable for such appointment/ reappointment.

The observations of the auditors in their audit report are self explanatory.

COST AUDITORS

Pursuant to the directives from the Central Government and the provisions of Section 233B of the Companies Act, 1956, the Board of Director has appointed M/s HMVN & Associates., Cost Auditors with approval of Central Government to conduct the cost audit of the products manufactured by the company for the period under review.

The Cost Audit Report for the financial year 2012-13 shall be submitted to the Central Government within the stipulated period.

COMPANIES (COMPLIANCE CERTIFICATE)

Compliance Certificate pursuant to Section 383A of the Companies Act, 1956 is annexed hereto.

CORPORATE GOVERNANCE

Company has complied with the requirements of Corporate Governance through constitution and reconstitution of various committees and has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as provided in the Listing Agreement with the Stock Exchanges are duly complied with. A separate report on Corporate Governance along with the Auditors certificate on compliance with the Corporate Governance as stipulated in Clause 49 forms part of this Annual Report.

INVESTOR SERVICES

The Company has appointed M/s Alankit Assignments Limited, New Delhi as Registrar and Share Transfer Agent (RTA). No complaint/ query from any of the shareholder is pending to be resolved by the Company or the RTA.

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LISTING OF SHARES

Company's shares are listed on Delhi Stock Exchange & Bombay Stock Exchange.

FIXED DEPOSITS

The Company has not accepted / renewed any deposits from the public / members during the year under review.

CASH FLOW

In conformity with the provisions of clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31.03.2013 is annexed hereto.

PUBLICATION OF FINANCIAL RESULTS

In conformity with the provisions of clause 41 of the Listing Agreement the Company has published unaudited financial results for the quarter ended 30th June 2012; 30th Sept. 2012; 31st December 2012 and audited financial result for the quarter/ year ended on 31st March 2013. The summarized results are published in Business Standard (English), Delhi & Dainik Bhaskar/Aaj Samaj (Hindi), Hisar.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUT GO

The information required under Section 217(I)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is annexed hereto as annexure A and forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 and on the basis of compliance certificates received from the concerned executives of the respective departments of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion held with the statutory Auditors of the Company from time to time, we state:

1. That in the preparation of annual accounts, applicable accounting standards have been followed and proper explanations have been provided relating to material departures, if any;
2. That the Directors have selected appropriate accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. That the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any.
4. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2013 on a going concern basis.

APPRECIATION

The Directors place on record their thanks and appreciation to all workers, staff members, executives and business associates for their co-operation and contribution to the operations of the company. The Directors are thankful to the Bankers, Financial Institutions for their continued support to the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the Management of the Company.

For and on behalf of the Board

Ashok Kumar Agarwal
Deputy Managing Director

Kailash Kumar Agarwal
Deputy Managing Director

Place: New Delhi

Dated: 22nd July, 2013



ANNEXURE -A TO THE DIRECTORS' REPORT

FORM-A

	PARTICULARS	UNIT	2012-13	2011-12
A	POWER AND FUEL CONSUMPTION			
1.	Purchases from DHVVNL			
	Units	000' KWH	9870	8825
	Rate	₹/UNIT	6.16	5.21
	Total amount	₹ LACS	607.56	460.20
2.	OWN GENERATION			
	Units generated	000' KWH	1958	1007
	Average rate	₹/UNIT	12.38	11.32
	Total amount	₹ LACS	242.39	113.92
B	FUEL			
1.	STEAM GENERATION			
	Quantity of petcock consumed	TONNES	2721.50	2539.95
	Average cost of petcock	₹PER TON	9502.73	9941.59
	Total cost of petcock	₹LACS	258.62	252.51
2.	LIQUEFIED PETROLEUM GAS			
	LPG consumed	000'KG	36	34
	Average cost	₹PER KG	81.16	66.09
	Total cost	₹LACS	29.03	22.31
C	CONSUMPTION PER KILOGRAM OF PRODUCT			
1.	ELECTRICITY			
	i) Upto Ring frame	KWH/KG	2.35	2.33
	ii) Mills as a whole	KWH/KG	5.95	6.62
	Total power consumed	000'UNIT	11828	9832
2.	STEAM	KG/KG	4.25	6.36
	Reason for variation	Consumption of electricity and coal varies depending upon range/counts and Quality produced.		
	In case of production of different qualities/specifications, consumption details may be given for equivalent production.	Equivalent production standard is not practicable since all the different counts / range of products has various qualities, colors and process involved.		

FORM-B

B. TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R&D)

I) SPECIFIC AREA IN WHICH THE COMPANY CARRIES OUT R & D

1. Introduction and development of value added products.
2. Reduction in waste generation in the process
3. Reuse of waste recycled water
4. Steam, power and Water conservation
5. Development wide range of products

II) BENEFIT DERIVED AS A RESULT OF ABOVE R & D

1. Fresh & Repeated order from customers due to consistency in quality
2. Reduced generation in waste
3. Reutilization of water
4. Reduction in cost of color and chemical used

III) FUTURE PLAN OF ACTION

1. Cost-efficiency in manufacturing operations through better methods and techniques of production.
2. To develop more value added products and improve further quality of the products.
3. Development of new markets.
4. Efficient inventory management, environmental improvement, efficient management of water.

IV) Common equipment and facilities are used for operational as well as R & D activities. No separate account is maintained and as such expenditure on R & D is not separately ascertainable.

V) FOREIGN EXCHANGE EARNING AND OUT GO (In lacs)

Foreign Exchange earned	₹5965.65	Previous Year	₹ 5248.45
Foreign Exchange Used	₹ 211.16	Previous year	₹ 137.00

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goal. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society".

H.P. Cotton Textile Mills Ltd. believes that good governance is essential to achieve long terms corporate goals and enhance stakeholders' value. Thus the Company's philosophy on Corporate Governance aims at not only its own growth but also maximization of benefits to the shareholders, employees, customers, government and also general public at large. For this purpose the company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations.

In compliance with the requirement under clause 49 of the Listing Agreement, all the Board Members have affirmed their compliance of Code of Conduct adopted by the Company for the year-ended 31.03.2013 and a declaration to this effect duly signed by the Dy. Managing Director(s) form part of this report.

1. Board of Directors

a) Composition of Board: The Company Act, 1956 and Clause 49 of the listing agreement with the stock exchanges govern the composition of the Board of Directors. The Board of Directors comprised seven members consisting of three Executive Directors and four Non-executive Directors as at 31.03.2013. The company is having more than 50% of the Board's

strength as independent directors as required under the listing agreement. The non-executive Directors are professionals having experience in business, industry, Finance and Law.

Name of the Director	Category of Directors	Attendance of last AGM	Shore-holding in the Company	Director-ship held #	No of Committees@	
					As Chairman	Memberships held *
Sh. Raj Kumar Agarwal (Whole time Director)	Promoter/ Executive	P	6786 (0.18%)	1	NIL	NIL
Sh. Ashok Kumar Agarwal (Dy. Managing Director)	Promoter/ Executive	P	75896 (1.99%)	9	NIL	NIL
Sh Kailash Kumar Agarwal (Dy. Managing Director)	Promoter/ Executive	P	85320 (2.24%)	6**	NIL	NIL
Sh. Bibhuti Charan Talukdar	Non- Executive / Independent	P	00	4	1	6
Sh. Parshotam Das Agarwal	Non- Executive / Independent	P	00	2***	1	2
Sh. Anil Agarwalla	Non- Executive / Independent	L	00	2	NIL	2
Sh. Mohan Lal Jain	Non- Executive / Independent	P	00	3	NIL	1

including H. P. Cotton Textile Mills Limited.

@Board Committees for this purpose includes Audit Committee and Shareholder'/Investors' Grievance Committee only.

* It also includes the Committees in which Directors are Chairman.

** including one company in which remained director only up to 10.12.2012.

***including one company in which remained director only up to 03.09.2012.

No Director is a member of more than 10 committees or Chairman of more than 5 committees across all the companies in which he is a director.

No Director is related to any other Director on the Board in terms of the provisions of the Companies Act, 1956, except for Shri Raj Kumar Agarwal, Shri Ashok Kumar Agarwal and Shri Kailash Kumar Agarwal who are from the promoters' family and are related to each other.

All the directors who are on various Committees are within the permissible limits of the listing agreement. The Directors have intimated to the Company from time to time about their membership in the various committees in other Companies.

b) Directors' Attendance at Board Meetings: During the financial year 2012-13, the Board of Directors met 05 times on the following dates:

Directors/Date of meeting	30.05.12	14.08.12	28.09.12	08.11.12	13.02.13	Meetings Attended
Sh. Raj Kumar Agarwal	P	P	P	P	P	5
Sh. Ashok Kumar Agarwal	P	P	P	P	P	5
Sh. Kailash Kumar Agarwal	P	P	P	P	P	5
Sh. Bibhuti Charan Talukdar	P	P	P	P	P	5
Sh. Parshotam Das Agarwal	L	P	P	P	P	4
Sh. Anil Agarwalla	P	P	L	L	L	2
Sh. Mohan Lal Jain	P	P	P	P	P	5
Total Attendance	6	7	6	6	6	31

(P = Present, L = Leave granted)

c) Committees of the Directors

- i) Audit Committee:** Audit Committee is consisting of four directors, all being non-executive and independent Director viz. Sh. Parshotam Das Agarwal (Chairman), Sh. Bibhuti Charan Talukdar, Sh. Anil Agarwalla and Shri Mohan Lal Jain. Sh. Raj Kumar Agarwal (Whole Time Director), Sh. Ashok Kumar Agarwal (Dy. Managing Director), Sh. Kailash Kumar Agarwal (Dy. Managing Director), Statutory Auditor, Internal Auditor, Cost Auditor and Financial advisor are the permanent invitees to attend the Audit Committee Meeting for consultation and to respond to the queries raised at the Committee Meeting.

The role and terms of reference of Audit Committee are as contained in the Section 292A of the Companies Act, 1956 and also as contained in the clause 49 of the Listing Agreement. The main objective of the Audit Committee inter-alia includes monitoring and providing effective supervision on the financial transactions, reporting process and the disclosure of its financial information(s) to ensure that these statement(s) are presented/ published timely, accurately, are sufficient and true and fair. It also works as whistle blower to the Board of Directors.

Sh. Parshotam Das Agarwal, Chairman of the Audit Committee attended the last Annual General Meeting held on September 28, 2012, at the Registered Office of the Company at 15 K.M. Stone, Delhi Road, Village Mayar, Hisar – 125044 (Haryana).

During the year 2012-13 the Audit Committee met 04 times on 30.05.2012; 14.08.2012; 08.11.2012; & 13.02.2013. The attendance record of Audit Committee members is given below:

Name of the Director	Category	No. of Meetings	
		Held	Attended
Sh. Parshotam Das Agarwal	Non-executive Independent Director	4	3
Sh. Bibhuti Charan Talukdar	Non-executive Independent Director	4	4
Sh. Anil Agarwalla	Non-executive Independent Director	4	2
Sh. Mohan Lal Jain	Non-executive Independent Director	4	4

- ii) Remuneration Committee:** At present the Remuneration Committee consists of three member's viz., Sh. Bibhuti Charan Talukdar (Chairman), Sh. Parshotam Das Agarwal and Sh. Anil Agarwalla, all are non-executive and Independent Directors. The terms of reference of Remuneration Committee include the determination of remuneration packages of the executive directors including remuneration policy and pension rights.

During the year 2012-13 the Remuneration Committee met 01 time on 30.05.2012. The attendance record of remuneration Committee members is given below:

Name of the Director	Category	No. of Meetings	
		Held	Attended
Sh. Parshotam Das Agarwal	Non-executive Independent Director	1	0
Sh. Bibhuti Charan Talukdar	Non-executive Independent Director	1	1
Sh. Anil Agarwalla	Non-executive Independent Director	1	1

- iii) Share transfer Committee:** At present the Share Transfer Committee consists of four members viz., Sh. Parshotam Das Agarwal (Chairman), Sh. Bibhuti Charan Talukdar, Sh. Anil Agarwalla,

Sh. Kailash Kumar Agarwal. There were no share transfers pending for registration for more than 30 days as at 31st March 2013.

During the year meetings of the committee were held on 30.05.12 & 13.02.13. Attendances of the members at these meetings were as follows:-

Name of the Director	Category	No. of Meetings	
		Held	Attended
Sh. Parshotam Das Agarwal	Non-executive Independent Director	2	1
Sh. Bibhuti Charan Talukdar	Non-executive Independent Director	2	2
Sh. Kailash Kumar Agarwal	Director (Dy. Managing Director)	2	2
Sh. Anil Agarwalla	Non-executive Independent Director	2	1

iv) The Shareholder/Investors' Grievance Committee: The Shareholder/Investors' Grievances committee specifically looks into the redressal of the Shareholders and Investors complaints and expeditious share transfer process. The Shareholder/Investors' Grievance Committee consists of three members viz. Sh. Bibhuti Charan Talukdar (Chairman), Sh. Parshotam Das Agarwal and Sh. Anil Agarwalla.

During the year meetings of the committee were held on 30.05.12 & 13.02.13. Attendances of the members at these meetings were as follows:-

Name of the Director	Category	No. of Meetings	
		Held	Attended
Sh. Bibhuti Charan Talukdar	Non-executive Independent Director	2	2
Sh. Parshotam Das Agarwal	Non-executive Independent Director	2	1
Sh. Anil Agarwalla	Non-executive Independent Director	2	1

The committee acts in close liaison with its Share transfer agent and Registrar M/s. Alankit Assignments Ltd. Company has received certificate from its Share transfer agent and Registrar that complaints, if any, received from the shareholders have been suitably redressed and the company regularly follows with the Registrars for redressal of all complaint in time as per statutory requirements.

During the year ended 31st March 2013, no complaints/queries were received and as at 31st March 2013 there were no complaints / queries pending for reply.

d) Remuneration of Directors:

i) The Company pays remuneration to its Whole Time Director & Deputy Managing Directors as approved by the Remuneration Committee, Board of Directors and Members of the Company in General Meeting. Detail of the remuneration given to them is given below:

(In ₹)

Name	Position held	Salary Basic	HRA	Contribution to Provident Funds	Others	Total
Sh. Raj Kumar Agarwal**	Director	508500	127125	-	50850	686475
Sh. Ashok Kumar Agarwal **	Dy. Managing Director	469545	79080	56345	39293	644263
Sh. Kailash Kumar Agarwal **	Dy. Managing Director	469326	77799	56319	39026	642470

**Since the employee wise breakup of the liability on account of Gratuity and accumulated leave encashment based on actuarial valuation is not available, the related amount has not been shown.



- ii) Non-executive Directors are not paid any remuneration except Board sitting fees of ₹ 5000/- per meeting, ₹ 2000/- for attending per audit committee meeting and ₹ 2000/- for attending per remuneration Committee and ₹ 500 as out of pocket expenses for a day respectively. The detail of sitting fees paid is as follow:

Name of the Director	Fee paid for Board Meetings	Fee paid for Audit Committees Meetings	Fee paid for Remuneration Committees Meetings	Total Fee Paid
Sh. Bibhuti Charan Talukdar	25000	8000	2000	35000
Sh. Parshotam Das Agarwal	20000	6000	---	26000
Sh. Anil Agarwalla	10000	4000	2000	16000
Sh. Mohan Lal Jain	25000	8000	---	33000

The sitting fees paid to the non-executive directors is within the statutory limits under the Companies Act 1956 for payment of sitting fees without the approval of the Central Government.

- e) **Retiring Directors:** According to Article 110 of the Articles of Association of the Company, two Directors for the time being are liable to retire by rotation; Accordingly Sh. Ashok Kumar Agarwal and Sh. Mohan Lal Jain are liable to retire by rotation in the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

2. Management Discussions and Analysis Report

The Management Discussion and Analysis Report have been included in this Annual Report and include discussion on the matters specified in Clause 49 of the Listing Agreement.

3. Disclosures:

- a) The Company does not have any subsidiary Company.
- b) All and individual transactions with the related parties were in the ordinary course of business and were on arm's length basis. Since such transaction(s) were not having potential conflict with the interest of the Company at large and therefore was not required to be placed before the audit committee. Related party transactions have been audited by the Statutory Auditors of the Company.
- c) There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the listing agreement where they have personal interest that may have a potential conflict with the interest of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- d) All mandatory Accounting Standards have been followed in preparation of the financial statements.
- e) The Company has not raised any money through public issue, right issue, preferential issue etc. in 2012-13 and in the previous financial year and hence provisions relating to above in Clause 49 of the listing agreement are not applicable.
- f) The Company has continued to comply with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. Stock Exchanges, SEBI or any other statutory authorities have not imposed any penalty or strictures related to capital market activities on the Company during the last three Financial years.



- g) The Company has three whole time promoter directors whose appointment and remuneration has been fixed by the Board in terms of resolution passed by the Members.
- h) The Company has adopted a code of conduct for prohibition of Insider Trading pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992 as amended. This code is applicable to all the Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company.
- i) The Company has not adopted any Whistle Blower policy. However, no personnel have been denied access to the Audit Committee.
- j) The Company has complied all the mandatory requirements and has constituted a Remuneration Committee from the non-mandatory requirements.

4. Annual General Meetings:

- i) The last three Annual General Meetings were held at the Registered Office of the company as per the details given below:

Meetings	Date	Day	Time	No. of Special Resolutions
31 st AGM	September 28, 2012	Friday	3:00 P M	1
30 th AGM	September 29, 2011	Thursday	4:00 P M	4
29 th AGM	September 21, 2010	Tuesday	4:00 P M	1

- ii) **Postal Ballot:** No resolution was put to postal ballot during the year ended 31st March 2013.
- iii) **Compliance made by the Company:** Compliance certificate for Corporate Governance from Auditors of the Company is submitted elsewhere in this report.

5. GENERAL SHAREHOLDER INFORMATION

i) Annual General Meeting :

- a) Date : 07th September, 2013
- b) Time : 03.00 P.M.
- c) Venue : At registered office of the company
15 K.M. Stone, Delhi Road,
VPO Mayar, Hisar - 125044 (Haryana)

- ii) **Financial Calendar:** The Last financial year of the Company was of twelve months from April 2012 to March 2013. The tentative financial calendar of the Company for the year 2013-14 shall be as follow:

Board meetings to take on record	Schedule
Financial results for the quarter ending June 30, 2013	During August, 2013
Financial results for the quarter ending September 30, 2013	During November, 2013
Financial results for the quarter ending December 31, 2013	During February, 2014
Financial results for the quarter ending March 31, 2014	During May, 2014

iii) Date of Book Closure

The Register of members and the Share transfer Books of the Company shall remain closed from 31st August, 2013 to 07th Sept., 2013 both days inclusive.

iv) Dividend Payment Date:

Within 30 days from the date of Annual General Meeting

v) Listing of Equity Shares on Stock Exchanges at:

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai – 400 001

The Delhi Stock Exchange
Association Ltd., DSE House,
3/1, Asaf Ali Road,
New Delhi – 110 002

The Company is regularly paying the Listing fee to Mumbai Stock Exchange (BSE) and Delhi Stock Exchange (DSE).

vi) Stock Code :

The scrip code of the Company at BSE is 502873.

vii) Market Price data and comparison with broad based indices

Monthly high and low prices of equity shares of H. P. Cotton Textile Mills Limited at the Stock Exchange, Mumbai (BSE) are as follow.

Financial Year 2012-13	SHARE PRICE		BSE SENSEX	
	High in ₹	Low in ₹	High	Low
April, 2012	17.20	12.50	17664	17010
May, 2012	18.11	11.85	17432	15810
June, 2012	21.50	15.60	17448	15749
July, 2012	22.80	21.00	17631	16598
August, 2012	21.85	15.30	17973	17027
September, 2012	21.25	14.60	18870	17251
October, 2012	22.50	19.25	19137	18393
November, 2012	20.10	15.65	19373	18256
December, 2012	16.40	14.00	19612	19149
January, 2013	18.00	13.31	20204	19509
February, 2013	20.95	17.50	19967	18794
March, 2013	18.95	13.80	19755	18568

Source: bseindia.com/archives

viii) Share Transfer Agent, Plant Location & Address for Correspondence:

Registrar and Share Transfer Agents	Plant Locations:	Address for Correspondence
Alankit Assignments Limited, "Alankit House" 2E/21, Jhandewalan Extension, New Delhi-110055 Phone:91-11-23541234, 42541234 Fax: 91-11-42541967 E mail: alankt@alankit.com	15 th K.M Stone, Delhi Road, VPO, Mayar Hisar – 125044 (Haryana) Phone :91-1662-261425-27 Fax : 91-1662-261417	H. P. Cotton Textile Mills Limited 15 th K.M Stone, Delhi Road, VPO, Mayar Hisar – 125044 (Haryana) Phone :91-1662-261425-27 Fax : 91-1662-261417 e-mail ID: info@hpthreads.com

ix) Distribution Schedule & Shareholding Pattern:

The Distribution Schedule & Shareholding Pattern of the Company as on 31.03.2013 is as follows:

Range No. of Shares	Shareholders		Shares	
	Number	%Age	Number	%Age
Up to 5000	1895	96.00	556236	14.60
5001 to 10000	25	1.27	177785	4.67
10001 to 20000	25	1.27	352613	9.26
20001 to 30000	5	0.25	114889	3.01
30001 to 50000	6	0.30	235137	6.17
50001 to 100000	8	0.40	664200	17.43
100001 to Above	10	0.51	1709140	44.86
Total	1974	100	3810000	100

Category	No of Holders	No. of shares held	% Age
Promoters	49	2379690*	62.46
Mutual fund	1	600	0.02
Financial Institution	2	2450	0.06
FII	1	50	0.00
NRI	6	272	0.01
Body Corporate	49	138271	3.63
Individuals	1866	1288667	33.82
Total	1974	3810000	100

*Promoters have declared that they have not pledged nor have created any lien on any of the shares held by them.

x) Dematerialization and Transfer of shares:

Dematerialization and Transfer of shares are being done by M/s Alankit Assignments Limited, Registrar & Share Transfer Agents of the Company.

The equity shares of the company are under rolling settlement and are compulsory traded and settled only in the dematerialized form. A total of 3594540 (94.34%) shares of the company have been dematerialized as on March 31, 2013. There is no case in process/ pending for transfer as well as dematerialization of shares.

xi) The Central Government in exercise of the powers conferred under section 642 and section 383A of the Companies Act 1956 has amended the Companies (Appointment and Qualifications of Secretary) Rules, 1988 vide notification NO.G.S.R.11 (e) dated 05.01.2009 and accordingly the Companies having paid up Capital of Less than ₹ 500 lacs need not to appoint any Company secretary. Accordingly the Company has decided not to appoint Company secretary as an economy measure.

xii) Shri Ashok Kumar Agarwal has been designated as Compliance officer under clause 47 of the Listing Agreement. Any Investor/Shareholder of the company can contact him on the matters related with the company at 15th K.M. Stone, Delhi Road, VPO Mayar, Hisar - 125044, Phone: 91-1662-261425-27, Fax: 91-1662-261417 and E-mail: info@hpthreads.com

xiii) The quarterly, half yearly and annual results are generally published in 'Business Standard' (English) and the 'Dainik Bhaskar/Aaj Samaj' (Hindi). As per the requirements of the Listing Agreement, the company is also providing regular information to the Stock Exchange.

Declaration under Clause 49 (1) (D) (ii) of Listing Agreement

I, Ashok Kumar Agarwal, Deputy Managing Director of the Company, hereby declare that all members of the Board of Directors have affirmed compliance with the code of Conduct for the year-ended 31.03.2013.

Place: New Delhi
Dated : 22nd July, 2013

Ashok Kumar Agarwal
Deputy Managing Director

Certificate under Clause 49(V) of Listing Agreement

We Ashok Kumar Agarwal and Kailash Kumar Agarwal Dy. Managing Director(s) of H.P. Cotton Textile Mills Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2013 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the auditors and the Audit Committee
 - a) Significant changes in internal controls during the year;
 - b) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees who have a significant role in the company's internal controls system.
5. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the financial year ended 31st March 2013.

Place: New Delhi
Date: 30th May, 2013

Ashok Kumar Agarwal
Dy. Managing Director
and Compliance Officer

Kailash Kumar Agarwal
Dy. Managing Director
and CFO

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 and on the basis of compliance certificates received from the Dy. Managing Director(s) of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion held with the statutory Auditors of the Company from time to time, we state:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations are provided relating to material departures, if any;
2. That the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. That the Directors have taken proper and sufficient care to the best of their knowledge and ability for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any,
4. That the Directors have prepared the annual accounts for the year ended 31st March, 2013 on a going concern basis.

Place: New Delhi
Dated : 30th May, 2013

Ashok Kumar Agarwal
Deputy Managing Director

Kailash Kumar Agarwal
Deputy Managing Director

Auditors' Certificate on Corporate Governance as per Clause 49 of the Listing Agreement.

To
The Members
HP Cotton Textile Mills Limited
Hisar

We have examined the compliance of the conditions of Corporate Governance by H. P. Cotton Textile Mills Limited for the year ended 31st March 2013 as stipulated in clause 49 of the listing Agreement of the said company with Stock Exchanges in India.

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

In our opinion and to the best of our information and explanations given to us, we state that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that based on the report given by the Registrar (RTA) of the company as on 31st March 2013 there was no investor grievance matter against the Company remaining unattended / pending for more than 30 days.

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

For A.K. Associates
Chartered Accountants

(CA A.K. Gupta)
F.C.A.
Membership No. 16533
Firm Registration No. 000596N

Place: New Delhi
Dated : 22nd July, 2013

Compliance Certificate

CIN No. : L18101HR1981PLC012274

Nominal Capital : ₹ 4, 25, 00,000.00

To

The Members

M/S. H.P.COTTON TEXTILE MILLS LIMITED

15 K.M. STONE, DELHI ROAD

VPO MAYAR, HISAR (HARYANA)

I have examined the registers, records, books and papers of M/S. H.P.COTTON TEXTILE MILLS LIMITED required to be maintained under the Companies Act. 1956 (the Act) and rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the Financial Year ended on 31st March, 2013. In my Opinion and to the best of my information and according to the examination carried out by me and the explanation furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all the registers as stated in annexure 'A' to this certificate, as per the provision of act and rules made there under and all the entries therein have been duly recorded.
2. The company duly filed the forms as stated in Annexure 'B' to this certificate with the Registrar of Companies within time prescribed under the Act and rules made there under.
3. The Company being a public limited company and has minimum prescribed paid up capital.
4. The Board of Directors duly met 5 (Five) times on 30.05.2012, 14.08.2012, 28.09.2012, 08.11.2012 & 13.02.2013 in respect of which meeting, proper notices were given and the proceedings were properly recorded and signed in the Minutes Books maintained for the purpose.
5. The Company has closed its Register of Members from 19th September 2012 to 28th September 2012 and necessary compliance of sec. 154 of the act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 28.09.2012 after giving due notice to the members of the company and resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting of the members of the company was held during the financial year.
8. The Company has not advanced any loans to its directors and /or persons or firms or companies referred in the sec. 295 of the Act.
9. The Company has duly complied with the provisions of sec. 297 of the act in respect of contract specified in section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors, members pursuant to section 314 of the Act.
12. The Company has not issued any duplicate share certificates during the financial year.
13. I)
The company has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
II)
The company has not deposited any amount in a separate Bank account as no dividend was declared during the year.
III)
The company was not required to post warrants to any member of the company as no dividend was declared during the year.



- IV) There was nothing pending as unpaid dividend money, application money due for refund, matured debentures and the interest accrued thereon and therefore the nothing is required to be transferred to Investor Education and Protection Fund.
- V) The company has duly complied with the requirement of section 217 of the act.
14. During the year no change in the constitution of the Board of Directors in the Company.
15. The company has re-appointed Sh. Kailash Kumar Agarwal as Whole time Director designated as Deputy Managing Director during the year for a period of five years w.e.f. 06th August, 2012.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of central government; Company Law Board, Regional Director, Registrar and / or such other authorities as may be prescribed under the various provisions of the act and rules made there under.
18. The Directors has disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the act and rules made there under.
19. The company has not issued any shares/ debentures/ other securities during the financial year.
20. The company has not bought back shares during the financial year.
21. There was no redemption of preference shares/ debentures/ other securities during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration and transfer of shares.
23. The company has not invited /accepted any deposits including any unsecured loan falling within the meaning of Sec. 58A of the Companies Act, 1956 during the financial year.
24. The amount borrowed by company from Financial Institutions, Banks & others during the financial year ending 31.03.2013 is within the borrowing limit of the company.
25. The company has not made any loans or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to Situation of the Company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to the name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the financial year.
30. The company has not altered its Articles of Association during the financial year.
31. As per information & explanations provided to me there was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for the offence under the act.
32. As per information & explanations provided to me the company has not received any money as security from its employees during the financial year.
33. The company has deposited both employees and employer's contribution to Provident Fund with prescribed authorities pursuant to Sec. 418 of the Act.

Place: Hisar
Date: 22.05.2013

Signature
Company Secretary : Anju Jain
C.P. No. : 2728

**Annexure-A**

1. Register of Members u/s 150 of the Act
2. Minutes Book of Board Meetings
3. Minutes Book of Annual General Meetings u/s 193
4. Books of Accounts u/s 209 of the Act.
5. Register of Director/ Managing Director/ Manager & Secretaries u/s 303
6. Register of Director's Shareholdings u/s 307
7. Register of Share Application money & allotment
8. Register of Share transfer u/s 108
9. Register of particulars of contracts in which directors are interested u/s 301
10. Register of Mortgages & Charges u/s 143

Annexure-B

Forms and returns as filed by the company with the Registrar of companies or other authorities during the financial year ending on 31st March 2013:

S.No.	Form No.	Filed u/s	Date of filing	Whether filed within time Yes/No	If delay in filing fee Yes/No
1.	23AC & 23 ACA	220	30.01.2013	YES	NO
2.	23	192	29.10.2012	YES	NO
3.	20B	159	20.10.2012	YES	NO
4.	66	383A	04.10.2012	YES	NO
5.	25C	269(2)	08.08.2012	YES	NO
6.	32	303(2), 264(2), 266(1) (a), 266(1) (b)(iii), 260	08.08.2012	YES	NO
7.	23	192	29.06.2012	YES	NO
8.	23C	233B(2)	28.06.2012	YES	NO



A K ASSOCIATES
Chartered Accountants

Independent Auditors' Report

To the Members of

H P COTTON TEXTILE MILLS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of H P Cotton Textile Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Opinion

As explained in Note 15 to the audited accounts; The Company has received intimation from the insurer that it has approved the insurance claim; relating to fire incident during the financial year 2010-11, for ₹ 17160 thousand. For this claim the company had made provision of ₹ 33362 thousand.

The company; not being satisfied with the claim approved by the insurer, has referred such matter to the appellate forum and the first appellate forum is arbitration. Therefore, no provision for loss (the difference between the insurance claim as per books of account and claim approved by the insurer) has been made in the books of account. Adjustment; if any, arising upon the settlement of claim will be made in the year when the insurance claim is finally settled.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- (a) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting standards referred to in Section 211(3C) of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For A K ASSOCIATES,
Chartered Accountants

PLACE: New Delhi
DATE: 30/05/2013

(CA A K GUPTA)
M. No.16533
Firm Registration No. 000596N

A K ASSOCIATES
Chartered Accountants

Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

According to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that in our opinion:-

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at the year end. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of the plant and machinery. Accordingly the provisions of clause 4(i) (c) of the Companies (Auditor's Report) Order 2003 are not applicable.
- (ii) (a) The inventories except lying with third parties and in transit have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has taken loan from four other companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 3422 thousand and the year-end balance of loans taken from such parties was ₹ 3422 thousand.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the company.
- (c) The company is regular in repaying the principal and payment of interest as stipulated.
- (d) The company has not granted any loan to companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly provisions of clause 4(iii) (a) to (d) of the Companies (Auditors' Report) order 2003 are not applicable to the company.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regards to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been duly entered.
- (b) In our opinion and according to the information and explanations given to us, no transactions was made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ five lakh in respect of each party during the year.
- (vi) The company has not accepted deposits from the public. Accordingly provisions of clause 4(vi) of the Companies (Auditors' Report) order 2003 are not applicable to the company.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth, custom duty, excise duty, cess and other material statutory dues applicable to the company have generally been deposited in time with the statutory authorities.
- (b) According to the information and explanation given to us, there are no disputed statutory dues payable by the company in respect of sales tax, income tax, wealth, custom duty, excise duty, cess and other material statutory dues.
- (x) The company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
- (xi) According to the information and explanations given to us, during the year the company has not defaulted in repayment of dues to financial institutions and/ or banks.
- (xii) Keeping in view the business carried on by the company at present the provisions of clause 4 (xii) of the Companies (Auditors' Report) order 2003 are not applicable to the company.
- (xiii) Keeping in view the business carried on by the company at present the provisions of clause 4 (xiii) of the Companies (Auditors' Report) order 2003 are not applicable to the company.



- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) The term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the company has not used funds raised on short term basis for long term investment and vice versa.
- (xviii) During the year under audit the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) During the year under audit the company has not issued debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) During the year under audit the Company has not raised funds by way of public issue. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For A K ASSOCIATES,
Chartered Accountants

(CA A K GUPTA)

M. No.16533

Firm Registration No. 000596N

PLACE: New Delhi

DATE: 30/05/2013

Balance Sheet as at 31st March, 2013

(₹ in Thousand)

	Note	As at 31 st March, 2013	As at 31 st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	38,100	38,100
Reserves and Surplus	2	102,886	73,450
		140,986	111,550
Non-Current Liabilities			
Long-Term Borrowings	3	6,495	26,522
Deferred Tax Liabilities (Net)	4	14,835	14,754
Long-Term Provisions	5	14,652	12,542
		35,982	53,818
Current Liabilities			
Short-Term Borrowings	6	131,279	142,479
Trade Payables	7	51,239	49,166
Other Current Liabilities	8	48,515	41,023
Short-Term Provisions	9	24,275	6,671
		255,308	239,339
TOTAL		432,276	404,707
ASSETS			
Non-Current Assets			
Fixed Assets:			
Tangible Assets	10	113,430	108,490
Capital Work-in-Progress		186	186
		113,616	108,676
Long-Term Loans and Advances	11	12,562	12,542
Current assets			
Inventories	12	178,857	154,833
Trade Receivables	13	40,570	50,913
Cash and Bank Balances	14	14,500	12,242
Short-Term Loans and Advances	15	72,171	65,501
		306,098	283,489
TOTAL		432,276	404,707
Significant Accounting Policies			
Notes forming part of the financial statements 1-27			

As per our report of even date attached

For A.K. Associates
Chartered Accountants

For and on behalf of the Board of Directors

C.A. A.K. Gupta
(PARTNER)
M.No. 16533
Firm Registration No. 000596N

Ankur Goyal
Senior Manager
Finance

Ashok Kumar Agarwal
Dy. Managing
Director

Parshotam Das Agarwal
Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Bibhuti Charan Talukdar
Mohan Lal Jain
Directors

Place : New Delhi
Date : 30.05.2013

Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Thousand)

	Note	2012-13	2011-12
INCOME			
Revenue from Operations	16	862541	735351
Other income	17	3841	2246
		866382	737597
EXPENDITUR			
Cost of Materials Consumed	18	426,611	377,595
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	19	(7,887)	29,044
Employee Benefits Expense	20	131,845	101,271
Finance Costs	21	24,095	28,323
Depreciation	11	13,106	14,373
Other Expenses	22	225,125	173,183
		812,895	723,789
Profit before tax		53,487	13,808
Tax expense:			
Current Tax expense for current year		19,409	-
Current Tax expense for current year (MAT)		-	2,877
Less: MAT Credit Entitlement		-	(2,877)
Tax expense for earlier years		103	-
Net Current Tax expense		19,512	-
Deferred Tax		81	4,809
		19,593	4,809
Profit for the year after Tax		33,894	8,999
Earnings per share (of ₹ 10/- each):			
Basic	23 (In ₹)	8.89	2.36
Diluted		8.89	2.36
Significant Accounting Policies	1		
Notes forming part of the financial statements	1-27		

As per our report of even date attached

For A.K. Associates
Chartered Accountants

For and on behalf of the Board of Directors

C.A. A.K. Gupta
(PARTNER)
M.No. 16533
Firm Registration No. 000596N

Ankur Goyal
Senior Manager
Finance

Ashok Kumar Agarwal
Dy. Managing
Director

Parshotam Das Agarwal
Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Bibhuti Charan Talukdar
Mohan Lal Jain
Directors

Place : New Delhi
Date : 30.05.2013

Cash Flow Statement for the year 2012-13

	(₹ in Thousand)	
	As at 31 st March, 2013	As at 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extraordinary items and tax	53,487	13,808
Adjustments for:		
Depreciation	13,106	14,373
Provision for Income Tax written back	-	(278)
Profit on sale of Tangible Assets	(596)	(171)
Finance costs	24,095	28,323
Interest income	(1,800)	(1,708)
	<u>34,805</u>	<u>40,539</u>
Operating Profit Before Working Capital Changes	88,292	54,347
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(24,024)	(10,869)
Trade receivables	10,343	8,095
Short-term loans and advances	(6,670)	(8,249)
Long-term loans and advances	(20)	29
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	2,073	(20,106)
Other current liabilities	6,127	9,101
Short-term provisions	6,841	(493)
Long-term provisions	2,110	1,107
Cash Generated From Operations	<u>85,072</u>	<u>32,962</u>
Less: Income Tax Paid (Net of Refunds)	(13,207)	(1,563)
Net cash from Operating Activities (A)	71,865	31,399
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on Tangible assets	(18,749)	(7,637)
Proceeds from sale of Tangible assets	1,299	730
Interest Received	1,800	1,708
Net Cash Used in Investing Activities (B)	(15,650)	(5,199)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Borrowings	3,780	2,620
Repayment of Long-Term Borrowings	(22,910)	(12,032)
Proceeds from Short-Term Borrowings	(11,200)	12,199
Finance cost	(23,627)	(28,305)
Net Cash Used in Financing Activities (C)	(53,957)	(25,518)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	2,258	682
Cash and cash equivalents at the beginning of the year	12,242	11,560
Cash and cash equivalents at the end of the year	14,500	12,242
See accompanying notes forming part of the financial statements		

As per our report of even date attached

For A.K. Associates
Chartered Accountants

For and on behalf of the Board of Directors

C.A. A.K. Gupta
(PARTNER)
M.No. 16533
Firm Registration No. 000596N

Ankur Goyal
Senior Manager
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Parshotam Das Agarwal
Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Bibhuti Charan Talukdar
Mohan Lai Jain
Directors

Place : New Delhi
Date : 30.05.2013

SIGNIFICANT ACCOUNTING POLICIES

1 **Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant disclosure requirements of Companies Act, 1956 as adopted consistently by the company. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

2 **Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that 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. Difference between actual and estimation are recognised in the period in which the result are known/ materialise.

3 **Fixed Assets**

All fixed assets are valued at cost less depreciation. All costs including borrowing costs relating to the acquisition and installation of fixed assets are capitalised.

4 **Depreciation**

Depreciation is provided under the 'Straight Line Method' as per the rates specified in Schedule XIV to the Companies Act, 1956.

5 **Impairment**

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

6 **Investment**

Long Term Investments are carried at cost less provision; if any, for diminution in market value which in the opinion of the Board of Directors is not temporary.

7 **Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

8 **Revenue Recognition**

Sales: Sales of goods is recognised at the point of despatch of finished goods to the customers and is reported excluding rebates, discounts, sales tax, value added tax. Differences arising due to exchange fluctuation in case of Export Sales are included in sales.

9. Borrowing Cost

Borrowing costs are charged to Profit & Loss Account except borrowing costs directly attributable to the acquisition of fixed assets which are capitalised upto the date of the fixed assets is put to commercial use.

10. Employees Benefits

- a) **Gratuity:** Provision for gratuity liability has been made as per actuarial valuation.
- b) **Leave Encashment:** Provision for accumulated leave encashment liability has been made as per actuarial valuation.

11. Foreign Exchange Transactions

Foreign Currency Transactions outstanding at the close of the year are converted into Indian Rupee on the basis of exchange rate of the currency as on the close of the year.

12. Taxation

- a) Provision for current tax is made after taking into consideration benefits admissible under The Income Tax Act, 1961.
- b) Deferred Tax resulting from "timing difference" between book and taxable profit is accounted for using tax rates and laws that have been enacted or substantively enacted as on the date of the balance sheet. Defferred Tax Asset is recognised and carried forward only to the extent that there is reasonable certainty that the assets will be realised in the future.

13. Inventories**Inventories have been valued as under :-**

- Finished Goods including in transit has been valued at cost or market value whichever is less.
- Loose yarn is valued at cost.
- Stock in Process is valued at Cost.
- Raw Materials are valued at cost.
- Stores & Spare Parts, Colour & Chemicals, Packing Materials and Oil and Fuel are valued at cost.
- Stock of Cotton Waste/Scrap is valued at estimated realisable value.

14. Segment Reporting

The Company has one reportable primary segment of Textiles (Spinning). Hence segment reporting is not applicable.

Notes on Financial Statements for the Year ended 31st March, 2013

	(₹ in Thousand)	
	As at 31 st March, 2013	As at 31 st March, 2012
Note 1: Share capital		
Authorised		
42,50,000 Equity Shares of ₹10/- each	42,500	42,500
Issued, Subscribed and Paid Up		
Shares at the beginning of the accounting period 38,10,000		
Equity shares of ₹10/- each fully Paid up in cash	38100	38,100
Shares issued during the year	-	-
Shares cancelled/forfeited during the year	-	-
	38,100	38,100

	As at 31st March, 2013		As at 31st March, 2012	
Detail of Shareholders Holding More Than 5% Shares	No. of Shares	% of Holding	No. of Shares	% of Holding
Jainish Products Limited	227750	5.978	227750	5.978
Kulvinder Singh	213637	5.607	213453	5.602
Achhar Investments Limited	212300	5.572	212300	5.572
Sacred Trading and Investment Company Limited	209070	5.487	209070	5.487
Sailesh Textile Manufacturing Company Limited	207000	5.433	207000	5.433
Vinod kumar Ohri	198229	5.203	193948	5.090

During the 5 years immediately preceding the Balance Sheet date

- Equity Share issued pursuant to any contract without payment being received in cash.	Nil	Nil
- Equity Shares allotted by way of bonus shares	Nil	Nil
- Equity Shares bought back	Nil	Nil

Rights, Preferences and Restrictions Attached to shares:
Equity Shares

The Company has one class of equity shares having a par value of ₹10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Note 2: Reserves and Surplus
Capital Reserve

- Central Investment Subsidy	1,500	1,500
- State subsidy	1,510	1,510
- Share Premium	18	18
- Surplus on Issue of Forfeited Shares	11	11

General Reserve

Opening balance	58,441	58,441
Add: Transferred from Surplus in Profit & Loss Account.	5,000	-
Closing balance	63,441	58,441

Surplus in Profit and Loss Account

Opening balance	11,970	2,971
Add: Profit for the year	33,894	8,999
Less: Appropriations		
- Transfer to general reserve	5,000	-
- Proposed dividend on Equity Shares*	3,810	-
- Tax on proposed dividend	648	-

Total Appropriations

	9,458	-
Closing balance	36,406	11,970
	102,886	73,450

*@ ₹ 1.00 per equity share (Previous Year ₹ Nil)

Notes on Financial Statements for the Year ended 31st March, 2013

	As at 31 st March, 2013	As at 31 st March, 2012
(₹ in Thousand)		
Note 3: Long-Term Borrowings		
Secured		
From Bank		
IDBI Bank Limited	-	13,950
HDFC Bank Limited	175	411
ICICI Bank Limited	257	535
From other parties		
Kotak Mahindra Prime Limited	2,405	704
Future Capital Holdings Limited	236	-
Unsecured		
Trade Deposits	-	7,500
Loans and Advances from Related Parties	3,422	3,422
	<u>6,495</u>	<u>26,522</u>

- The Term Loans from Industrial Development Bank of India (IDBI) are secured by the first charge by way of equitable mortgage by deposit of title deeds in respect of Land situated at V.P.O. Mayar, Distt. Hisar (Haryana) and by hypothecation of all the movables (save and except book debts) including movable machinery & spares, tools and accessories both present and future, subject to the prior charges on moveable assets in favour of Banks for working capital borrowings.
- The Term Loans from IDBI are guaranteed by Sh. K.L. Agarwal and Sh. A.K. Agarwal, Promoter/Directors of the Company in their personal capacity.
- The Term loans from ICICI Bank Ltd, HDFC Bank Limited, Kotak Mahindra Prime Ltd and Future Capital Holdings Limited are secured by hypothecation of vehicles acquired under the respective loans.
- There is no default in repayment of principal loan or interest there on.
- Repayment Schedule:

Particulars	Rate of Interest(%)	Terms of Repayment		
		2013-14	2014-15	2015-16
Banks				
IDBI Bank Limited	14.74	12,000	-	-
	9.00	1,950	-	-
HDFC Bank Limited	12.50	236	175	-
ICICI Bank Limited	11.50	278	257	-
Others				
KOTAK MAHINDRA PRIME LTD.	10.72	367	337	-
	10.27	297	328	269
KOTAK MAHINDRA PRIME LTD.	10.27	365	404	331
KOTAK MAHINDRA PRIME LTD.	10.27	365	404	331
Future Capital Holding Limited	11.76	165	186	50
Loans and Advances from Related Parties	12.00	-	3,422	-

Out of the loan instalments of IDBI Bank Ltd due for repayment during the next financial year aggregating to ₹13950 thousand (Previous Year ₹ 13100 thousand), instalments aggregating to ₹ 3650 thousand due for repayment in April 2013 (Previous Year ₹ 3150 thousand due for payment in April 2012) have been repaid in March 2013 (Previous Year March 2012).

Note 4: Deferred Tax Liability

Timing Difference on Account of Depreciation	20,508	21,595
Timing Difference on Account of Expense Allowable on Payment Basis	(5,673)	(5,899)
Timing Difference on Account of Losses Carried Forward	-	(942)
	<u>14,835</u>	<u>14,754</u>

Note 5: Long-Term Provisions

Provision for Employee Benefits:		
Provision for Gratuity	9,895	8,559
Provision for Leave Salary	4,757	3,983
	<u>14,652</u>	<u>12,542</u>

Notes on Financial Statements for the Year ended 31st March, 2013

	(₹ in Thousand)	
	As at 31 st March, 2013	As at 31 st March, 2012
Note 6: Short-Term Borrowings Secured:		
Cash Credit:		
State Bank of Patiala	58,486	49,451
Oriental Bank of Commerce	29,888	24,512
Letter of Credit:		
State Bank of Patiala	22,324	42,578
Oriental Bank of Commerce	19,446	24,777
Unsecured:		
Trade Deposits	1,135	1,161
	<u>131,279</u>	<u>142,479</u>
1. Cash Credits and other working capital facilities from Banks viz. State Bank of Patiala and Oriental Bank of Commerce are secured by hypothecation and charge by way of a first charge ranking pari-passu without any preference or priority to one over the other on the stock of Raw Materials, Goods in Process, Loose Yarn, Finished Goods, Stores & Spares and Book Debts (both present and future) and second charge on fixed assets of the company.		
2. Cash Credits from State Bank of Patiala & Oriental Bank of Commerce 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.		
Note 7: Trade Payables		
Trade Payables	51,239	49,166
	<u>51,239</u>	<u>49,166</u>
Based on the information available with the Company, amount payable to Micro & Small Enterprises as defined under the MSMED Act, 2006.	Nil	Nil
Interest paid or payable under the Provisions of MSMED Act, 2006	Nil	Nil
Trade Payables includes amount payable to .		
- Shri Anil Agarwalla; Director of the Company	2	Nil
- A Agarwalla & Co.; an associate of Shri Anil Agarwalla; Director of the Company	50	50
Note 8: Other Current Liabilities		
Term Loan Instalments Repayable Within 12 months		
To Banks		
IDBI Bank Limited	10,300	9,950
ICICI Bank Limited	278	248
HDFC Bank Limited	236	555
To Others		
Kotak Mahindra Prime Limited	1,393	722
Future Capital Holdings Limited	165	-
Other payables		
Statutory Remittances	4,390	5,967
Advances from Customers	31,250	23,546
Interest Accrued But Not Due	503	35
	<u>48,515</u>	<u>41,023</u>
1. There is no default in repayment of principal loan or interest there on.		
Note 9: Short-Term Provisions		
Provision for Employee Benefits:		
Provision for Bonus	11,262	4,499
Provision for Gratuity	306	265
Provision for Leave Salary	224	187
Others Provision :		
Provision for Tax (Net of Advance Tax ₹ 11,384 thousand P.Y. ₹ 1,158 thousand)	8,025	1,720
Proposed Dividend	3,810	-
Tax on Proposed Dividend	648	-
	<u>24,275</u>	<u>6,671</u>

Note 10: Fixed Assets

(₹ in Thousand)

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
		As at 1st April, 2012	Additions	Sale/ Transfer	As at 31st March, 2013	Upto Previous year	For the year	Adjustment	Upto 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
1.	Free Hold Land	2,125	-	-	2,125	-	-	-	-	2,125	2,125
2.	Buildings	60,781	-	-	60,781	33,825	2,070	-	35,895	24,886	26,956
3.	Plant & Machinery	327,870	11,930	2,552	337,248	259,038	9,420	1,849	266,609	70,639	68,832
4.	Furniture & Fixtures	4,481	131	-	4,612	4,058	37	-	4,095	517	423
5.	Office Equipments	6,295	462	-	6,757	5,063	267	-	5,330	1,427	1,232
6.	Vehicles	12,904	6,226	-	19,130	3,982	1,312	-	5,294	13,836	8,922
	Total	414,456	18,749	2,552	430,653	305,966	13,106	1,849	317,223	113,430	108,490
	Previous Year Total	408,225	7,722	1,491	414,456	292,525	14,373	932	305,966	108,490	

Notes on Financial Statements for the Year ended 31st March, 2013

	(₹ in Thousand)	
	As at 31 st March, 2013	As at 31 st March, 2012
Note 11: Long-Term Loans and Advances		
Security Deposits Unsecured, Considered Good	12,562	12,542
	<u>12,562</u>	<u>12,542</u>
Note 12: Inventories		
Raw materials	67,880	55,394
Work-in-progress *	55,012	62,947
Finished goods	34,683	19,030
Stores and spares	19,695	16,417
Scrap	1,214	1,045
Goods-in-Transit	373	-
	<u>178,857</u>	<u>154,833</u>
	<u>49,280</u>	<u>55,411</u>
*Includes Loose Yarn		
Note 13: Trade Receivables		
Trade Receivables Outstanding for a Period Exceeding Six Months		
Secured, considered good	-	1
Unsecured, considered good	915	915
Other Trade Receivables		
Secured, considered good	21,581	25,291
Unsecured, considered good	18,074	24,706
	<u>40,570</u>	<u>50,913</u>
Trade Receivable outstanding for a period more than six months (Unsecured) includes ₹ 915403.00 under litigation. Loss; if any arising upon the decision of the court, will be accounted for in the year when the judgement is passed by the court.		
Note 14: Cash and Bank Balances		
Cash in hand	709	769
Cheques, drafts on hand	4	-
Balances with Scheduled Banks		
- In Current Accounts	6,401	1,314
- In Margin Money against LC	7,384	10,157
Post Office Saving Bank A/c	2	2
	<u>14,500</u>	<u>12,242</u>
Note 15: Short-Term Loans and Advances		
Insurance Claim Receivable*	33,362	33,999
Prepaid expenses	1,179	1,188
Balances with government authorities		
Unsecured, considered good		
- VAT credit receivable	24,877	22,351
- Mat Credit Entitlement	2,877	2,877
- Duty Drawback Receivable	6,633	2,813
Others (Advance Receivable in Cash or in Kind)		
Unsecured, considered good	3,243	2,273
	<u>72,171</u>	<u>65,501</u>

* The Company has received intimation from the insurer that it has approved the insurance claim; relating to fire incident during the financial year 2010-11, for ₹ 17160 thousand. For this claim the company had made provision of ₹ 33362 thousand. The company; not being satisfied with the claim approved by the insurer, has referred such matter to the appellate forum and the first appellate forum is arbitration.

Therefore, no provision for loss (the difference between the insurance claim as per books of account and claim approved by the insurer) has been made in the books of account. Adjustment; if any, arising upon the settlement of claim will be made in the year when the insurance claim is finally settled.

Notes on Financial Statements for the Year ended 31st March, 2013

	(₹ in Thousand)		
	2012-13	2011-12	
Note 16: Revenue from Operations			
Sales	862,541	735,352	
	<u>862,541</u>	<u>735,352</u>	
Sale of Products Comprises :			
<u>Manufactured Goods</u>			
Yarn & Threads	833,451	708,642	
Less: Rebate & Discount	23,601	18,331	
	<u>809,850</u>	<u>690,311</u>	
Add: Exchange Rate Fluctuations	1,578	2,881	
	<u>811,428</u>	<u>693,192</u>	
Raw Material Scrap	29,062	27,553	
Other Scrap	2,113	2,600	
Duty Drawback and other export incentives	19,938	12,006	
	<u>862,541</u>	<u>735,351</u>	
Note 17: Other Income			
Interest Income	1,800	1,708	
Other Non-Operating Income	2,041	538	
	<u>3,841</u>	<u>2,246</u>	
Interest Income Comprises:			
Interest from banks on:			
Margin Money	693	802	
Interest on Early Payment of Trade Payables	438	248	
Interest on Income Tax refund	-	40	
Other interest (Int. on Security Deposit with DHVPLN)	669	618	
	<u>1,800</u>	<u>1,708</u>	
Other Non-Operating Income Comprises:			
Profit on sale of fixed assets	596	171	
Liabilities/Provisions No Longer Required written back(Sundry Balance W/off)	118	7	
Customer's Credit Balances written back	303	-	
Prior period income	1,024	336	
Miscellaneous income	-	24	
	<u>2,041</u>	<u>538</u>	
Details of Prior Period Items			
Provision for Income Tax	-	280	
Subsidy on Interest on Term Loan	774	-	
Refund received from Haryana State Pollution Control Board	250	-	
Interest	-	52	
Others	-	4	
	<u>1,024</u>	<u>336</u>	
Note 18: Cost of Materials Consumed			
	% of Consumption		
	This Year	Previous Year	
Imported	-	-	-
Indigenous	100.00	100.00	426,611
	<u>100.00</u>	<u>100.00</u>	<u>426,611</u>
Material Consumed:			
Raw Material:			
- Cotton			303,373
- Yarn			-
- Man Made Fibre			6,990
			<u>310,363</u>
Colour & Chemicals			84,204
Packing Materials			32,044
			<u>426,611</u>
			<u>377,595</u>

Notes on Financial Statements for the Year ended 31st March, 2013

	2012-13	2011-12
(₹ In Thousand)		
Note 19: Changes In Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade		
<u>Inventories at the end of the year:</u>		
Finished Goods	34,683	19,030
Work-in-Progress	55,012	62,947
Cotton Scrap	1,214	1,045
	90,909	83,022
<u>Inventories at the beginning of the year:</u>		
Finished goods	19,030	58,485
Work-in-progress	62,947	50,832
Cotton Scrap	1,045	2,749
	83,022	112,066
Net (increase) / decrease	(7,887)	29,044
Note 20: Employee Benefits Expense		
Salaries and Wages	118,087	89,532
Contributions to Provident and Other Funds	7,328	6,400
Employee State Insurance	4,308	3,455
Staff Welfare Expenses	2,122	1,884
	131,845	101,271
Note 21: Finance Costs		
Interest Expense on Borrowings	18,989	23,473
Other Borrowing Costs	5,106	4,850
	24,095	28,323

Notes on Financial Statements for the Year ended 31st March, 2013

(₹ in Thousand)

Note 22: Other Expenses	2012-13	2011-12
Consumption of Stores and Spare Parts	36,063	26,720
Power and Fuel	113,760	84,893
Earth Filing Expenses	1,219	1,085
Water	860	804
Rent including lease rentals	1,487	1,473
Repairs and Maintenance - Buildings	3,934	1,279
Repairs and Maintenance - Machinery	2,775	1,690
Repairs and Maintenance - Others	457	395
Insurance	1,424	1,152
Rates and taxes	1,046	563
Communication	1,193	1,259
Travelling and conveyance (a)	3,967	4,988
Vehicle Expenses (b)	3,236	3,147
Printing and stationery	960	873
Freight and forwarding	32,409	21,734
Sales commission	9,194	9,789
Business promotion	3,869	4,026
Bank Charges	71	108
Foreign Exchange Fluctuation (Net)	18	-
Legal and professional	2,810	2,053
Insurance Claim not receivable	637	-
Irrecoverable Balances written off	22	-
Festival Expenses	598	596
Payment to Statutory Auditors	588	592
Prior period Expenses	91	1,650
Miscellaneous Expenses	2,437	2,314
	225,125	173,183

(a) Include ₹ 1,31,657/- for attending board meetings (Previous Year ₹ 54,679/-).

(b) Net of Insurance Claim ₹ 5,000/- (Previous Year ₹ 104,700/-).

Consumption of Stores and Spare Parts	% of Consumption		This Year	Previous Year
	This Year	Previous Year		
Imported	3.99	4.33	1,440	1,156
Indigenous	96.01	95.67	34,623	25,564
	100.00	100.00	36,063	26,720

Payments to Statutory Auditors Comprises

- Audit Fee	550	450
- Certification Fee	-	75
- Reimbursement of Expenses	38	67
	588	592

Prior period items

Custom Duty	-	1,514
Duty Drawback	67	30
Others	24	106
	91	1,650

**Notes on Financial Statements for the Year ended 31st March, 2013**

(₹ in Thousand)

	As at 31 st March, 2013	As at 31 st March, 2012
Note 23: Earning Per Equity Share		
Earning Available to Equity Shareholder	33,894	8,999
Weighted Average No. of Equity Shares	3,810,000	3,810,000
Earning Per Equity Share in Rupee	8.89	2.36
Note 24: Contingent Liabilities		
Contingent Liabilities Shall be classified as:		
Unredeemed Bank Guarantees	278	28
Other money for which the company is contingently liable*	4,837	3,807
*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.		
Note 25: Foreign Exchange Transaction		
Value of Import Calculated on C.I.F basis		
Raw Material	-	-
Components, Sotres and spares parts	1,650	1,422
Capital Goods	9,686	2,681
	<u>11,336</u>	<u>4,103</u>
Expenditure in foreign currency		
Travelling Expenses	561	1141
Commission on Export Sales	8127	7391
Professional Fees	289	366
Testing Fees	29	31
Foreign Bank Charges	774	668
	9,780	9,597
Earning in foreign exchange		
Export of goods calculated on F.O.B basis	<u>596,565</u>	<u>524,845</u>

Notes on Financial Statements for the Year ended 31st March, 2013
Note 26: Related Party Transactions

As per Accounting Standard 18, the disclosure of transactions with related parties is given below:-

Name of the Related Party	Relationship	Interest Paid	₹ in Thousand)	
			Amount Payable	Amount Recoverable
Unsecured Loan & Interest Thereon				
Achhar Investmets Ltd.	Associates	134 (134)	1,114 (1,114)	Nil
Atishay Investments & Finance (P) Ltd.	Associates	16 (16)	136 (136)	Nil
Jainish Products Ltd.	Associates	150 (150)	1,254 (1,254)	Nil
Sacred Trading & Investment Co. Ltd.	Associates	110 (110)	918 (918)	Nil
Board Sifting Fees				
Sh. B. C. Talukdar	Director	35 (35)	Nil Nil	Nil Nil
Sh. P. D. Agarwal	Director	26 (42)	Nil Nil	Nil Nil
Sh. M. L. Jain	Director	33 (42)	Nil Nil	Nil Nil
Sh. Anil Agarwalla	Director	16 (23)	2 Nil	Nil Nil
Salary / Reumeration				
Sh. Raj Kumar Agarwal	Whole Time Director	672 (1204)	Nil Nil	Nil Nil
Sh. Ashok Kumar Agarwal	Dy. Managing Director	628 (534)	Nil Nil	Nil Nil
Sh. Kailash Kumar Agarwal	Dy. Managing Director	628 (534)	Nil Nil	Nil Nil
Sh. Kashmiri Lal Agarwal	Relative of Director	900 (798)	Nil Nil	Nil Nil
Sh. Ravindrara Agarwaal	Relative of Director	728 (606)	Nil Nil	Nil Nil

Notes on Financial Statements for the Year ended 31st March, 2013

Name of the Related Party	Relationship	Interest Paid	(₹ in Thousand)	
			Amount Payable	Amount Recoverable
Rent/Lease Rent				
Surender Kumar Agarwal H.U.F.	Associates	60 (60)	Nil Nil	250 (250)
Raj Kumar Agarwal H.U.F.	Associates	60 (60)	Nil Nil	250 (250)
Jawala Prasad Ram Pat	Associates	108 (108)	Nil Nil	Nil Nil
Supermax Promoters Pvt Ltd.	Associates	36 (36)	Nil Nil	Nil Nil
Siram Appartments Pvt.Ltd.	Associates	36 (36)	Nil Nil	Nil Nil
Sanjay Mercantile Pvt.Ltd.	Associates	150 (150)	300 (275)	Nil Nil
Kashmiri Lal Agarwal H.U.F.	Associates	60 (60)	60 (110)	Nil Nil
Jai Narain Agarwal H.U.F.	Associates	15 (15)	15 (28)	Nil Nil
Others				
A Agarwalla & Co.	Associates	Nil Nil	50 (50)	Nil Nil

Note: Brackets represent previous year's figures

Note 27: Notes On Accounts:

- Balance of Trade Receivable, Advance Recoverable and Trade Payables are subject to Confirmation.
- Stores and Spares consumed includes spares consumed for repairs of Plant & Machinery.
- Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.

As per our report of even date attached

For A.K. Associates
Chartered Accountants

For and on behalf of the Board of Directors

C.A. A.K. Gupta
(PARTNER)
M.No. 16533
Firm Registration No. 000596N

Ankur Goyal
Senior Manager
Finance

Ashok Kumar Agarwal
Dy. Managing
Director

Parshotam Das Agarwal
Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Bibhuti Charan Talukdar
Mohan Lal Jain
Directors

Place : New Delhi
Date : 30.05.2013

H.P.COTTON TEXTILE MILLS LTD.

Registered office: 15th K.M. stone, Delhi Road, VPO-Mayar (Hisar), Haryana
Website: www.hpthreads.com, E-mail: hisar@hpthreads.com

Dear Shareholder,

RE: Information of email address for receipt of documents electronically

The ministry of Corporate Affairs ('Ministry') has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the recent circulars bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report etc) to their shareholders through electronic mode, to the registered e-mail addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

This is also golden opportunity for every shareholder of H.P. Cotton Textile Mills Ltd. (the Company) to contribute to the Corporate Social Responsibility initiative of the Company. All you have to do is to register your e-mail id with the Company to receive communication through electronic mode.

ADVANTAGES OF REGISTERING FOR E-COMMUNICATION

- Receive communication promptly
- Reduce paper consumption and save trees
- Eliminate wastage of paper
- Avoid loss of document in postal transit
- Save costs on paper and postage

For supporting this initiative, if you hold share in

- a) electronic form, please intimate your email address to your Depository Participant (DP). The same will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956.
- b) physical form, please send a duly signed letter quoting the name of first/ sole holder and folios to the Company's Registrar:

M/s Alankit Assignments Ltd.

2E/21, Alankit House,
Jhandewalan Extension,
New Delhi - 110055

Tel.No.011-23541234-42541234

Fax No.011-23552001

Website: www.alankit.com

We strongly urge you to support this "Green Initiative" by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live in. In case your share are in physical form, we also urge you to have your shares dematerialized by approaching Depository Participant (DP) of your choice.

FOR H.P. COTTON TEXTILE MILLS LTD.

ASHOK KUMAR AGARWAL
(Compliance Officer)