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H.P Cotton Textile Mills Limited

33rd Annual Report 2013-2014



REGISTERED / CORPORATE OFFICE AND WORKS

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BOARD OF DIRECTORS

Shri Raj Kumar Agarwal, Chairman

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 Third Annual General Meeting of the Members of H.P.Cotton Textile Mills Limited will be held on Friday, the 26th day of September, 2014 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 31st March, 2014 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. Raj Kumar Agarwal (DIN 02950710), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting to till the conclusion of the 36th Annual General Meeting and to fix their remuneration. The retiring Auditors, M/s A.K. Associates, Chartered Accountants, are eligible for re-appointment and have given a written certificate as per section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014.

SPECIAL BUSINESS:

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

“Resolved that the Company hereby accords its consent and approval under section 196,197,198 and 188 read with Schedule V and other applicable provisions, if any, of the Companies' Act 2013, for re-appointment of Shri Ashok Kumar Agarwal (DIN 00046627), subject to retire by rotation, as Whole Time Director designated as Deputy Managing Director for a period of 5 (Five) years with effect from 02nd August 2014 on the following remuneration:

Salary Basic	: ₹ 75100-7000-103100 per month
HRA	: 25% of Basic Salary.
Provident Fund & Gratuity	: As per Employee Provident Fund Act and Payment of Gratuity Act and shall not be included in the computation of the ceiling of remuneration.
Medical	: Re-imbursement of medical expenses for self and family upto a limit of 5% of basic salary per annum.
Leave Travel Assistance	: Re-imbursement of Leave Travel expenses for self and family upto a limit of 5% of Basic Salary per annum.
Earned Leave	: 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. Earned leave will be maximum 30 days per annum as per rules of the Company.

Minimum Remuneration	:	Where in any financial year during the currency of the tenure of Shri Ashok Kumar Agarwal, the Company has no profits or its profits are inadequate, the Company may pay to Shri Ashok Kumar Agarwal the above remuneration as the minimum remuneration for a period not exceeding 3 years or till the tenure of appointment, whichever is earlier, by way of salaries, perquisites and other allowances and benefits as specified above subject to receipt of requisite approvals, if any.
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"Further Resolved that the Board of Directors with the recommendation of Nomination & Remuneration Committee be and are hereby authorized to alter, vary or modify the terms and conditions of the said re-appointment including remuneration, subject to the limits laid down in sections 196, 197, 198 and 188 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to approval of Central Government, if necessary, and subject to the requisite approvals, if any, being obtained and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution".

6. Appointment of Shri Bibhuti Charan Talukdar (DIN 00024015) as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Bibhuti Charan Talukdar (DIN 00024015), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 26, 2014 up to September 25, 2019."

7. Appointment of Shri Parshotam Das Agarwal (DIN 00063017) as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Parshotam Das Agarwal (DIN 00063017), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 26, 2014 up to September 25, 2019."

8. Appointment of Shri Anil Agarwalla (DIN 00046615) as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Anil Agarwalla (DIN 00046615), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 26, 2014 up to September 25, 2019."

9. Appointment of Shri Mohan Lal Jain (DIN 00063240) as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Mohan Lal Jain (DIN 00063240), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from September 26, 2014 up to September 25, 2019."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

Authority to Board of Directors to borrow

"RESOLVED THAT subject to the provisions of Section 180(1)(c), 180(2) and other applicable provisions and Rules, if any, of the Companies Act, 2013, any amendments/enactments/re-enactments thereof, consent of the Company be hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" and which term shall be deemed to include any duly authorised committee(s) thereof, for the time being exercising the powers conferred by the Board by this resolution) for borrowing from time to time and in any manner, any sum or sums of money up on such terms and conditions and with or without security as the Board may in its absolute discretion think fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company will exceed the aggregate of its paid-up share capital and free reserves, apart from the temporary loans obtained or to be obtained from time to time from the Company's Bankers/Lenders in the ordinary course of business, provided however that the sums so borrowed and remaining outstanding on account of principal amount shall not, at any time, exceed ₹50,00,00,000/- (Rupees Fifty Crore only)."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and incidental thereto; and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

Authority to Board of Directors for creation of charges/mortgages in respect of borrowings

"RESOLVED THAT subject to the provisions of Section 180(1)(a) and other applicable provisions and Rules, if any, of the Companies Act, 2013, (including any amendment thereto or enactment/re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) thereof) to sell, lease or otherwise dispose of whole or substantially the whole or any undertaking of the Company or create such charges, mortgages, hypothecations and pledges in addition to the existing charges, mortgages, hypothecations and pledges created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events, in favour of the Banks/Financial Institutions/NBFCs/Lenders and other investing agencies for the amount borrowed and any other form of loan/borrowing of whatever nature or by whatever name (hereinafter collectively referred to as "Loans") provided that the total principal amount of Loans shall not, at any time exceed the limit of ₹ 50,00,00,000/- (Rupees Fifty Crore only)."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and incidental thereto; and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

Place: New Delhi

Date: 13th August, 2014

By Order of the Board of Directors

Ashok Kumar Agarwal

Deputy Managing Director

(DIN 00046627)

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

Hisar – 125 044 (Haryana).

Ph. (01662)261425-26-27, 261483

Fax No.(01662)261417,

E-mail : hisar@hpthreads.com

CIN: L18101HR1981PLC012274

NOTES:

1. Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his behalf pursuant to Section 105 of the Companies Act 2013. A proxy need not be a member of the company. The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.
2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, 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 Friday, 19th September, 2014 to Friday, 26th September, 2014 (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 18th September, 2014; 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 72 of the Companies Act, 2013, 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. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
10. **Voting through electronic means:**
 In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this section of the Notice) and Clause 35B of the Listing Agreement, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on 22nd August 2014 (End of Day) being the Cut-off date (Record date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by CDSL.

- A. The instructions for shareholders voting electronically are as under:
 The voting period begins on 20th September 2014 at 9.00 a.m. and ends on 22nd September 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Log on to the e-voting website www.evotingindia.com during the voting period.
 - Click on "Shareholders" tab.
 - Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - If you are a first time user follow the steps given below:

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

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

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

A. General Instructions

- i. The Company has appointed CA Ram Niwas Agarwal (Membership No. 089632) partner of M/s Ramniwas Associates, Chartered Accountants, having address- 692, Sector-14, Hisar (Haryana) as a Scrutiniser for conducting the e-voting process in a fair and transparent manner.
- ii. The Scrutiniser shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- iii. In the event of a poll, please note that the members who have exercised their right to vote by electronic means as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and report thereon will be prepared in accordance with section 109 of the Companies Act, 2013 read with the relevant Rules. In such an Event, Votes cast under poll taken together with the votes cast through E-voting form shall be counted for the purpose of passing of resolution(s).

11. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013
ITEM NO. 5

Shri Ashok Kumar Agarwal (DIN 00046627) was re-appointed as Whole Time Director designated as Deputy Managing Director for a period of 5 years w.e.f. 02nd August, 2009 on the following remuneration which was approved at the Annual General Meeting held on 30th September, 2009. His remuneration was within the limits prescribed in schedule XIII of the Companies Act, 1956.

Salary Basic	: ₹ 38000/- (Consolidated) per month
Medical	: Expenses for self and family upto a limit of 5% of basic salary per annum.
Re-imbursement	
P.F & Gratuity	: As per act and shall not be included in the computation of the Ceiling on remuneration.
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 Directors in their meeting held on 30th May 2014 upon the recommendation of the Nomination & Remuneration Committee of the Company and keeping in view that the terms of appointment of Shri Ashok Kumar Agarwal as Whole Time Director designated as Deputy Managing Director will be expiring on 01st August, 2014 and also in the interest of the Company has re-appointed Shri Ashok Kumar Agarwal as Whole Time Director designated as deputy Managing Director for a further period of 5 years w.e.f. 02nd August, 2014 subject to the approval of the members of the Company in this Annual General Meeting on a remuneration as mentioned in the resolution with an authority to the Board to alter, vary or modify the terms with recommendation of Nomination & Remuneration Committee during the tenure of his holding the office as Whole Time Director designated as Deputy Managing Director.

The remuneration to be paid to Shri Ashok Kumar Agarwal will be within the limits prescribed under schedule- V of the Companies Act 2013. Hence the resolution is recommended for your approval.

Shri. Ashok Kumar Agarwal is interested in the resolution set out at item No. 5 of the Notice, which pertain to his re-appointment and remuneration payable to him. The relatives of Shri Ashok Kumar Agarwal, Shri Raj Kuamr Agarwal and Shri Kailash Kumar Agarwal who are his relatives and also Chairman and Deputy Managing Director respectively of the Company and their other relatives may be deemed to be interest in the resolutions set out respectively at item No.5 of the Notice, to the extent of their shareholding interest; if any, in the Company.

Save and except the above, none of the other Directors/Key Management Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise in this resolution

The Board commends the Ordinary Resolutions set out at item Nos. 5 of the Notice for approval by the shareholders.

ITEM NO. 6
Appointment of Shri Bibhuti Charan Talukdar (DIN 00024015) as an Independent Director of the Company

Shri Bibhuti Charan Talukdar is a Graduate (B.Com) and also holds Post Graduation Diploma in Business Management. He has held numerous senior positions during the career and retired as Company Executive. He is 78 years old and having experience over 53 years in Corporate Affairs Finance, Rehabilitated Sick Companies and Acquisition and Merger. Shri Bibhuti Charan Talukdar is the Chairman of Stakeholder Relationship Committee and Nomination & Remuneration Committee of the Board and he is also Member in Audit

Committee and in Share Transfer Committee of the Board. He does not hold any shares in the Company.

The number of the companies in which he holds other directorship and membership/ chairmanship of committees (only Audit and Stakeholder Relationship Committees) in other public limited companies are given in Directors Report.

Shri Bibhuti Charan Talukdar has been an Independent Director pursuant to clause 49 of the listing agreement on the Board of the Company since 2004. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Bibhuti Charan Talukdar fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Bibhuti Charan Talukdar is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Bibhuti Charan Talukdar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Bibhuti Charan Talukdar as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri Bibhuti Charan Talukdar shall not be liable to retire by rotation. Save and except Shri Bibhuti Charan Talukdar and his relatives; to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Management Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 6 of the Notice.

The Board commends, the Ordinary Resolution set out at item No.6 of the Notice for approval by the shareholders. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

ITEM NO. 7

Appointment of Shri Parshotam Das Agarwal (DIN 00063017) as an Independent Director of the Company

Shri Parshotam Das Agarwal is a Graduate (B.Com) and also holds LLB and MBA. He has held numerous senior positions during the career. He is 67 years old and having experience over 40 years mostly in textile, lighting & paper industries. Shri Parshotam Das Agarwal is the member of Stakeholder Relationship Committee and Nomination & Remuneration Committee of the Board and he is also Member & chairman in Audit Committee and in Share Transfer Committee of the Board. He does not hold any shares in the Company.

The number of the companies in which he holds other directorship and membership/chairmanship of committees (only Audit and Stakeholder Relationship Committees) in other public limited companies are given in Directors Report.

Shri Parshotam Das Agarwal has been an Independent Director pursuant to clause 49 of the listing agreement on the Board of the Company since 2004. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Parshotam Das Agarwal fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Parshotam Das Agarwal is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Parshotam Das Agarwal as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Parshotam Das Agarwal as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri Parshotam Das Agarwal shall not be liable to retire by rotation. Save and except Shri Parshotam Das Agarwal and his relatives; to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Management Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 7 of the Notice.

The Board commends, the Ordinary Resolution set out at item No. 7 of the Notice for approval by the shareholders. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

ITEM NO. 8**Appointment of Shri Anil Agarwalla (DIN 00046615) as an Independent Director of the Company**

Shri Anil Agarwalla is a Graduate and also holds LLB. He has held numerous senior positions during the career. He is 50 years old. He is practicing advocate at Hon'ble Supreme Court of India, New Delhi and having more than 23 years experience. Shri Anil Agarwalla is the member of Audit Committee, Stakeholder Relationship Committee, Share Transfer Committee and Nomination & Remuneration Committee of the Board. He does not hold any shares in the Company.

The number of the companies in which he holds other directorship and membership / chairmanship of committees (only Audit and Stakeholder Relationship Committees) in other public limited companies are given in Directors Report.

Shri Anil Agarwalla has been an Independent Director pursuant to clause 49 of the listing agreement on the Board of the Company since 1999. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Anil Agarwalla fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Anil Agarwalla is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Anil Agarwalla as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Anil Agarwalla as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri Anil Agarwalla shall not be liable to retire by rotation. Save and except Shri Anil Agarwalla his relatives; to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Management Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 8 of the Notice.

The Board commends, the Ordinary Resolution set out at item No. 8 of the Notice for approval by the shareholders. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

ITEM NO. 9**Appointment of Shri Mohan Lal Jain (DIN 00063240) as an Independent Director of the Company**

Shri Mohan Lal Jain is a Graduate (B.Com.(Hons.)) and also Member of ICAI (FCA). He is 55 years old. He is practicing Chartered Accountant since 1985 and having more than 30 years experience in Finance, Audit and Income Tax. Shri Mohan Lal Jain is the member of Audit Committee of the Board. He does not hold any shares in the Company.

The number of the companies in which he holds other directorship and membership / chairmanship of committees (only Audit and Stakeholder Relationship Committees) in other public limited companies are given in Directors Report.

Shri Mohan Lal Jain has been an Independent Director pursuant to clause 49 of the listing agreement on the Board of the Company since 2010. With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Directors' as defined in section 149(6) of the Act and ensure that at least 1/3rd of the total number of directors are Independent Directors. The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Shri Mohan Lal Jain fulfills the conditions specified in the Act and the Rules made there under to be eligible to be appointed as Independent Director pursuant to the provisions of section 149 of the Act. The Board of Directors of your Company is also of the opinion that Shri Mohan Lal Jain is independent of the management of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Mohan Lal Jain as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Mohan Lal Jain as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri Mohan Lal Jain shall not be liable to retire by rotation. Save and except Shri Mohan Lal Jain and his relatives; to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Management Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 9 of the Notice.

The Board commends, the Ordinary Resolution set out at item No.9 of the Notice for approval by the shareholders. This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

ITEM NO. 10 & 11

The Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 4/2014 dated March 25, 2014 clarified that the Ordinary Resolutions passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

The approval of the Members for the borrowings exceeding the aggregate of paid up capital and free reserves of the company and creation of mortgage or charge for the said borrowing is therefore now being sought, by way of Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Act, respectively. The Directors commend the Resolutions at Item Nos. 1 & 2 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors/Key Management Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolutions set out at item No. 10 and 11 of the Notice.

The Board commends, the Special Resolutions set out at items No.10 and 11 of the Notice for approval by the shareholders.

Place: New Delhi
Date: 13th August, 2014

By Order of the Board of Directors
Ashok Kumar Agarwal
Deputy Managing Director
(DIN 00046627)

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 Raj Kumar Agarwal
	DIN NO.	02950710
	Date of Birth	04.10.1952
	Date of Appointment	01.07.2011
	Expertise in specific functional Area	More than 28 Years in Textile Industries
	Qualification	B.Com.
	Directorship in other limited Companies	Nil
	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	6786
2.	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 33 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 Apartments 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
3.	Name of the Director	Shri Bibhuti Charan Talukdar
	DIN NO.	00024015
	Date of Birth	01.03.1936
	Date of Appointment	30.10.2004

	Expertise in specific functional Area	Retired Corporate Executive having experience in Corporate Law and Finance over 53 years.
	Qualification	B.Com, Post Graduation Diploma in Business Management.
	Directorship in other limited Companies	Nagreeka Exports Ltd. Nagreeka Capital & Infrastructure Ltd. Prabhu Switch Gear Private Ltd.
	Memberships/Chairmanships of Committees of the Directors of the Company	Chairman in Remuneration Committee and Shareholder's/Investor's Grievances Committee. Member in Audit Committee and Share Transfer Committee.
	Memberships/ Chairmanships of Committees of the Directors of other Companies	In Nagreeka Exports Ltd. member of Audit Committee, Stakeholder Relationship Committee and Nomination & Remuneration Committee. In Nagreeka Capital & Infrastructure Ltd. member of Audit Committee and Stakeholder Relationship Committee.
	Number of share held	NIL
4.	Name of the Director	Shri Parshotam Das Agarwal
	DIN NO.	00063017
	Date of Birth	09.10.1946
	Date of Appointment	09.08.2004
	Expertise in specific functional Area	More than 40 years experience in Textile & Paper industry.
	Qualification	B.Com., L.L.B., M.B.A.
	Directorship in other limited Companies	Nil
	Memberships/Chairmanships of Committees of the Directors of the Company	Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Share Transfer Committee of the Company.
	Memberships/Chairmanships of Committees of the Directors of the other Companies	Nil
	Number of share held	Nil
5.	Name of the Director	Shri Anil Agarwalla
	DIN NO.	00046615
	Date of Birth	01.01.1964
	Date of Appointment	29.07.1999
	Expertise in specific functional Area	Practicing Advocate at Supreme Court of India, New Delhi having more than 23 years experience.

	Qualification	L.L.B.
	Directorship in other limited Companies	M/s Promain Ltd.
	Memberships/Chairmanships of Committees of the Directors of the Company	Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Share Transfer Committee of the Company
	Memberships/ Chairmanships of Committees of the Directors of other Companies	Nil
	Number of share held	Nil
6.	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 30 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

FOR THE ATTENTION OF THE MEMBERS:

- Members are requested to send intimations of any changes in their addresses, applications for demat of shares, applications for transfer of shares and any related correspondence to the Company's share transfer agents M/s Alankit Assignments Ltd., 2E/21, Alankit House, Jhandewalan Extension, New Delhi-110055 Tel: (011)-23541234-42541234, Email: alankit@alankit.com
- Sending Notices and documents to shareholders through email:**
As a part of "Green Initiative" in Corporate Governance, the Ministry of Corporate Affairs has allowed sending communication to the shareholders through electronic mode. Accordingly, we propose to send documents like notices convening general meetings, Annual Report, etc to the email addresses of the shareholders. For this purpose, shareholders holding shares in physical form are requested to register their email addresses and any changes therein from time to time with the Share transfer Agents of the Company M/s Alankit Assignments Ltd, at their postal/ email address given above. Please give the details in the attached format for registering your email ID. Those holding shares in demat form are requested to register their email IDs with their Depository Participants.

3. Making payment of dividend through NECS/NEFT:

In order to enable payment of dividend by direct credit to the bank accounts of the shareholders through National Electronic Clearing Service (NECS)/ Nation Electronic Fund Transfer (NEFT), those holding shares in physical form are requested to furnish their mandates for the same in the attached format along with the specified details/ document to M/s Alankit Assignments Ltd. Those holding shares in demat form are requested to update their records with DPs in this respect.

4. Payment of unpaid dividend of previous year:

The Company has declared dividends @ 10% for the financial year 2012-13 i.e. ₹ 1/- per equity share of rupees 10/- each. Those shareholders who have not en-cashed their warrants so far are requested to send their claims for payment, by giving the detail in the attached format to the Company. List of shareholders to whom dividends remain unpaid are available on the website of the Ministry of corporate Affairs. Please note that as per Section 124(6) of the new Companies Act, 2013 the shares held in respect of the unpaid dividend has also to be transferred to demat account maintained under Investor Education and Protection Fund account.

1) FORMAT FOR REGISTERING EMAIL ID

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

Signature

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

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

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

Bank Name :
Branch Name :
Branch Address :
MICR Code :
IFSC Code :
Account Type :
Account No :

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

Photocopy of Bank Pass Book/ Bank Statement
Photocopy of a blank cheque leaf of the account

Signature

3) FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS

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

Signature

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting to you, the Thirty Third Annual Report on the activities of your Company along with the Audited Annual Accounts for the financial year ended 31st March, 2014.

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 31.03.14	Year ended 31.03.13
Sales and other Income	9798	8664
Profit before financial charges and depreciation	908	898
Financial charges	(203)	(242)
Profit before depreciation	705	656
Depreciation	(133)	(131)
Profit before tax	572	525
Prior year adjustment	4	10
Profit before Tax	576	535
Less: Provision for Tax		
- Current Tax (including 1 lac for earlier year)	(204)	(195)
- Deferred Tax	26	(1)
Profit after Tax	398	339
Basic and Diluted Earning Per Share (₹)	10.44	8.89
Dividend Recommended ₹/Share	1	1
Dividend Recommended (%)	10	10

OPERATIONAL PERFORMANCE:

The total sale of the company for the year was ₹ 9757 lacs as compared to the ₹ 8625 lacs in the preceding financial year. The exports of the Company increased from ₹ 5965 lacs to ₹ 6603 lacs, showing an increase of 10.69% over the preceding financial year. During the year under review, Company has earned profit before financial charges and depreciation of ₹ 908 lacs as against ₹ 898 lacs in the preceding financial year and profit after tax of ₹ 398 lacs as against ₹ 339 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 ₹ 1382 lacs (Including Share Premium) as on 31st March, 2014.

Dividend

Your Directors are pleased to recommend for your consideration and approval dividend @ 10% for the financial year 2013-14 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 18th September, 2014; 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:

The Indian textile industry is on a come back trail due to an improved US economy, are covering demand from the European Union and favourable raw material prices. China, a major textiles producer for about two decades is now focusing on other sectors, which should open up opportunities for other textiles producing countries such as India and Bangladesh. As a result, India, Bangladesh and Vietnam are receiving more orders due to reduction in the global spinning capacity and cut down in cotton imports by China. The global buyers, therefore, are looking at India as one of the major sourcing destinations. The Indian textile industry is competitively placed vis-à-vis competitors. India offers higher skills, lower costs, modern technology, global acceptance and a highly creative pool of design talent. A supportive policy regime and the absolute commitment of private enterprise add strength to Indian prospects. India is among the few textiles manufacturing countries, which is fully integrated from cotton to yarn/threads.

b) Risks and Concerns:

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 and non-availability of skilled labour are major concerns, which lead to escalation in cost of production. In financial year 2013-14 inflation has increased and 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.

c) Opportunities and Threats:

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. However, increasing apparel imports from Bangladesh/China and impact of the global economic slowdown and currency fluctuations on India's consumption may pose a threat to the textile industry in India.

d) Outlook:

In financial year 2013-14 inflation has increased rapidly and touched record highs. 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. 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. Our textile unit has a competitive edge in terms of quality, designs and innovative products. We expect much better performance in the coming years and 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.

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 Raj Kumar Agarwal is liable to retire by rotation and being eligible, has offered himself for reappointment. The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Shri Bibhuti Charan Talukdar, Shri Parshotam Das Agarwal, Shri Anil Agarwalla and Shri Mohan Lal Jain, as Independent Directors at various times, in compliance with the requirements of the clause. Pursuant to the provisions of section 149 of the New Companies Act 2013, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation. The Nominations & Remuneration Committee has recommended the appointment of these directors as Independent Directors from 26th September, 2014 upto 25th September, 2019. 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

M/s A.K. Associates, Chartered Accountants, Independent Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for re-appointment and have given a written certificate as per section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014. In accordance with the Companies Act 2013, it is proposed to re-appoint them from the conclusion of this Annual General Meeting till the conclusion of the 36th Annual General Meeting, subject to the approval of shareholders.

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

COST AUDITORS

Pursuant to the Ministry of Corporate Affairs Notification dated 30.06.2014, textile industries has been exempted to maintain cost records and to appoint Cost Auditors. Accordingly Company has not appointed Cost Auditors for the Financial Years 2014-15.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Companies Act, 2013 notified section 135 of the Act concerning Corporate Social Responsibility alongwith the Rules thereunder and revised Schedule VII to the Act on 27th February, 2014 and other amendments to Schedule VII to come into effect from 1st April, 2014. The Company being covered under the provisions of the said section, has taken necessary initial steps in this regard. A Committee of the directors, titled 'Corporate Social Responsibility Committee', has been formed by the Board in its meeting held on 30th May, 2014, consisting of the following:

Name	Designation
Shri Parshotam Das Agarwal	Chairman
Shri Bibhuti Charan Talukdar	Member
Shri Ashok Kumar Agarwal	Member
Shri Kailash Kumar Agarwal	Member

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

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.

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 31.03.2014 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 2013; 30th Sept. 2013; 31st December 2013 and audited financial result for the quarter/ year ended on 31st March 2014. The summarized results are published in Business Standard (English), Delhi & Aaj Samaj (Hindi), Hissar.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO

The information required under Section 217(l)(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, 2014 on a going concern basis.

5. That the Directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

Raj Kumar Agarwal
Chairman
(DIN: 02950710)

Place: New Delhi
Dated: 13th August, 2014

ANNEXURE –A TO THE DIRECTORS' REPORT
FORM-A

	PARTICULARS	UNIT	2013-14	2012-13
A	POWER AND FUEL CONSUMPTION			
1.	Purchases from DHBVNL			
	Units	000' KWH	10895.24	9870
	Rate	₹/UNIT	7.49	6.16
	Total amount	₹ LACS	816.52	607.56
2.	OWN GENERATION			
	Units generated	000' KWH	676.83	1958
	Average rate	₹/UNIT	17.99	12.38
	Total amount	₹ LACS	121.74	242.39
B	FUEL			
a	STEAM GENERATION			
	Quantity of petcock consumed	TONNES	2925.06	2721.50
	Average cost of petcock	₹PER TON	9878.55	9502.73
	Total cost of petcock	₹LACS	288.95	258.62
b	LIQUEFIED PETROLEUM GAS			
	LPG consumed	000' KG	32.49	36
	Average cost	₹PER KG	89.41	81.16
	Total cost	₹LACS	29.05	29.03
C	CONSUMPTION PER KILOGRAM OF PRODUCT			
a	ELECTRICITY			
	i) Upto Ring frame	KWH/KG	2.32	2.35
	ii) Mills as a whole	KWH/KG	5.84	5.95
	Total power consumed	000' UNIT	11572.07	11828
b	STEAM	KG/KG	4.20	4.25
	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

- a) Cost-efficiency in manufacturing operations through better methods and techniques of production.
- b) To develop more value added products and improve further quality of the products.
- c) Development of new markets.
- d) 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	₹6602.73	Previous Year	₹ 5965.65
Foreign Exchange Used	₹ 167.09	Previous year	₹ 211.16

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 31.03.2014 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 31.03.2014. 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 at last AGM	Share-holding in the Company	Director-ship held #	No of Committees@	
					As Chairman	Memberships held *
Sh. Raj Kumar Agarwal (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%)	7	NIL	NIL
Sh. Bibhuti Charan Talukdar	Non- Executive / Independent	P	00	4	1	6
Sh. Parshotam Das Agarwal	Non- Executive / Independent	P	00	1	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'/Relationship Committee only.

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

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 2013-14, the Board of Directors met 06 times on the following dates:

Directors/Date of meeting	30.05.13	22.07.13	09.08.13	07.09.13	11.11.13	12.02.14	Meetings Attended
Sh. Raj Kumar Agarwal	P	L	P	P	P	P	5
Sh. Ashok Kumar Agarwal	P	P	P	P	P	P	6
Sh. Kailash Kumar Agarwal	P	P	P	P	P	P	6
Sh. Bibhuti Charan Talukdar	P	L	P	P	P	L	4
Sh. Parshotam Das Agarwal	P	P	P	P	P	P	6
Sh. Anil Agarwalla	P	P	L	L	L	P	3
Sh. Mohan Lal Jain	P	P	P	P	P	P	6
Total Attendance	7	5	6	6	6	6	36

(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 (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 07, 2013, at the Registered Office of the Company at 15 K.M. Stone, Delhi Road, Village Mayar, Hisar – 125044 (Haryana).

During the year 2013-14 the Audit Committee met 04 times on 30.05.2013; 09.08.2013; 11.11.2013; & 12.02.2014. 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	4
Sh. Bibhuti Charan Talukdar	Non-executive Independent Director	4	3
Sh. Anil Agarwalla	Non-executive Independent Director	4	2
Sh. Mohan Lal Jain	Non-executive Independent Director	4	4

- ii) Nomination & Remuneration Committee:** Nomination & 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 Nomination & Remuneration Committee include the determination of remuneration packages of the executive directors including remuneration policy and pension rights.

During the year 2013-14 the Nomination & Remuneration Committee met 02 times on 22.07.2013 & 12.02.2014. 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	2	2
Sh. Bibhuti Charan Talukdar	Non-executive Independent Director	2	0
Sh. Anil Agarwalla	Non-executive Independent Director	2	2

- iii) **Share transfer Committee:** 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 2014.

During the year meetings of the committee were held on 30.05.13 & 12.02.14. 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	2
Sh. Bibhuti Charan Talukdar	Non-executive Independent Director	2	1
Sh. Kailash Kumar Agarwal	Director (Dy. Managing Director)	2	2
Sh. Anil Agarwalla	Non-executive Independent Director	2	2

- iv) **The Stakeholders Relationship Committee:** The Stakeholders Relationship Committee specifically looks into the redressal of the Shareholders and Investors complaints and expeditious share transfer process. The Stakeholders Relationship 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 30.05.13 & 12.02.14. 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	1
Sh. Parshotam Das Agarwal	Non-executive Independent Director	2	2
Sh. Anil Agarwalla	Non-executive Independent Director	2	2

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 2014, no complaints/queries were received and as at 31st March 2014 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 Nomination & 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	741900	185475	-	222570	1149945
Sh. Ashok Kumar Agarwal **	Dy. Managing Director	732000	183000	87840	73200	1076040
Sh. Kailash Kumar Agarwal **	Dy. Managing Director	732000	183000	87840	73200	1076040

** 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	20000	6000	---	26000
Sh. Parshotam Das Agarwal	30000	8000	4000	42000
Sh. Anil Agarwalla	15000	4000	4000	23000
Sh. Mohan Lal Jain	30000	8000	---	38000

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, one Director for the time being is liable to retire by rotation; Accordingly Sh Raj Kumar Agarwal is liable to retire by rotation in the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Further The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Shri Bibhuti Charan Talukdar, Shri Parshotam Das Agarwal, Shri Anil Agarwalla and Shri Mohan Lal Jain, as Independent Directors at various times, in compliance with the requirements of the clause. Pursuant to the provisions of section 149 of the New Companies Act 2013, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

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 2013-14 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 Nomination & 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
32 nd AGM	September 07, 2013	Saturday	3:00 P M	3
31 st AGM	September 28, 2012	Friday	3:00 P M	1
30 th AGM	September 29, 2011	Thursday	4:00 P M	4

- ii) **Postal Ballot:** No resolution was put to postal ballot during the year ended 31st March 2014.
- 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 : 26th September, 2014
- 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 2013 to March 2014. The tentative financial calendar of the Company for the year 2014-15 shall be as follow:

Board meetings to take on record	Schedule
Financial results for the quarter ending June 30, 2014	During August, 2014
Financial results for the quarter ending September 30, 2014	During November, 2014
Financial results for the quarter ending December 31, 2014	During February, 2015
Financial results for the quarter ending March 31, 2015	During May, 2015

iii) Date of Book Closure

The Register of members and the Share transfer Books of the Company shall remain closed from 19th September, 2014 to 26th September, 2014 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	The Delhi Stock Exchange
Phiroze Jeejeebhoy Towers,	Association Ltd., DSE House,
Dalal Street	3/1, Asaf Ali Road,
Mumbai – 400 001	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 2013-14	SHARE PRICE		BSE SENSEX	
	High in ₹	Low in ₹	High	Low
April, 2013	15.97	14.49	19623	18144
May, 2013	23.00	16.70	20444	19451
June, 2013	26.20	22.50	19860	18467
July, 2013	30.00	26.50	20351	19127
August, 2013	31.80	29.95	19569	17449
September, 2013	34.00	30.25	20740	18166
October, 2013	29.50	20.90	21205	19265
November, 2013	19.95	18.10	21322	20138
December, 2013	18.25	17.35	21484	20569
January, 2014	16.80	13.80	21410	20344
February, 2014	23.05	12.60	21141	19963
March, 2014	23.60	19.80	22467	20921

Source: bseindia.com/archives

vii) 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: alankit@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

viii) Distribution Schedule & Shareholding Pattern:

The Distribution Schedule & Shareholding Pattern of the Company as on 31.03.2014 is as follows:

Range No. of Shares	Shareholders		Shares	
	Number	%Age	Number	%Age
Up to 5000	1869	96.00	547490	14.37
5001 to 10000	23	1.18	161410	4.24
10001 to 20000	27	1.39	381660	10.02
20001 to 30000	5	0.26	112799	2.96
30001 to 50000	4	0.20	171662	4.50
50001 to 100000	9	0.46	724072	19.00
100001 to Above	10	0.51	1710907	44.91
Total	1947	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	52	167294	4.39
Individuals	1836	1259644	33.06
Total	1947	3810000	100

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

ix) 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 3595840 (94.37%) shares of the company have been dematerialized as on March 31, 2014. There is no case in process/ pending for transfer as well as dematerialization of shares.

x) 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 for the financial year 2013-14 as an economy measure. However as per the requirement of provision of Section 203 of the New Companies Act 2013, Company will appoint Company Secretary as Compliance Officer within the prescribed time.

xi) As per the requirement of Section of 149(1) of the New Companies Act 2013 read with the Companies (Appointment & Qualification of Director) Rules, 2014 which come into force on 1st April 2014 provides that every listed company shall appoint at least one woman Director. Accordingly Company will appoint Woman Director within the prescribed time.

xii) Company is under the process to appoint Company Secretary under section 203 of the New Companies Act 2013, therefore until the appointment of Company Secretary, Shri Ashok Kumar Agarwal will remain 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 '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 31.03.2014.

Place: New Delhi

Dated : 13th August, 2014

Ashok Kumar Agarwal

Deputy Managing Director
(DIN : 00046627)

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 2014 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 2014.

Place: New Delhi

Ashok Kumar Agarwal

Kailash Kumar Agarwal

Dated : 30th May, 2014

Deputy Managing Director
and Compliance Officer
(DIN: 00046627)

Deputy Managing Director
and CFO
(DIN: 00063470)

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, 2014 on a going concern basis.
5. That the Directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Place: New Delhi

Ashok Kumar Agarwal

Kailash Kumar Agarwal

Dated : 30th May, 2014

Deputy Managing Director
(DIN: 00046627)

Deputy Managing Director
(DIN: 00063470)

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

To
The Members
H P Cotton Textile Mills Limited

We have examined the compliance of conditions of corporate governance by H P COTTON TEXTILE MILLS LIMITED for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of 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)
PARTNER
Membership No. 16533
Firm Registration No. 000596N

Place: New Delhi
Dated : 13th August, 2014

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, 2014. 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 06 (Six) times on 30.05.2013, 22.07.2013, 09.08.2013, 07.09.2013, 11.11.2013 & 12.02.2014 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 31st August 2013 to 07th September 2013 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, 2013 was held on 07.09.2013 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.
II.
III.
- 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 deposited the amount of dividend in a separate Bank account within the 5 days from the date of declaration of such dividend.
- III. The company has post dividend warrants to all members of the company with in a period of 30days from the date of declaration and that all unclaimed/ unpaid dividend has been transferred to Unpaid Dividend Account of the Company.

- IV. The Company was not required to transfer any amount to Investor Education and Protection Fund pursuant to Section 205C of the Companies Act 1956.
- 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 not appointed any Managing Director/ Whole Time Director or Manager during the year.
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 31.03.2014 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: .22.05.2014

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 2014:

S.No.	Form No.	Filed u/s	Date of filing	Whether filed within time Yes/No	If delay in filing fee Yes/No
1.	23	192	11.03.2014	YES	NO
2.	17	138, 600	05.02.2014	YES	NO
3.	32	303(2),264(2),266(1)(a), 266(1)(b)(iii),260	21.11.2013	YES	NO
4.	20B	159	25.10.2013	YES	NO
5.	66	383A	16.09.2013	YES	NO
6.	23	192	13.09.2013	YES	NO
7.	23	192	19.08.2013	YES	NO
8.	23C	233B(2)	11.06.2013	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, 2014, 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 notified under the Company Act, 1956 ("the Act"). (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant too 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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

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, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 16 to the Balance Sheet wherein the Company is carrying Insurance Claim Receivable of ₹ 33362 thousand.

"The Company has received the intimation from 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.

Pending decision of the appellate forum; 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" and we have relied on Management's contention.

However, our opinion is not qualified in respect of above matter.

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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).
 - e. On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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: 30/05/2014

(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 substantial part of its fixed assets. 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 rupees 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: 30/05/2014

Balance Sheet as at 31st March, 2014
(₹ in Thousand)

	Note	As at 31 st March, 2014	As at 31 st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	38,100	38,100
Reserves and Surplus	3	138,213	102,886
		176,313	140,986
Non-Current Liabilities			
Long-Term Borrowings	4	982	6,495
Deferred Tax Liabilities (Net)	5	12,224	14,835
Long-Term Provisions	6	18,494	14,652
		31,700	35,982
Current Liabilities			
Short-Term Borrowings	7	121,620	131,279
Trade Payables	8	65,632	51,239
Other Current Liabilities	9	37,006	48,515
Short-Term Provisions	10	27,257	24,275
		251,515	255,308
TOTAL		459,528	432,276
ASSETS			
Non-Current Assets			
Fixed Assets:			
Tangible Assets	11	108,987	113,430
Capital Work-in-Progress		186	186
		109,173	113,616
Long-Term Loans and Advances	12	12,177	12,562
Current assets			
Inventories	13	200,611	178,857
Trade Receivables	14	53,948	40,570
Cash and Bank Balances	15	9,178	14,500
Short-Term Loans and Advances	16	74,441	72,171
		338,178	306,098
TOTAL		459,528	432,276
Significant Accounting Policies	1		
Notes forming part of the financial statements	2-28		

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

Place : New Delhi
Date : 30.05.2014

Ankur Goyal
Senior Manager
Finance

Ashok Kumar Agarwal
Dy. Managing
Director

Bibhuti Charan Talukdar
Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Anil Agarwalla
Mohan Lal Jain
Directors

Statement of Profit and Loss for the year ended 31st March, 2014
(₹ in Thousand)

	Note	2013-14	2012-13
INCOME			
Revenue from Operations	17	975,720	862,541
Other income	18	4,047	3,841
		979,767	866,382
EXPENDITURE			
Cost of Materials Consumed	19	496,170	426,611
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	19A	(13,930)	(7,887)
Employee Benefits Expense	20	150,133	131,845
Finance Costs	21	20,264	24,095
Depreciation	11	13,325	13,106
Other Expenses	22	256,187	225,125
		922,149	812,895
Profit before tax		57,618	53,487
Tax expense:			
Current Tax expense for current year		21,232	19,409
Tax expense for earlier year		(788)	103
Net Current Tax expense		20,444	19,512
Deferred Tax		(2,611)	81
		17,833	19,593
Profit for the year after Tax		39,785	33,894
Earnings per share (of ₹ 10/- each):			
Basic	23 (In ₹)	10.44	8.89
Diluted		10.44	8.89
Significant Accounting Policies	1		
Notes forming part of the financial statements	2-28		

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

Place : New Delhi
Date : 30.05.2014

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Senior Manager
Finance

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Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Anil Agarwalla
Mohan Lal Jain
Directors

"Cash Flow Statement for the year ended 31st March,2014"

	As at 31 st March, 2014	(₹ in Thousand) As at 31 st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extraordinary items and tax	57,618	53,487
Adjustments for:		
Depreciation	13,325	13,106
Provision for Income Tax written back	-	-
Profit on sale of Tangible Assets	(93)	(596)
Finance costs	20,264	24,095
Interest income	(2,071)	(1,800)
	<u>31,425</u>	<u>34,805</u>
Operating Profit Before Working Capital Changes	89,043	88,292
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(21,754)	(24,024)
Trade receivables	(13,378)	10,343
Short-term loans and advances	(2,271)	(6,670)
Long-term loans and advances	385	(20)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	14,393	2,073
Other current liabilities	(4,801)	6,127
Short-term provisions	3,111	6,841
Long-term provisions	3,842	2,110
Cash Generated From Operations	<u>68,570</u>	<u>85,072</u>
Less: Income Tax Paid (Net of Refunds)	<u>(20,572)</u>	<u>(13,207)</u>
Net cash from Operating Activities (A)	47,998	71,865
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on Tangible assets	(9,150)	(18,749)
Proceeds from sale of Tangible assets	361	1,299
Interest Received	2,071	1,800
Net Cash Used in Investing Activities (B)	(6,718)	(15,650)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Borrowings	-	3,780
Repayment of Long-Term Borrowings	(12,372)	(22,910)
Proceeds from Short-Term Borrowings (Net)	(9,659)	(11,200)
Finance cost	(20,264)	(23,627)
Dividend Paid (Including Income Tax on Dividend)	(4,307)	-
Net Cash Used in Financing Activities (C)	(46,602)	(53,957)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(5,322)	2,258
Cash and cash equivalents at the beginning of the year	14,500	12,242
Cash and cash equivalents at the end of the year		
See accompanying notes forming part of the financial statements	9,178	14,500

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

Place : New Delhi
Date : 30.05.2014

Ankur Goyal
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Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Anil Agarwalla
Mohan Lal Jain
Directors

Note 1 : 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/ 2013 as applicable 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 dispatch of finished goods to the customers and is reported excluding rebates, discounts, sales 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, 2014
(₹ in Thousand)
Note 2: Share capital
Authorised

42,50,000 Equity Shares of ₹10/- each

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

Shares issued during the year

Shares cancelled/forfeited during the year

**As at 31st
March, 2014**
**As at 31st
March, 2013**

42,500	42,500
38,100	38,100
-	-
-	-
38,100	38,100

Detail of Shareholders Holding More Than 5% Shares

Jainish Products Limited

Kulvinder Singh

Achhar Investments Limited

Sacred Trading and Investment Company Limited

Sailesh Textile Manufacturing Company Limited

Vinod kumar Ohri

As at 31st March, 2014		As at 31st March, 2013	
No. of Shares	% of Holding	No. of Shares	% of Holding
227750	5.978	227,750	5.978
213637	5.607	213,637	5.607
212300	5.572	212,300	5.572
209070	5.487	209,070	5.487
207000	5.433	207,000	5.433
199996	5.249	198,229	5.203

During the 5 years immediately preceeding the Balance Sheet date

- Equity Share issued pursuant to any contract without
- Equity Shares allotted by way of bonus shares
- Equity Shares bought back

Nil Nil
Nil Nil
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 3: Reserves and Surplus
Capital Reserve

- Central Investment Subsidy
- State Investment Subsidy
- Share Premium
- Surplus on Issue of Forfeited Shares

1,500	1,500
1,510	1,510
18	18
11	11
3,039	3,039

General Reserve

Opening balance

Add: Transferred to General Reserve

Closing balance

63,441	58,441
5,000	5,000
68,441	63,441

Surplus in Profit and Loss Account

Opening balance

Add: Profit for the year

36,406	11,970
39,785	33,894
76,191	45,865

Less: Appropriations

- Transfer to general reserve
- Proposed dividend on Equity Shares*
- Tax on proposed equity dividend

5,000	5,000
3,810	3,810
648	648

Total Appropriations

Closing balance

9,458	9,458
66,733	36,406
138,213	102,886

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

Notes on Financial Statements for the Year ended 31st March, 2014
(₹ in Thousand)
**As at 31st
March, 2014**
**As at 31st
March, 2013**
Note 4: Long-Term Borrowings
Secured

From Bank

HDFC Bank Limited	-	175
ICICI Bank Limited	-	257

From other parties

Kotak Mahindra Prime Limited	932	2,405
Future Capital Holdings Limited	50	236

Unsecured

Loans and Advances from Related Parties	-	3,422
---	---	-------

982
6,495

- 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:

(₹ in Thousand)

Particulars	Rate of Interest(%)	Terms of Repayment	
		2014-15	2015-16
Banks			
HDFC Bank Limited	12.50	175	-
ICICI Bank Limited	11.50	257	-
Others			
Kotak Mahindra Prime Ltd.	10.72	337	-
Kotak Mahindra Prime Ltd.	10.27	1,136	932
Future Capital Holding Limited	11.76	186	50
Loans and Advances from Related Parties	12.00	3,422	-

Note 5: Deferred Tax Liability

Timing Difference on Account of Depreciation	19,410	20,508
Timing Difference on Account of Expense Allowable on Payment Basis	(7,186)	(5,673)
Timing Difference on Account of Losses Carried Forward	-	-
	12,224	14,835

Note 6: Long-Term Provisions

Provision for Employee Benefits:

Provision for Gratuity	11,977	9,895
Provision for Leave Salary	6,517	4,757
	18,494	14,652

Note 7: Short-Term Borrowings
Secured:
Cash Credit:

State Bank of Patiala	51,900	58,486
Oriental Bank of Commerce	29,444	29,888

Letter of Credit:

State Bank of Patiala	20,620	22,324
Oriental Bank of Commerce	18,985	19,446

Unsecured:

Trade Deposits	671	1,135
	121,620	131,279

Notes on Financial Statements for the Year ended 31st March, 2014

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.

	As at 31 st March, 2014	(₹ in Thousand) As at 31 st March, 2013
Note 8: Trade Payables		
Trade Payables	65,632	51,239
	<u>65,632</u>	<u>51,239</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	Nil	2
– A Agarwalla & Co.; an associate of Shri Anil Agarwalla; Director of the Company	Nil	50
Note 9: Other Current Liabilities		
Term Loan Instalments Repayable Within 12 months		
To Banks		
IDBI Bank Limited	-	10,300
ICICI Bank Limited	257	278
HDFC Bank Limited	175	236
To Others		
Kotak Mahindra Prime Limited	1,473	1,393
Future Capital Holdings Limited	186	165
Loans and Advances from Related Parties	3,422	
Other payables		
Statutory Remittances	4,690	4,390
Advances from Customers	26,114	31,250
Interest Accrued But Not Due	538	503
Unpaid Dividend	151	-
	<u>37,006</u>	<u>48,515</u>
1. There is no default in repayment of principal loan or interest there on.		
Note 10: Short-Term Provisions		
Provision for Employee Benefits:		
Provision for Bonus	13,754	11,262
Provision for Gratuity	381	306
Provision for Leave Salary	767	224
Others Provision :		
Provision for Tax (Net of Advance Tax ₹ 13,335 thousand P.Y. ₹ 11384 thousand)	7,897	8,025
Proposed Dividend	3,810	3,810
Tax on Proposed Dividend	648	648
	<u>27,257</u>	<u>24,275</u>

Note 11: Fixed Assets

(₹ in Thousand)

Sl. No.	PARTICULARS	As at 1st April, 2013	GROSS BLOCK		As at 31st March, 2014	DEPRECIATION				NET BLOCK	
			Additions	Sale/ Transfer		Upto Previous Year	For the Period	Adjustment	Upto 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
1.	Free Hold Land	2,125	-	-	2,125	-	-	-	-	2,125	2,125
2.	Buildings	60,781	359	-	61,140	35,895	2,022	-	37,917	23,223	24,886
3.	Plant & Machinery	337,248	7,389	-	344,637	266,609	9,245	-	275,854	68,783	70,639
4.	Furniture & Fixtures	4,612	481	-	5,093	4,095	84	-	4,179	914	517
5.	Office Equipments	6,757	818	-	7,575	5,330	325	-	5,655	1,920	1,427
6.	Vehicles	19,130	103	1,503	17,730	5,294	1,649	1,235	5,708	12,022	13,836
	Total	430,653	9,150	1,503	438,300	317,223	13,325	1,235	329,313	108,987	113,430
	Previous Year Total	414,456	18,749	2,552	430,653	305,966	13,106	1,849	317,223	113,430	



threads

H.P. Cotton Textile Mills Limited

Notes on Financial Statements for the Year ended 31st March, 2014

	(₹ in Thousand)	
	As at 31 st March, 2014	As at 31 st March, 2013
Note 12: Long-Term Loans and Advances		
Security Deposits Unsecured, Considered Good	12,177	12,562
	<u>12,177</u>	<u>12,562</u>
Note 13: Inventories		
Raw materials	75,716	67,880
Work-in-progress *	70,722	55,012
Finished goods	32,624	34,683
Stores and spares	20,056	19,695
Scrap	1,493	1,214
Goods-in-Transit	-	373
	<u>200,611</u>	<u>178,857</u>
	<u>62,610</u>	<u>49,280</u>
*Includes Loose Yarn		
Note 14: Trade Receivables		
Trade Receivables Outstanding for a Period Exceeding Six Months		
Secured, considered good	-	-
Unsecured, considered good	915	915
Other Trade Receivables		
Secured, considered good	18,894	21,581
Unsecured, considered good	34,139	18,074
	<u>53,948</u>	<u>40,570</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 15: Cash and Bank Balances		
Cash in hand	863	709
Cheques, drafts on hand	477	4
Balances with Scheduled Banks		
- In Current Accounts	1,246	6,401
- In Margin Money against LC	6,439	7,384
- In Unpaid Dividend A/c	151	
Post Office Saving Bank A/c	2	2
	<u>9,178</u>	<u>14,500</u>
Note 16: Short-Term Loans and Advances		
Insurance Claim Receivable*	33,362	33,362
Prepaid expenses	1,310	1,179
Balances with government authorities		
Unsecured, considered good		
- VAT credit receivable**	26,297	24,877
- Mat Credit Entitlement	-	2,877
- Duty Drawback Receivable	6,381	6,633
Others (Advance Receivable in Cash or in Kind)		
Unsecured, considered good	7,091	3,243
	<u>74,441</u>	<u>72,171</u>

* The Company has received the intimation from 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.

Pending decision of the appellate forum; 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.

**VAT credit receivable includes ₹ 597 thousand towards input tax reversed by D.E.T.C. cum Assessing Authority, Hisar for which company has gone into Appeal before Hon'ble J.E.T.C. (Appeals). Adjustment if any; arising upon the decision of the appeal, will be accounted for in the year when the appeal will be settled.

Notes on Financial Statements for the Year ended 31st March, 2014
(₹ in Thousand)
Note 17: Revenue from Operations

	2013-14	2012-13
Sales	975,720	862,541
	975,720	862,541
Sale of Products Comprises :		
<u>Manufactured Goods</u>		
Yarn & Threads	953,343	833,451
Less: Rebate & Discount	29,763	23,601
	923,580	809,850
Add: Exchange Rate Fluctuations	45	1,578
	923,625	811,428
Raw Material Scrap	28,752	29,062
Other Scrap	2,676	2,113
Duty Drawback and other export incentives	20,667	19,938
Total - Sale of Manufactured Goods	975,720	862,541

*Includes Insurance Claim

Note 18: Other Income

Interest Income	2,071	1,800
Other Non-Operating Income	1,976	2,041
	4,047	3,841
Interest Income Comprises:		
Interest from banks on:		
Margin Money	551	693
Interest on Early Payment of Trade Payables	645	438
Other interest (Int. on Security Deposit with DHBVN)	875	669
Total - Interest income	2,071	1,800
Other Non-Operating Income Comprises:		
Profit on sale of fixed assets (net)	93	596
Liabilities/Provisions No Longer Required written back (Sundry Balance W/off)	228	118
Customer's Credit Balances written back	1,216	303
Prior period income	439	1,024
Total - Other Non-Operating Income	1,976	2,041

Details of Prior Period Items

Peak Load Charges received back from DHBVN	-	774
Refund received from Haryana State Pollution Control Board	-	250
Refund of VAT received	314	-
Excess Balance Written Back	125	-
	439	1,024

Note 19: Cost of Materials Consumed

	% of Consumption			
	This Year	Previous Year		
Imported	0.22	-	1,109	-
Indigenous	99.78	100.00	495,061	426,611
	100.00	100.00	496,170	426,611
Material Consumed:*				
Raw Material:				
- Cotton			362,267	303,373
- Yarn			-	-
- Man Made Fibre			5,006	6,990
			367,273	310,363
Colour & Chemicals			92,766	84,204
Packing Materials			36,131	32,044
*(O.B.+Purchase-Closing Stock)			496,170	426,611

Notes on Financial Statements for the Year ended 31st March, 2014
(₹ in Thousand)

	2013-14	2012-13
Note 19A: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
<u>Inventories at the end of the year:</u>		
Finished Goods	32,624	34,683
Work-in-Progress	70,722	55,012
Cotton Scrap	1,493	1,214
	104,839	90,909
<u>Inventories at the beginning 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
Net (increase) / decrease	(13,930)	(7,887)
Note 20: Employee Benefits Expense		
Salaries and Wages	134,540	118,087
Contributions to Provident and Other Funds	8,424	7,328
Employee State Insurance	4,643	4,308
Staff Welfare Expenses	2,526	2,122
	150,133	131,845
Note 21: Finance Costs		
Interest Expense on Borrowings	14,544	18,989
Other Borrowing Costs	5,720	5,106
	20,264	24,095

Notes on Financial Statements for the Year ended 31st March, 2014
(₹ in Thousand)

		2013-14	2012-13
Note 22: Other Expenses			
Consumption of Stores and Spare Parts		44,153	36,063
Power and Fuel		125,626	113,760
Material Handling Expenses		1,026	1,219
Water		1,296	860
Rent including lease rentals		1,497	1,487
Repairs and Maintenance - Buildings		5,648	3,934
Repairs and Maintenance - Machinery		3,417	2,775
Repairs and Maintenance - Others		429	457
Insurance		1,736	1,424
Rates and taxes		1,169	1,046
Communication		1,708	1,193
Travelling and conveyance	(a)	5,993	3,967
Vehicle expenses	(b)	3,882	3,236
Printing and stationery		1,003	960
Freight and forwarding		36,034	32,409
Sales commission		7,913	9,194
Business promotion		3,800	3,869
Bank charges		60	71
Foreign Exchange Fluctuation (Net)		1,493	18
Legal and professional		3,742	2,810
Insurance Claims not receivable		-	637
Irrecoverable Balances written off		70	22
Festival Expenses		677	598
Payment to Statutory Auditors		756	588
Prior period Expenses		29	91
Miscellaneous Expenses		3,030	2,437
		256,187	225,125

(a) Include ₹ 117,769/- for attending board meetings (Previous Year ₹ 1,31,657/-).

(b) Net of Insurance Claim ₹ 7,233/- (Previous Year ₹ 5000/-).

Consumption of Stores and Spare Parts	% of Consumption		Upto 31.3.2014	Previous Year	Upto 31.3.2014	Previous Year
	Upto 31.3.2014	Previous Year				
Imported	3.84	3.99	1,696		1,440	
Indigenous	96.16	96.01	42,457		34,623	
	100.00	100.00	44,153		36,063	
Payments to Statutory Auditors Comprises						
- Audit Fee			700		550	
- Reimbursement of Expenses			56		38	
			756		588	
Prior period items						
Duty Drawback			-		67	
Others			29		24	
			29		91	

Notes on Financial Statements for the Year ended 31st March, 2014
(₹ in Thousand)

	As at 31st March, 2014	As at 31st March, 2013
Note 23: Earning Per Equity Share		
Earning Available to Equity Shareholder	39,785	33,894
Weighted Average No. of Equity Shares	3,810	3,810
Earning Per Equity Share in Rupee	10.44	8.89
Note 24: Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	21826	-
Note 25: Contingent Liabilities		
Unredeemed Bank Guarantees	-	278
Other money for which the company is contingently liable*	5,845	4,837
<p>*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.</p>		
Note 26: Foreign Exchange Transaction		
Value of Import Calculated on C.I.F basis		
Packing Materials	1,109	-
Components, Stores and spares parts	2,122	1,650
Capital Goods	3,771	9,686
	7,002	11,336
Expenditure in foreign currency		
Travelling Expenses	1,437	561
Commission on Export Sales	7,153	8,127
Professional Charges	373	289
Testing Fees	-	29
Foreign Bank Charges	744	774
	9,707	9,780
Earning in foreign exchange		
Export of goods calculated on F.O.B basis	660,273	596,565

Notes on Financial Statements for the Year ended 31st March, 2014
Note 27: Related Party Transactions

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

				(₹ in Thousand)
Name of the Related Party	Relationship	Interest Paid	Amount Payable	Amount Recoverable
<u>Unsecured Loan & Interest Thereon</u>				
Achhar Investments Ltd.	Associates	134	1,114	Nil
		(134)	(1,114)	
Atishay Investments & Finance (P) Ltd.	Associates	16	136	Nil
		(16)	(136)	
Jainish Products Ltd.	Associates	150	1,254	Nil
		(150)	(1,254)	
Sacred Trading & Investment Co. Ltd.	Associates	110	918	Nil
		(110)	(918)	

Name of the Related Party	Relationship	Amount	(₹ in Thousand)	
			Amount Payable	Amount Recoverable
<u>Board Sitting Fees</u>				
Sh. B. C. Talukdar	Director	26	Nil	Nil
		(35)	Nil	Nil
Sh. P. D. Agarwal	Director	42	Nil	Nil
		(26)	Nil	Nil
Sh. M. L. Jain	Director	38	Nil	Nil
		(33)	Nil	Nil
Sh. Anil Agarwalla	Director	23	Nil	Nil
		(16)	2	Nil

Salary / Reumeration

Sh. Raj Kumar Agarwal	Whole Time	1150	Nil	Nil
	Director	(672)	Nil	Nil
Sh. Ashok Kumar Agarwal	Dy. Managing	1076	Nil	Nil
	Director	(628)	Nil	Nil
Sh. Kailash Kumar Agarwal	Dy. Managing	1076	Nil	Nil
	Director	(628)	Nil	Nil
Sh. Kashmiri Lal Agarwal	Relative of	1237	Nil	Nil
	Director	(900)	Nil	Nil
Sh. Ravindrara Agarwaal	Relative of	1147	Nil	Nil
	Director	(728)	Nil	Nil

Notes on Financial Statements for the Year ended 31st March, 2014

			(₹ in Thousand)	
Name of the Related Party	Relationship	Amount	Amount Payable	Amount Recoverable
Rent/Lease Rent				
Surender Kumar Agarwal H.U.F.	Associates	72	Nil	250
		(60)	Nil	(250)
Raj Kumar Agarwal H.U.F.	Associates	72	Nil	250
		(60)	Nil	(250)
Jawala Prasad Ram Pat	Associates	108	Nil	Nil
		(108)	Nil	Nil
Supermax Promoters Pvt Ltd.	Associates	36	Nil	Nil
		(36)	Nil	Nil
Siram Appartments Pvt.Ltd.	Associates	36	Nil	Nil
		(36)	Nil	Nil
Sanjay Mercantile Pvt.Ltd.	Associates	150	150	Nil
		(150)	(300)	Nil
Kashmiri Lal Agarwal H.U.F.	Associates	60	60	Nil
		(60)	(60)	Nil
Jai Narain Agarwal H.U.F.	Associates	15	15	Nil
		(15)	(15)	Nil
Others				
A Agarwalla & Co.	Associates	Nil	Nil	Nil
		Nil	(50)	Nil

Note: Brackets represent previous year's figures

Note 28: 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

Place : New Delhi

Date : 30.05.2014

Ankur Goyal
Senior Manager
Finance

Ashok Kumar Agarwal
Dy. Managing
Director

Bibhuti Charan Talukdar
Chairman
AUDIT COMMITTEE

Kailash Kumar Agarwal
Dy. Managing
Director

Anil Agarwalla
Mohan Lal Jain
Directors

H.P.COTTON TEXTILE MILLS LTD.

Registered office: 15th K.M. stone, Delhi Road, VPO-Mayar (Hisar), Haryana

Phone : (01662) 261425-26-27, 261483 Fax No. (01662) 261417

Website: www.hpthreads.com, E-mail: hisar@hpthreads.com

CIN: L18101HR1981PLC012274

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)
(DIN : 00046627)

H.P.COTTON TEXTILE MILLS LIMITED

Registered office: 15th K.M. stone, Delhi Road, VPO-Mayar (Hisar), Haryana

Phone : (01662) 261425-26-27, 261483 Fax No. (01662) 261417

Website: www.hpthreads.com, E-mail: hisar@hpthreads.com

CIN: L18101HR1981PLC012274

PROXY FORM

I/We of
in the district of being a member/members of the above named Company,
hereby appoint Mr./Mrs. of in the
district of or failing him/ her Mr. /Mrs.
of in the district of as my /our proxy to
attend and vote for me/us and on my/our behalf at the Thirty Third Annual General Meeting of the
Company to be held at its Regd. Office: 15 K.M.Stone, V.P.O. Mayar, Hisar – 125 044 (Haryana) at 3.00
P.M. on Friday day, the 26th September, 2014 and at any adjournment thereof.

As witness my/our hands this day of..... 2014.

DP ID & Client ID /Ledger Folio No.

No. of shares held

Signature(s)

Note: The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before
the scheduled time for holding the meeting.

..... (TEARHERE)

H.P.COTTON TEXTILE MILLS LIMITED

Registered office: 15th K.M. stone, Delhi Road, VPO-Mayar (Hisar), Haryana

Phone : (01662) 261425-26-27, 261483 Fax No. (01662) 261417

Website: www.hpthreads.com, E-mail: hisar@hpthreads.com

CIN: L18101HR1981PLC012274

33rd ANNUAL GENERAL MEETING

Date: 26th September 2014 at 3.00 p.m.

ATTENDANCE SLIP

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

I here by record my presence at the 33rd Annual General Meeting of the Company being held on 26th
September 2014.

.....
Member's /Proxy's Name
(In Block Letters)

.....
Signature of Share holder/Proxy

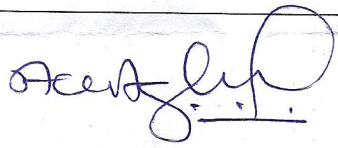

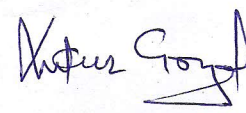
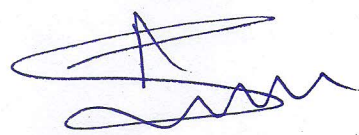
DP ID & Client ID /Ledger Folio No.

No. of shares held



FORM A

Format of covering letter of the Annual Audit Report to be filed with the stock exchanges

1	Name of the Company	H.P. Cotton Textile Mills Limited
2	Annual financial statements for the year ended	31 st March, 2014
3	Type of Audit Observation	Un-qualified
4	Frequency of observation	Not Applicable
5	To be signed by-	
Dy Managing Director & Compliance Officer	Ashok Kumar Agarwal (DIN 00046627)	
Dy Managing Director	Kailash Kumar Agarwal (DIN 00063470)	
CFO (w.e.f. 01.06.2014)	CA Ankur Goyal	
Auditors of the Company	For A. K. Associates Chartered Accountants CA A. K. Gupta (Partner) M.No. 16533 Firm Reg. No. 000596N	
Audit Committee Chairman	Bibhuti Charan Talukdar (DIN 00024015) Chairman Audit Committee	