



HP COTTON
TEXTILE MILLS
LIMITED

36TH ANNUAL REPORT
2016-17

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Independent Directors

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

CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

Mr. RaghavKumar Agarwal

COMPANY SECRETARY

Mr. Shashi Ranjan Kumar

STATUTORY AUDITORS

A.K. Associates, Chartered Accountants
Firm Reg. No. 000596N
308, Pearls Best Heights II, Plot No. C9
Netaji Subhash Place, New Delhi - 110 034
Tel. No.: (011)45651592, 65161592

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

SECRETARIAL AUDITORS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

F (0)- The Mira Corporate Suites, 1 & 2,
Old Ishwar Nagar, Mathura Road,
New Delhi - 110065
E-mail: info@hpthreads.com

BRANCH OFFICES

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

BANKS

State Bank of India
(Formerly known as State Bank of Patiala)
Railway Road, Hisar, Haryana - 125001
Oriental Bank of Commerce
Railway Road, Hisar,
Haryana 125001

NOTICE OF 36TH ANNUAL GENERAL MEETING

(CIN: L18101HR1981PLC012274)

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

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

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

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Members of M/s H P Cotton Textile Mills Limited will be held on **Monday, the 25th day of September, 2017 at 10 A.M.** at the Registered Office of the Company at 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2017 and Statement of Profit and Loss for the financial year ended on that date along with the reports of the Directors and Auditors thereon and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2017, the Reports of the Board of Directors and the Auditors thereon; be and are hereby adopted and approved.”

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

“RESOLVED THAT Mr. Raj Kumar Agarwal (DIN: 2950710), who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby appointed as director liable to retire by rotation.”

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

“RESOLVED THAT pursuant to provision of section 139 of the Companies Act 2013 (as amended or re-enacted from time to time) read with The Companies (Audit and Auditors) Rules 2014, the consent of the Shareholders of the Company be and is hereby accorded to appoint M/s Bhargava Associates, Chartered Accountants, 308, Pearls Best Heights-II, C-9, Netaji Subhash Place, Delhi 110034, as the Statutory Auditor of the Company for a term of five (5) years starting from the conclusion of the Thirty Sixth (36th) Annual General Meeting till the conclusion of Forty First (41st) Annual General Meeting of the Company at such remuneration and reimbursement of travelling and out-of-pocket expenses and other applicable tax as may be agreed between the Statutory Auditors and the Board of Directors of the Company.

RESOLVED FURTHER THAT pursuant to the first proviso of section 139(1) of the Companies Act, 2013, the appointment of the Statutory Auditors shall be subject to the ratification at every Annual General Meeting during the tenure of their appointment.

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

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

SPECIAL BUSINESS:

4. To re-appoint Mr. Kailash Kumar Agarwal (DIN: 00063470) as Managing Director and in this regard 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 Section 196, 197, 203, Article 124(b) of the existing Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as “the Act”), read with Schedule-V to the Act, the re-appointment of Mr. Kailash Kumar Agarwal (DIN 00063470) as Managing Director of the Company, be and is hereby approved for a period of Three (3) years, not liable to retire by rotation, with effect from 6th August, 2017 on the following terms and conditions:

A. REMUNERATION:

Particulars	New Amount (₹ p.m.)
Basic	80,000
House Rent Allowance (HRA)	40,000 (50% of the Basic)
Other/Special/Grade Allowance	54,150
Gross Compensation (A)	1,74,150
Leave Travel Allowance (LTA)	5,000 (2.5% of total CTC, payable annually)
Medical Reimbursement	1,250
Reimbursements (B)	6,250
Provident Fund (Employer's Contribution)	9,600
Ex Gratia	10,000 (payable annually)
Other / Statutory Benefits (C)	19,600
Total Cost to Company (per month) – A+B+C	2,00,000
Total Cost to Company (per annum)	24,00,000

B. OTHER TERMS AND CONDITIONS:

- The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof and his office as director shall not be liable to retire by rotation.
- The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the Company without the prior approval of the Central Government.
- Minimum Remuneration – In the event of loss or inadequacy of profits, the above remuneration by way of salary, perquisites and other allowances payable to the above said Managing Director, being within the limits prescribed in Section II of Part II of Schedule V to the Act, shall be payable as minimum remuneration.
- Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Managing Director may be terminated by either party by giving three months' notice in writing, of such termination.
- If, at any time, Mr. Kailash Kumar Agarwal ceases to be the director of the Company for any causes whatsoever, his office as Managing Director shall forthwith be terminated.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to review, revise, amend any of the terms and conditions of remuneration of Managing Director subject to the provisions of Schedule V of the Companies Act, 2013 during the tenure of his re-appointment.

RESOLVED FURTHER THAT Mr. Ashok Kumar Agarwal, Joint Managing Director, Mr. Raj Kumar Agarwal, Whole-time Director and Mr. Shashi Ranjan Kumar, Company Secretary of the Company, be and are hereby severally authorized to finalize and execute on behalf of the Company the necessary agreement with Mr. Kailash Kumar Agarwal, to file the necessary returns with the Registrar of Companies and to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the resolution."

- To amend/adopt the Memorandum of Association of the Company according to Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provision of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and rules made in this behalf, consent of the Company be and is hereby accorded for altering the Memorandum of Associations of the Company by replacing the existing format without any change in any of the existing clause/objects/regulation/part as incorporated in the existing MOA, with the format as is given under the "Table A" of Schedule 1 of Companies Act, 2013.

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RESOLVED FURTHER THAT for the purpose of giving effect to this resolution all the Directors of the Company and Company Secretary of the Company, jointly or severally, be and are hereby authorized, on behalf of the Company, to do all such acts, deeds, matters, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E- forms with the Registrar of Companies, NCT of Delhi and Haryana."

6. To amend/adopt the Articles of Association of the Company according to Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provision of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), consent of the Company be and is hereby accorded for altering the Articles of Associations of the Company by replacing all the existing regulations with the new regulations as are prescribed under "Table F" of Schedule I of Companies Act, 2013, with any additions as the Board may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution all the Directors of the Company and Company Secretary of the Company, jointly or severally, be and are hereby authorised, on behalf of the Company, to do all such acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E- forms with the Registrar of Companies, NCT of Delhi and Haryana."

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

Place: **New Delhi**

Date: **12th August, 2017**

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

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
Website : www.hpthreads.com
CIN: L18101HR1981PLC012274

NOTES:

1. **THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESSES UNDER ITEM 4, 5 AND 6 AS STATED ABOVE ARE ANNEXED HERETO. THE RELEVANT DETAIL AS REQUIRED UNDER REGULATION 36(3) OF SECURITIES EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 {"SEBI (LODR) REGULATIONS"} AND SECRETARIAL STANDARD ON GENERAL MEETINGS ("SS-2"), ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA OF PERSONS SEEKING APPOINTMENT / RE-APPOINTMENT OF DIRECTORS UNDER POINTS 2 & 4 OF THE NOTICE ARE ALSO ANNEXED.**
2. Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his behalf pursuant to Section 105 of the Companies Act 2013. A proxy need not be a member of the Company. The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Provided that a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The attendance slip cum Proxy form is placed at the end of this Annual Report.
4. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
5. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Rules, 2014 as presently in force and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are provided in the Notice under Note No. 27.
6. In terms of Section 152 of the Act, Mr. Raj Kumar Agarwal Director, retire by rotation at the Meeting and being eligible, offer himself for reappointment. The Nomination and Remuneration Committee of the Board of Directors and the Board of Directors of the Company commend his re-appointment.
7. Mr. Raj Kumar Agarwal is interested in the Ordinary Resolution set out at Item No. 2 of the Notice with regard to his re-appointment. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 3 of the Notice.
8. Only bonafide members of the Company whose names appear in the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
9. Members/proxies/authorised representatives are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, Members are requested to please bring their Folio number/ Demat Account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
11. The Company's Registrars & Transfer Agents for its share registry (both, physical as well as electronic) is Alankit Assignments Limited having its office at Alankit House, 4E/2, Jhandewalan Extension, New Delhi, Delhi 110055.



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12. Queries proposed to be raised at the Annual General Meeting may please be sent to the Company at its Registered/Corporate Office, at least 7 days prior to the date of Annual General Meeting to enable the Company to compile the information and answer them in the meeting.
13. In all correspondence with the Company and/or the RTA, members are requested to quote their folio number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID number for easy reference and speedy disposal thereof.
14. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. SH-13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 (which can be obtained from the Company's RTA.
15. Members holding shares in electronic form are requested to furnish the new 10-digit Bank Account Number allotted to them by their bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to their Depository Participant (DP). Please send these details to the Company/ Registrars, if the shares are held in physical form, immediately.
16. Members holding shares in the certificate/Physical form are requested to notify / send the following to the Company's Registrars and Share Transfer Agents, Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055 to facilitate better servicing: -
 - a. Any change in their address / mandate / Bank details.
 - b. Particulars of their Bank account, in case the same have not been furnished earlier, and
 - c. Share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
17. Those members who have not yet got their Equity Shares dematerialised are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialised. In case any clarification is needed in that regard, the undersigned may be contacted in person or by communication addressed at the Corporate Office of the Company.
18. Non-Resident Indian Members are requested to inform the Company's Registrar & Transfer Agent (RTA) immediately:
 - a) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
 - b) Any change in their residential status on return to India for permanent settlement.
19. 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.
20. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company/RTA. All prospective members acquiring shares in physical form are also requested to provide a copy of their PAN card along with their request for registration of transfer/transmission/transposition of shares of the Company
21. The Route map of the Venue of the Annual General Meeting forms part of this Notice and is given on the last page of this Annual Report.
22. Since the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the Annual General Meeting. The members who will be physically present at the Annual General Meeting shall be provided with polling papers to cast their votes at the meeting.
23. The members can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered and treated as INVALID.

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24. As a part of "Green Initiative" in Corporate Governance, the Ministry of Corporate Affairs has allowed sending communication to the shareholders through electronic mode. Accordingly, we propose to send documents like notices convening General Meetings, Annual Report etc. to the email addresses of the shareholders. For this purpose, shareholders holding shares in physical form are requested to register their email addresses and any changes therein from time to time with the Share Transfer Agent of the Company M/s Alankit Assignments Ltd, at their Postal / E-mail address given above. Please give the details in the attached format for registering your E-mail ID. Those holding shares in demat form are requested to register their E-mail IDs with their Depository Participants.
25. The Register of Members and Share Transfer Books of the Company shall be closed from **Monday, 18th September, 2017 to Monday, 25th September, 2017** (Both Days Inclusive).
26. Those shareholders who have not encashed their dividend warrants for previous year(s) so far are requested to send their claims for payment, by giving the detail in the attached format to the Company.

FORMATS

1) FORMAT FOR REGISTERING EMAIL ID

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

Signature

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

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

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

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

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

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

- i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (LODR) Regulations, the Company is pleased to provide to its members the facility to exercise their right to vote on resolutions proposed to be passed at the ensuing AGM by electronic means ("e-voting") holding equity shares as on 18th September, 2017, being the **Cut-off Date**(Record date for the purpose of rule 20(3)(vii) of the said Rules), fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through e-voting platform provided by CDSL.
- ii. The facility for voting through Poll shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e voting/Postal Ballot shall be eligible to exercise their right at the meeting through Poll.
- iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- iv. The e-voting period begins on **22nd September, 2017 at 9.00 A.M. and ends on 24th September 2017 at 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of **18th September, 2017**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

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

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

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 Digits of the sequence number in the PAN Field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL Letters. E.g. If your name is Ramesh Kumar with sequence number 1 then Enter RA00000001 in the PAN field.

DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login Password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for Remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.
- x) Click **EVSN 170819051** of H P COTTON TEXTILE MILLS LIMITED on which you choose to vote.
- xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Note for Institutional Shareholders:
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, they have to create a compliance user using the admin login and password. The compliance users would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdeskevoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

B. In case of Members receiving the physical copy of Notice of 36th Annual General Meeting by post (for Members whose e-mail address are not registered with the Company/ Registrars)

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

- v. The Voting rights of Members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on Cut-off Date of 18th September, 2017.

General Instructions

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

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

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

1. Mr. Raj Kumar Agarwal

Name	Mr. Raj Kumar Agarwal
Directors Identification Number (DIN)	02950710
Date of Birth	04.10.1952
Qualification	B.com
Expertise in Specific Area	More than 30 years' experience in Textile industries
Date of first appointment on the Board of the Company	01.07.2011
Directorship in other limited companies	M/s Sailesh Textile Mfg Co Ltd M/s Kaushalpati Infra Equipments Private Limited
Membership/Chairmanship of Committee of Directors of the Company	Member in Risk Management Committee Member in Share Transfer Committee Stakeholder Relationship Committee
Relationship with other Directors	Mr. Raj Kumar Agarwal is cousin of Mr. Kailash Kumar Agarwal (Managing Director) and Mr. Ashok Kumar Agarwal (Joint Managing Director).
Membership/Chairmanship of committee of Directors of other companies	Nil
No. of Share held as on 31-03-2017	6786

Name	Mr. Kailash Kumar Agarwal
Directors Identification Number (DIN)	00063470
Date of Birth	17.07.1961
Qualification	B.com, L.L. B
Expertise in Specific Area	More than 30 years' experience with this company itself
Date of first appointment on the Board of the Company	01.07.2011
Directorship in other limited companies	M/s Achhar Investments Limited M/s Jainish Products Limited M/s Atishay Investments and Finance Private Limited M/s Tayal Vegcraft Private Limited M/s HP Infratech Private Limited M/s Sailesh Textile MFG Co. LTD.
Membership/Chairmanship of Committee of Directors of the Company	Member in Share Transfer Committee Member in CSR Committee Member in Risk Management Committee
Relationship with other Directors	Mr. Kailash Kumar Agarwal is cousin of Mr. Ashok Kumar Agarwal (Joint Managing Director) and Mr. Raj Kumar Agarwal (Whole Time Director).
Membership/Chairmanship of committee of Directors of other companies	Nil
No. of Share held as on 31-03-2017	89,385

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

ITEM NO. 4:

Mr. Kailash Kumar Agarwal was appointed initially as Deputy Managing Director of the Company by the Board of Directors in its meeting held on 30th May, 2012 and subsequently approved by the Shareholders of the Company in their 31st Annual General meeting held on 28th September, 2012 for the period of 5 years with effect from 6th August, 2012. Thereafter, the Board of Directors in its meetings held on 22nd July, 2013 has revised his remuneration for the remaining tenure of his appointment. Considering his performance over the years and making the Company from loss to profitable state, the Board of Directors further in its meetings held on 24th September, 2015 & 23rd September, 2016 re-designated/promoted him as a Joint Managing Directors and Managing Director of the Company, respectively, keeping all the term and conditions remaining the same.

Since, the term of Mr. Kailash Kumar Agarwal, Managing Director of the Company has expired on 5th August, 2017, the Board of Directors, in its meeting held on 29th May, 2017, re-appointed him as a Managing Director of the Company for further period of three (3) years, not liable to retire by rotation, as per Article 124(b) of the existing Articles of Association of the Company with effect from 6th August, 2017 on the terms and conditions as decided by the Board of Directors of the Company subject to approval of the shareholders.

Considering his performance during last decade, your directors propose to appoint him as a Managing Director of the Company for the period stated above.

For this purpose, Ordinary Resolution is required to be passed in the ensuing Annual General Meeting and accordingly, your approval is solicited by way of **Ordinary Resolution**.

Mr. Kailash Kumar Agarwal (DIN: 00063470) is not disqualified from being appointed as Managing Director in terms of section 196 and Schedule V of the Companies Act, 2013 and other provisions of the act as applicable and has given his consent to act as Managing Director of the Company.

H P Cotton Textile Mills Limited



The Company has also received declaration from Mr. Kailash Kumar Agarwal (DIN: 00063470) under Sec. 184 and Sec.164 of the Companies Act, 2013, that he is duly qualified for the above said post.

MEMORANDUM OF INTEREST:

Except Mr. Kailash Kumar Agarwal himself, Mr. Raghav Kumar Agarwal, CEO & CFO of the Company, being the son of appointee, Mr. Surender Agarwal and Mr. Ravindra Agarwal, being the brothers of appointee, none of the Directors/Key Managerial Personnel of the Company/their relatives are concerned or interested, financially or otherwise, in the Ordinary Resolution setout at Item No. 4 of the Notice.

ITEM NO. 5:

Presently the Memorandum of Association of your Company is as per the Companies Act, 1956 and pursuant to the provisions of Section 4(6) of the Companies Act, 2013, the company must have their memorandum as per the format given under Table A of Schedule I of the Companies Act, 2013.

To comply with the provisions of Companies Act, 2013, the Company needs to alter its Memorandum as per the format given under Table A of Schedule I of the Companies Act, 2013 without changes in any of the clauses/regulation/objects of MOA as are mentioned under the different heads of existing Memorandum of Association (as per Companies Act, 1956).

Therefore, your Directors propose to alter the Memorandum of Association as per the said Table A of the Companies Act, 2013.

For this purpose, Special Resolution is required to be passed in the ensuing Annual General Meeting and accordingly, your approval is solicited by way of **Special Resolution**.

The draft copy of the altered MOA will be made available on the website of the Company i.e. www.hpthreads.com for the perusal of the members.

MEMORANDUM OF INTEREST:

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

ITEM NO. 6:

On the same lines as suggested in item no. 5 to comply with the provisions of Sec 5(9) of the Companies Act, 2013, your Board of Directors proposes to alter the existing Articles of Association as per the format of Table F of Schedule I of the Companies Act 2013.

For this purpose, Special Resolution is required to be passed in the ensuing Annual General Meeting and accordingly, your approval is solicited by way of **Special Resolution**.

MEMORANDUM OF INTEREST:

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

Place: **New Delhi**

Date: **12.08.2017**

By Order of the Board of directors

FOR H P Cotton Textile Mills Limited

Shashi Ranjan Kumar
Company Secretary/Compliance Officer

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 36th Annual Report on the business and operations together with the Company's audited financial statements and the auditors' report thereon for the financial year ended March 31, 2017. The financial highlights for the year are given below:

Financial Results

(₹ In Lacs)

Particulars	March 31, 2017	March 31, 2016
Revenue from operations (net)	9,023.89	8,850.71
Other Income	45.86	52.63
Total Income	9,069.75	8,903.34
Profit/(Loss) Before Interest, Depreciation & Tax (EBITDA)	(59.55)	556.13
Finance Cost	168.39	138.59
Depreciation	108.04	120.38
Profit/(Loss) before Tax (PBT)	(335.98)	297.16
Current Tax	---	114.00
Tax expenses for earlier years	4.92	5.69
Deferred Tax	(118.04)	(24.55)
Profit/(Loss) after Tax (PAT)	(222.86)	202.02
Basic EPS (₹) *	(5.85)	5.30
Cash EPS (Rs)*	(5.85)	5.30

* Face value Re.10 per share

Business Performance

During the year, your Company has achieved a turnover of ₹ 9,023.89 Lacs as against ₹ 8,850.71 Lacs during the corresponding previous financial year. The Loss before Tax for the year was ₹ 335.98 Lacs as compared to Profit of ₹ 297.16 Lacs during the previous financial year and Loss after Tax of ₹ 222.86 Lacs as compared to a Profit of ₹ 202.02 Lacs in the previous financial year mainly due to increase in cotton prices throughout the financial year which lead to increase in cost of raw materials besides increase in employee's benefits expenses & finance cost. Further, since the value of Rupees denomination (INR) has been appreciated against the foreign currency i.e. \$, €, £ etc. during the year under review, the expected turnover of the Company reduced as the Company exports over 70% of its production. The exports of the Company decreased from ₹ 6,509 Lacs to ₹ 6,276 Lacs.

Appropriations

Reserves

During the year Company has suffered Losses, due to which no funds were transferred to the General Reserves. Total reserves and surplus of the Company has been reduced to ₹ 1,276.04 Lacs on 31st March, 2017 as against ₹ 1,498.90 Lacs on 31st March, 2016 due to transitional impact of depreciation.

Dividend

In view of the Loss during the year, the Board of Directors did not recommend any dividend on the Shares of the Company.

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

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

H P Cotton Textile Mills Limited

Share Capital and Net Worth

The Authorised Share Capital of the Company as on March 31, 2017, remains unchanged at ₹ 42,500,000 divided into 4,250,000 Equity Shares of Re. 10 each and Paid up share capital of ₹ 38,100,000 divided into 3,810,000 Equity Shares of Re. 10 each.

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

As at the end of year under review, the net worth of the Company calculated as per section 2(57) of the Companies Act, 2013 ("**the Act**") stood at ₹ 1,657.04 Lacs as compared to ₹ 1,879.90 Lacs at the end of the previous financial year.

Management Discussion & Analysis Report

a) Industry Structure & Competitive Position:

Indian textile industry at a glance

India's textiles sector is one of the largest contributors to India's exports contributing almost US \$ 40 billion during FY2016-17 with a share of 14% in India's total export towards exports. The industry is also labour intensive and employs about 40 million workers directly and 60 million indirectly. Hence, government policies towards the sector have always remained favourable. The central government comes out with various policies such as The National Textile Policy and Technology Upgradation Fund Scheme (TUFS) to ensure that the industry is internationally competitive.

Structural shift in India's competitive position; India gaining share in US home textiles market

The Textile industry plays a vital role in the economy of the Country by contributing to GDP, generating Employment and earning Foreign Exchange. During the last five years, Indian companies have become increasingly competitive in the exports markets. The structural shift in competitive dynamics for the Indian companies is evident from rising market share in home textiles market in the US (largest market) from 13% in 2011 to 19% by 2016. During the year under review, the performance in terms of profitability and exports of your Company has declined however, dedicated efforts of the management of the Company aimed at improving operational efficiency, quality enhancement, focus on optimal product mix and effective cost saving practices in the years to come.

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

b) Outlook, Risks and Concerns:

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

- Since the Company derives significant portion of revenues from overseas, any appreciation in rupee poses a threat to earnings estimates. The profitability is expected to be continued in the same trend during the first two quarters of FY2017-18 due to fluctuation in the currency rate and high prices of cotton crops however, the same is expected to be on higher side in the 2nd half (Q1 & Q2) of FY2017-18, due to anticipated high domestic production of cotton crops and new markets, domestic as well as overseas, for the Company's product besides increase in efficiency of the employees because of induction of new professionals/talents in the Company.
- Sharp rise in prices of cotton (key raw material) could affect margins as it may be unable to take timely price hikes.

- The economic environment, pricing pressures and decreased employee utilization rates could negatively impact our revenues and operating results.
- Our revenues are highly dependent on clients primarily located in Foreign Countries, as well as on clients concentrated in certain industries. An economic slowdown or other factors that affect the economic health of these foreign countries may affect our business too.
- Currency fluctuations and declining interest rates may affect the result of our operation.
- Wage pressure in India and the hiring of employee in other countries may prevent us from sustaining some of our competitive advantage and may reduce our profit margins.
- Intense competition in market could affect our pricing, which may lead to reduce our revenue.
- In the event that Govt. of India or the Govt. of foreign countries (Clients) may changes its tax policy in a manner that is adverse to us, our tax expenses may materially increase, reducing our profitability.
- Our international expansion plans subject us to risks inherent in doing business internationally.
- Our business will suffer if we fail to anticipate and develop new products and enhance existing product in order to keep pace with rapid changes in technology and in the Industries in which we exist.

c) **Opportunities and Threats:**

We believe our strength give us the competitive advantage to position ourselves as the global Textile Industry. We have long standing relationship with our clients and our track records in delivering high quality product across the entire Textile industry help us to solidify these relationships and gain increased business from existing clients.

The Union Cabinet under the Chairmanship of Hon'ble Prime Minister Shri Narendra Modi has given approval for a special package for employment generation and promotion of exports in Textile and Apparel sector. The package includes a slew of measures which are labour friendly and would promote employment generation, economies of scale and boost exports. The steps will lead to a cumulative increase of US\$ 30 billion in exports and investment of ₹ 74,000 crores over next 3 years. The majority of new jobs are likely to go to women since the garment industry employs nearly 70% women workforce. Thus, the package would help in social transformation through women empowerment. The new textile policy announced by the government is expected to give a major fillip to the debt-ridden textile industry which has been reeling under rising cost and falling exports.

The Goods and Service Tax ('GST'), considered India's biggest and most historic tax reform, has been effective from 1st July, 2017 and the textile segment, key sector in Indian economy with a direct linkage to the overall growth of Indian and global economy and plays a major role in the Indian economy, is highly effected with the implementation of GST. the GST is being levied at 5-18 per cent at all stages of textile production by considering the dyeing, bleaching, colouring and stitching involved in turning yarn into fabric as separate segments. This would result in a sharp increase in both material and production costs, and would adversely affect all small and medium players in the textiles industry. This adverse effect is leading to protest and strikes by the small manufactures and traders in the country. However, the Government is expected to liberalise the policy, rate of tax etc. under GST for textile industry which will ultimately give some positive impact to the industry in long run.

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

During the year under review, the total number of permanent employees on the rolls of the Company were 1377. Our culture and reputation as Leader in Textile industries enable us to attract and retain some of the best talent in India. Our Professionals/Employees/Workers are our most important assets. We are committed to remain among the industries leading Employers.

Our culture and reputation in the Textile Industry enable us to recruit and retain some of the best available talent in India. The key elements that define our culture include recruitment, training and development, and

compensation. Company takes adequate steps for maintaining safety and healthy environment for the workers. During the year under review, Industrial relations continued to be cordial and satisfactory. Company has enjoyed cordial relationship with workers and employees at all levels.

e) Segment wise or Product Wise Performance

The Company operate in one segment i.e. Textile (spinning).

The Company has produced two types of threads i.e. sewing threads and Hosiery Yarn. As compare to previous year, the production of Hosiery Yarn has been declined and that of sewing Threads has been increased. Total production during the financial year 2016-17 is up by 1.79% over the last year's production.

Detail of product wise performance in the year 2016-17 is as follows:

Type	2016-17		Sales Realisation (₹)
	Production (Kg)	(%)	
Hosiery yarn	411,900 Kg	22.32%	73,986,350
Sewing Thread	1,433,518 Kg	77.68%	818,703,396
Total	1,845,418 Kg	100.00	892,689,746

f) Internal Control System and their adequacy

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

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

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

CAUTIONARY STATEMENT:

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

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

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

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

Information about the Subsidiaries / Associates/ Joint Ventures

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

Listing of Equity Shares

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

Public Deposits

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

Directors and Key Managerial Personnel

During the year under review, Mr. Ojaswi Singhal, Chief Financial Officer of the Company, resigned from the office w.e.f. May 04, 2016 and further, on the recommendation of Nomination & Remuneration Committee, the Board of Directors, in its Meeting held on November 04, 2016, has given additional charge of Chief Financial Officer to Mr. Raghav Kumar Agarwal, w.e.f. November 04, 2016 besides his present designation of Chief Co-ordinating Officer of the Company. Further, during current financial year 2017-18, the Board of Directors in its meeting held on August 12, 2017, on the recommendation of Nomination & Remuneration Committee, has promoted him to Chief Executive Officer from Chief Co-ordinating Office of the Company w.e.f. August 14, 2017.

Further, Ms. Priyanka Singal, Company Secretary of the Company, resigned from the office w.e.f. September 09, 2016 and on the recommendation of Nomination & Remuneration Committee, the Board of Directors, in its Meeting held on February 14, 2017, has appointed Mr. Shashi Ranjan Kumar as Company Secretary and Compliance Officer of the Company w.e.f. March 07, 2017.

Further Since, the term of Mr. Kailash Kumar Agarwal, Managing Director of the Company, has expired on August 05, 2017, the Board of Directors, on the recommendation of Nomination & Remuneration Committee, in its meeting held on May 29, 2017 has re-appointed him as a Managing Director of the Company as per Schedule V of the Act for further period of three (3) years with effect from August 06, 2017 on the terms and conditions mentioned in the notice of 36th Annual General Meeting ("AGM") of the Company subject to your approval.

Further, in accordance with Section 152 of the Act Mr. Raj Kumar Agarwal (DIN: 02950710) is liable to retire by rotation. Being eligible, he had offered himself for re-appointment as director at the ensuing AGM.

The brief resumes of the Directors who are to be re-appointed in the ensuing AGM, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/chairmanships and their shareholding, etc. are furnished as an Annexure to the Notice of 36th AGM of the Company.

The Board recommends re-appointment of the above said directors in the ensuing AGM.

Board Meetings

During the year under review, seven (7) Board Meetings were held on May 28, 2016, August 12, 2016, September 10, 2016, September 23, 2016, November 04, 2016, November 14, 2016 and February 14, 2017.

The intervening gap between two Board Meetings was less than the maximum period prescribed under the Act and SEBI (LODR) Regulations.

Audit Committee

The Audit Committee of the Board of Directors consists entirely of Independent Directors. The details of the constitution/composition, terms of reference and scope are given hereunder:

Name	Designation	Category
Mr. Parshotam Das Agarwal	Chairman of the Committee	Independent Director
Mr. Bibhuti Charan Talukdar	Member of the Committee	Independent Director
Mr. Mohan Lal Jain	Member of the Committee	Independent Director
Ms. CA Ritu Bansal	Member of the Committee	Independent Director
Mr. Anil Agarwalla	Member of the Committee	Independent Director

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

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

- To oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible,
- Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements and auditor's report thereon before submissions to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of section 134(3)(c) of the Act;
 - Any changes in accounting policies and practices and reasons for the same;
 - Major accounting entries based on exercise of judgment by management;
 - Qualifications in draft audit report;
 - Significant adjustments made in the financial statements arising out of audit;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosures of any related party transactions; and
 - Modified opinion(s) in the draft audit reports.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Review and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussions with internal auditors any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit Committee; and
- Any other duties/terms of reference which are incidental/necessary for the fulfillment of the above-mentioned terms of reference.

Review of information by Audit Committee

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

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

The Audit Committee is also vested with the following powers:

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

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

Nomination and Remuneration Committee

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

The composition of the Committee as on March 31, 2017 was as under:

Name	Designation	Category
Mr. Bibhuti Charan Talukdar	Chairman of the Committee	Independent Director
Mr. Parshotam Das Agarwal	Member of the Committee	Independent Director
Mr. Mohan Lal Jain	Member of the Committee	Independent Director
Mr. Anil Agarwalla	Member of the Committee	Independent Director
CA Ritu Bansal	Member of the Committee	Independent Director

During the year under review, 2 meetings of the Nomination and Remuneration Committee were held on September 23, 2016, and February 14, 2017. The attendance of members of the Nomination and Remuneration Committee at these meeting was as follows:

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

Role & Terms of Reference of Committee

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

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

The Company Secretary is acting as the Secretary to the Nomination and Remuneration Committee. The Chairman of the Committee, Mr. Bibhuti Charan Talukdar was present at the AGM of the Company held on September 26, 2016.

Nomination and Remuneration Policy

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

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

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

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

Policy on Directors' appointment & remuneration

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

Board Evaluation

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

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

Auditors

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, any firm which had been appointed as a Statutory Auditors of the Company for 10 years or more before the applicability of the Companies Act, 2013 may further hold office of statutory auditors for a maximum period of three (3) consecutive years i.e. from the conclusion of first AGM of the Company after enforcement of the Companies Act, 2013 till the conclusion of 3rd AGM of the Company. Accordingly, M/s. A.K. Associates, Chartered Accountants (Regn. No. 000596N) had been appointed as statutory auditors of the Company from the conclusion of the 33rd AGM of the Company held on September 26, 2014 till the conclusion of the 36th AGM and his appointment was ratified in 34th & 35th AGM of the Company.

Since, the said term of three (3) years of statutory auditors, M/s. A.K. Associates, Chartered Accountants, is going to expire in the ensuing AGM, your Board of Directors, on the recommendation of the Audit Committee of the Board of Directors of the Company, has recommended the appointment of M/s Bhargava Associates, Chartered Accountants, 308, Pearls Best Heights-II, C-9, Netaji Subhash Place, Delhi 110034, as statutory auditors of the Company for a term of five (5) consecutive years from the date of conclusion of 36th AGM till

the date of conclusion of 41st AGM of the Company on such terms and conditions including remuneration as decided by the Board of Directors of the Company.

In this regard, the Company has received a certificate from M/s Bhargava Associates to the effect that if the appointment is made, it would be in accordance with the provisions of Section 141 of the Act and Rules thereof.

Auditors' Report

The Audit Report does not contain any adverse remarks. The Notes forming part of the Accounts, being self-explanatory, the comments made by the Auditors in their report are not being dealt separately.

Cost Auditors

Ministry of Corporate Affairs has issued a notification dated 31.12.2014 to make amendment in the Companies (Cost Records and Audit) Rules, 2014 that -

"Textile Company shall get its Cost record audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is ₹ 100 Crore or more and the aggregate turnover of the individual product or products or service or services for which cost record required to be maintained under Rule 3 is ₹ 35 Crore or more".

As the Company's annual turnover from all its products in the preceding financial year is less than ₹ 100 Crore so the Company is not required to get its cost record audited.

Secretarial Auditor

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Mr. Neelesh Kumar Jain, M/s NKJ & Associates, Company Secretaries (COP No. 5233), Pandav Nagar, Delhi to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2017. Further, the Board of Directors in its meeting held on May 29, 2017 re-appointed Mr. Neelesh Kumar Jain, M/s NKJ & Associates, Company Secretaries, to act as Secretarial Auditor of the Company for the financial year 2017-2018.

Secretarial Audit

The Secretarial Audit Report for the financial year ended March 31, 2017 (in Form MR-3) is attached as **Annexure-A** to this Report, which is Self-explanatory and needs no comments.

Extract of Annual Return

In accordance with the provisions of section 134(3)(a) of the Act, an extract of Annual Return in Form MGT-9 as on March 31, 2017 is attached as **Annexure B** thereto and forms a part of this Report.

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

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

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

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

Further, pursuant to the provisions of clause (h) of sub-section (3) of section 134 of the Companies Act, 2013, related party transactions during the financial year ended 31st March, 2017 has been attached in Form AOC-2 as **Annexure C**.

Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2017 and date of the Report

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings/ Outgo

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

A) Conservation of Energy:

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

B) Technology Absorption:

Company's products are manufactured by using in-house technology and no outside technology is being used for manufacturing activities. Therefore, no technology absorption is required. The Company constantly strives for maintenance and improvement in quality of its products and Research & Development activities are directed to achieve the aforesaid goal.

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

	<u>2016-17</u>	<u>2015-16</u>
Foreign Exchange earned (FOB value of exports)	6,276.33	6,509.28
Foreign Exchange used (CIF value of imports and expenditure in foreign currency)	1,020.11	109.04

Environment and pollution Control

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

As the Company has decided to implement Zero Liquid Discharge Project ("ZLD") for effluent water management as per the guidelines issued by Haryana state pollution Control Board, the ("ZLD") Project is on track and all the Civil works have been completed and is under commissioning.

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.

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

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

Directors' Responsibility Statement

The Directors hereby confirm:

- a) that in the preparation of the annual financial statements for the financial year ended March 31, 2017 the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) that for the financial year ended March 31, 2017, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the year ended March 31, 2017;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

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

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

Business Risk Management

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

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

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

Vigil Mechanism

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

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

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

Corporate Social Responsibility

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

Particulars of Employees and Related disclosures

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

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

As per Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rule 2016, the details of top ten employees with regards to their salary in the Financial Year 2016-17 is as follow:

Serial No.	Name	Designation	Gross Salary Plus Perks (2016-17) (₹In lacs)
1	Mr. Ashok Kumar Agarwal	Joint Managing Director	14.17
2	*Mr. D S Bhati	President, Administration	13.41
3	Mr. Kailash Kumar Agarwal	Managing Director	11.20
4	Mr. RavindrraAgarwaal	President (Export)	10.36
5	Mr. Surender Kumar Agarwal	President (Commercial)	10.36
7	Mr. Raj Kumar Agarwal	Whole Time Director	10.21
8	Mr. Shashikant Saha	GM Quality Control	8.48
9	\$Mr. Devender Singh Rathor	GM Spinning	8.27
10	Mr. RaghavKumar Agarwal	CCO & CFO	7.47
10	Mr. Girish Kumar Agarwal	Sr. Manager Maintenance	6.56

*Retired w.e.f. 24th July, 2017

\$Resigned w.e.f. 25th May, 2017.

Prevention of Sexual Harassment at Workplace

The company has in place an anti-sexual harassment policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All the employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, there were no cases filed pursuant to this act.

Corporate Governance

As per clause (2) of Regulation 15 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

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

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

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

Investor Services

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

Publication of Financial Results

In conformity with the provisions of Regulation 47 of the SEBI (LODR) Regulations the Company has published unaudited financial results for the quarter ended 30th June 2016; 30th September, 2016; 31st December 2016 and audited financial results for the quarter/ year ended on 31st March 2017. The summarized results are published in Business Standard (English), Delhi & Mumbai and Aaj Samaj (Hindi), Hisar.

Code of Conduct

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

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

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

All the Boards Members and The Senior Management personnel have confirmed compliance with the Code for the Financial Year ended 31st March, 2017. All Management Staff were given appropriate training in this regard.

Website of the Company

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

Acknowledgements

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

For and on behalf of the Board of Directors

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

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

Mr. Raj Kumar Agarwal
Whole Time Director
(DIN No. 02950710)

Place: **New Delhi**

Dated: **12.08.2017**

Form No. MR-3

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2017

To
The Members

M/s H P Cotton Textile Mills Ltd.

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by H P Cotton Textile Mills Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

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

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

We further report that

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

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

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

We further report that

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: **New Delhi**

Date: **03.08.2017**

**For NKJ & Associates
Company Secretary**

Neelesh Kr. Jain

FCS No. :5593

C P No.:5233

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

ANNEXURE A

To,

The Members,

M/s H P COTTON TEXTILE MILLS LTD.

15 K.M. Stone, Delhi Road

VPO Mayar, Hisar (Haryana)

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

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

Place: **New Delhi**

Date: **03.08.2017**

**For NKJ & Associates
Company Secretary**

Neelesh Kr. Jain

FCS No. :5593

C P No.:5233

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

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017

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

I REGISTRATION & OTHER DETAILS:

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated as follows)

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

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

III PARTICULAR OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

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

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	14,73,770	-	14,73,770	38.68	14,53,770	-	14,53,770	38.16%	-1.36	
b) Central Govt. or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

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c) Body Corporates	9,05,920	-	9,05,920	23.78	9,05,920	Nil	9,05,920	23.78	0.00%
d) Bank/Fl	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL:(A) (1)	23,79,690	-	23,79,690	62.46	23,59,690	Nil	23,59,690	61.94	-0.84%
(2) Foreign									
a) NRI-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Body Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)= (A)(1)+(A) (2)	23,79,690	Nil	23,79,690	62.46	23,59,690	Nil	23,59,690	61.94	-0.84
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	Nil	600	600	0.02	Nil	600	600	0.02	Nil
b) Banks/Fl	Nil	2,150	2,150	0.06	Nil	2,150	2,150	0.06	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) Fls	Nil	50	50	0.00	Nil	50	50	0.00	Nil
h) Foreign Venture	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(1):	Nil	2,800	2,800	0.07	Nil	2,800	2,800	0.07	Nil
(2) Non Institutions									
a) Body corporate (Including NBFC)									
i) Indian	1,57,446	750	1,58,196	4.15	1,06,231	750	1,06,981	2.81	-32.37%
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakhs	4,80,007	2,03,510	6,83,517	17.94	5,18,070	1,97,960	7,16,030	18.79	4.76

ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	5,84,884	-	5,84,884	15.35%	6,21,882	-	6,21,882	16.32%	6.33%
c) Others (specify) NRI	913	-	913	0.02%	2,617	-	2,617	0.06%	186.64%
SUB TOTAL (B)(2):	12,23,250	2,04,260	14,27,510	37.47	12,48,800	1,98,710	14,47,510	37.99	1.40
Total Public Shareholding	12,23,250	2,07,060	14,30,310	37.54	12,48,800	2,01,510	14,50,310	38.06	1.40
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	36,02,940	2,07,060	38,10,000	100	36,08,490	2,01,510	38,10,000	100	0.00

II) SHAREHOLDING OF PROMOTERS:

SI No.	Shareholders Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Kashmiri Lal Ghanshyam Das HUF	21,000	0.55	Nil	22,500	0.59	Nil	7.14
2	Arjun Das Kashmiri Lal HUF	13,850	0.36	Nil	13,850	0.36	Nil	0.00
3	Kashmiri Lal RajKumar HUF	13,950	0.37	Nil	13,950	0.37	Nil	0.00
4	"RajKumar Kashmiri Lal HUF Kashmiri Lal Agarwal"	14,000	0.37	Nil	14,000	0.37	Nil	0.00
5	"Kailash Kumar Kashmiri Lal HUF"	11,450	0.30	Nil	11,450	0.30	Nil	0.00
6	Ghanshyam Das Agarwal HUF	1,08,736	2.85	Nil	1,36,736	3.59	Nil	25.75
7	Jainarain Ashok Kumar HUF	85,000	2.23	Nil	85,000	2.23	Nil	0.00
8	Vijay Kumar Agarwal HUF	Nil	Nil	Nil	49,000	1.29	Nil	0.00
9	Ghanshyam Das Kashmiri Lal HUF	11,500	0.30	Nil	11,500	0.30	Nil	0.00
10	Kashmiri Lal Agarwal HUF	1,14,804	3.01	Nil	1,14,804	3.01	Nil	0.00
11	Kailash KR Agarwal HUF	90,250	2.37	Nil	90,250	2.37	Nil	0.00
12	K.K. Agarwal HUF	31,150	0.82	Nil	31,150	0.82	Nil	0.00
13	Raj Kumar Agarwal HUF KR R K	1,15,614	3.03	Nil	1,27,164	3.34	Nil	9.99
14	Surendra Kumar Agarwal HUF	27,650	0.73	Nil	27,650	0.73	Nil	0.00

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15	Ravindra Kr Agarwal HUF	13,700	0.36	Nil	30,500	0.80	Nil	122.63
16	Raghubir Agarwal HUF	Nil	Nil	Nil	39,500	1.04	Nil	0.00
17	Vijay Kumar Agarwal	57,800	1.52	Nil	57,800	1.52	Nil	0.00
18	Ashok Kumar Agarwal	75,896	1.99	Nil	75,896	1.99	Nil	0.00
19	Kashmiri Lal Agarwal	12,010	0.32	Nil	12,010	0.32	Nil	0.00
20	Ruchi Agarwal	35,500	0.93	Nil	35,500	0.93	Nil	0.00
21	Raj Kumar Agarwal	6,786	0.18	Nil	6,786	0.18	Nil	0.00
22	Kailash Kumar Agarwal	89,385	2.35	Nil	89,385	2.35	Nil	0.00
23	Surendra Kumar Agarwal	98,265	2.58	Nil	98,265	2.58	Nil	0.00
24	Ravindra Kumar Agarwal	1,06,066	2.78	Nil	1,06,066	2.78	Nil	0.00
25	Raghubir Prasad Agarwal	93,750	2.46	Nil	93,750	2.46	Nil	0.00
26	Renu Agarwal	7,400	0.19	Nil	7,400	0.19	Nil	0.00
27	Mridula Agarwal	7,300	0.19	Nil	7,300	0.19	Nil	0.00
28	Atma Devi Agarwal	10,000	0.26	Nil	10,000	0.26	Nil	0.00
29	Anuradha Agarwal	18,954	0.50	Nil	18,954	0.50	Nil	0.00
30	Raghav Agarwal	10,054	0.26	Nil	10,054	0.26	Nil	0.00
31	Rachit Agarwal	5,600	0.15	Nil	5,600	0.15	Nil	0.00
32	Raghubir Prasad Agarwal	21,000	0.55	Nil	Nil	Nil	Nil	0.00
33	Ashok Kumar Agarwal	21,000	0.55	Nil	Nil	Nil	Nil	0.00
34	Raj kr Agarwal	14,000	0.37	Nil	Nil	Nil	Nil	0.00
35	Ghanshyam Das Agarwal	14,000	0.37	Nil	Nil	Nil	Nil	0.00
36	Raj Kumar Agarwal	11,550	0.30	Nil	Nil	Nil	Nil	0.00
37	Ashok Kr Agarwal	18,500	0.49	Nil	Nil	Nil	Nil	0.00
38	Vijay Kr Agarwal	28,000	0.73	Nil	Nil	Nil	Nil	0.00
39	Ravindra Agarwal	16,800	0.44	Nil	Nil	Nil	Nil	0.00
40	Premlata Agarwal	20,000	0.52	Nil	Nil	Nil	Nil	0.00
	Sub Total	14,73,770	38.68	Nil	14,53,770	38.17	Nil	-1.36
Body Corporate								
1	Achhar Investment Ltd.	2,12,300	5.57	Nil	2,27,400	5.97	Nil	7.11
2	Atishay Investment & Finance Pvt. Ltd.	49,800	1.31	Nil	4,500	0.12	Nil	-90.96
3	Jainish Products Ltd.	2,27,750	5.98	Nil	2,42,850	6.37	Nil	6.63
4	Sacred Trading & Investment co. ltd.	2,09,070	5.49	Nil	2,24,170	5.88	Nil	7.22
5	Sailesh Textile Manufacturing Co. Ltd.	2,07,000	5.43	Nil	2,07,000	5.43	Nil	0.00
	Sub Total	9,05,920	23.78	Nil	9,05,920	23.77	Nil	0.00
	Total	23,79,690	62.46	Nil	23,59,690	61.94	Nil	-0.84

III) Change in Promoters Shareholding

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	23,79,690	62.46	23,79,690	62.46
2	01.09.2016 (transfer of shares)	20,000	0.52	23,59,690	61.94
3	At the end of the year	Nil	Nil	23,59,690	61.94

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

S. No.	Particulars	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.16 to 31.03.17)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No of shares	% of total shares of the company
1	Dattani Ceramics Pvt Ltd.							
		17,682	0.46	01.04.2016			17,682	0.46
				22.04.2016	(2,000)	Sale	15,682	0.41
				29.04.2016	(8,000)	Sale	9,682	0.25
				13.05.2016	(1,682)	Sale	8,000	0.21
		-	0.00	31.03.2017	(8,000)	Sale	-	-
2	Innovative Data Organisers Pvt Ltd.							
		11,766	0.31	01.04.2016			11,766	0.31
				13.05.2016	(4,229)	Sale	7,537	0.20
				30.06.2016	(7,340)	Sale	197	0.01
				02.12.2016	(197)	Sale	-	-
		-	0.00	31.03.2017				-
3	Vinod Kumar Ohri							
		1,99,996	5.25	01.04.2016	NIL movement during the year		1,99,996	5.25
		1,99,996	5.25	31.03.2016		1,99,996	5.25	
4	Rai Investments Ltd							
		44,178	1.16	01.04.2016			44,178	1.16
				08.04.2016	(980)	Sale	43,198	1.13
				15.04.2016	(5,981)	Sale	37,217	0.98

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				20.05.2016	(3,000)	Sale	34,217	0.90
				30.06.2016	(9,146)	Sale	25,071	0.66
				01.07.2016	6,592	Purchase	31,663	0.83
				05.08.2016	(540)	Sale	31,123	0.82
				19.08.2016	(1,149)	Sale	29,974	0.79
				26.08.2016	(3,154)	Sale	26,820	0.70
				02.09.2016	(980)	Sale	25,840	0.68
				23.09.2016	(769)	Sale	25,071	0.66
				25.11.2016	(5,259)	Sale	19,812	0.52
				02.12.2016	(7,325)	Sale	12,487	0.33
				09.12.2016	(12,487)	Sale	-	0.00
		-	0.00	31.03.2017			-	0.00
5	Veena K Jagwani							
		97,123	2.55	01.04.2016	NIL movement during the year		97,123	2.55
		97,123	2.55	31.03.2017			97,123	2.55
6	Kamal M Jagwani							
		13,220.00	0.35	01.04.2016			13,220	0.35
				20.05.2016	(3,220)	Sale	10,000	0.26
				10.02.2017	(10,000)	Sale	-	0.00
		-	0.00	31.03.2017			-	0.00
7	Anil Bhavanji Shah							
		13,967	0.36	01.04.2016	NIL movement during the year		13,967	0.00
		13,967	0.36	31.03.2017			13,967	0.00
8	Kulvinder Singh							
		2,06,200	5.41	01.04.2016			2,06,200	5.41
				30.06.2016	200	Purchase	2,06,400	5.41
				01.07.2016	(200)	Sale	2,06,200	5.41
				12.08.2016	(700)	Sale	2,05,500	5.39
				23.09.2016	900	Purchase	2,06,400	5.41
		2,06,400	5.41	31.03.2017			2,06,400	5.41
9	Kanpuriya Gupta							
		33,736	0.88	01.04.2016			33,736	0.88

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		-	08.04.2016	1,764	Purchase	35,500	0.93
		-	15.04.2016	34	Purchase	35,534	93.00
		-	22.04.2016	(1,892)	Sale	33,642	0.88
		-	29.04.2016	4,250	Purchase	37,892	0.99
		-	06.05.2016	(1,115)	Sale	36,777	0.96
		-	13.05.2016	(2,750)	Sale	34,027	0.89
		-	20.05.2016	(557)	Sale	33,470	0.88
		-	27.05.2016	100	Purchase	33,570	0.88
		-	03.06.2016	1,838	Purchase	35,408	0.93
		-	24.06.2016	(5,715)	Sale	29,693	0.78
		-	30.06.2016	(10,626)	Sale	19,067	0.50
		-	01.07.2016	10,326	Sale	29,393	0.77
		-	08.07.2016	(629)	Sale	28,764	0.75
		-	15.07.2016	(400)	Sale	28,364	0.74
		-	22.07.2016	(45)	Sale	28,319	0.74
		-	19.08.2016	(1,475)	Sale	26,844	0.70
		-	02.09.2016	(6,431)	Sale	20,413	0.54
		-	09.09.2016	(1,346)	Sale	19,067	0.50
		-	30.09.2016	(50)	Sale	19,017	0.50
		-	07.10.2016	(2,901)	Sale	16,116	0.42
		-	21.10.2016	(300)	Sale	15,816	0.42
		-	25.10.2016	(100)	Sale	15,716	0.41
		-	11.11.2016	(1)	Sale	15,715	0.41
		-	18.11.2016	(200)	Sale	15,515	0.41
		-	25.11.2016	(900)	Sale	14,615	0.38
		-	02.12.2016	(1,351)	Sale	13,264	0.35
		-	09.12.2016	(270)	Sale	12,994	0.34
		-	16.12.2016	(1,220)	Sale	11,774	0.31
		-	30.12.2016	(2,005)	Sale	9,769	0.26
		-	06.01.2017	(335)	Sale	9,434	0.25
		-	13.01.2017	(550)	Sale	8,884	0.23
		-	20.01.2017	(595)	Sale	8,289	0.22
		-	10.02.2017	1,000	Purchase	9,289	0.24

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				17.02.2017	(1,185)	Sale	8,104	0.21
		7,800	0.20	31.03.2017	(304)	Sale	7,800	0.20
10	Ninja Securites Private Ltd.							
		-	0.00	01.04.2016			-	0.00
				07.10.2016	10,589	Purchase	10,589	0.28
				25.10.2016	525	Purchase	11,114	0.29
				04.11.2016	1,897	Purchase	13,011	0.34
				13.01.2017	1,120	Purchase	14,131	0.37
		14,131	0.37	31.03.2017			14,131	0.37
11	Shri Parasram Holdings Pvt Ltd.							
		-	0.00	01.04.2016				0.00
				25.11.2016	11,445	Purchase	11,445	0.30
				02.12.2016	(200)	Sale	11,245	0.30
				09.12.2016	9,650	Purchase	20,895	0.55
				30.12.2016	3,302	Purchase	24,197	0.64
				06.01.2017	1,100	Purchase	25,297	0.66
				10.02.2017	1,000	Purchase	26,297	0.70
				17.02.2017	3,029	Purchase	29,326	0.77
				24.02.2017	(1,709)	Sale	27,617	0.72
				03.03.2017	5,980	Purchase	33,597	0.88
				10.03.2017	130	Purchase	33,727	0.89
				17.03.2017	(6,161)	Sale	27,566	0.72
				24.03.2017	(95)	Sale	27,471	0.72
		18,399	0.48	31.03.2017	(9,072)	Sale	18,399	0.48
12	Sushil Financial Services Pvt Ltd.							
		11,260	0.29	01.04.2016			11,260	0.29
					NIL movement during the year			
		11,260	0.29	31.03.2017			11,260	0.29
13	Bhajjee Portfolio Ltd.							
		-	0.00	01.04.2016			-	0.00
				20.01.2017	12,832	Purchase	12,832	0.34
				27.01.2017	(200)	Sale	12,632	0.33
				03.02.2017	994	Purchase	13,626	0.36
				17.02.2017	3,200	Purchase	16,826	0.44
				24.02.2017	(11)	Sale	16,815	0.44

				17.03.2017	(1,646)	Sale	15,169	0.40
		15,169	0.40	31.03.2017			15,169	0.40
14	Mukesh Jain							
		-	0.00	01.04.2016			-	0.00
				30.06.2016	47,600	Purchase	47,600	1.25
				01.07.2016	(47,600)	Sale	-	0.00
				15.09.2016	47,600	Purchase	47,600	1.25
				16.12.2016	6,014	Purchase	53,614	1.40
		53,614	1.40	31.03.2017			53,614	1.40

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Particulars	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.16 to 31.03.17)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
A.	Executive Directors :							
1	Mr. Raj Kumar Agarwal							
		6,786	0.18	01.04.2016	NIL movement during the year		6,786	0.18
		6,786	0.18	31.03.2017			6,786	0.18
2	Mr. Ashok Kumar Agarwal							
		75,896	1.99	01.04.2016	NIL movement during the year		75,896	1.99
		75,896	1.99	31.03.2017			75,896	1.99
3	Mr. Kailash Kumar Agarwal							
		89,385	2.35	01.04.2016	NIL movement during the year		89,385	2.35
		89,385	2.35	31.03.2017			89,385	2.35
B.	Non Executive Directors							
4	Mr. P D Agarwal							
		-	0.00	01.04.2016	NIL movement during the year		-	0.00
		-	0.00	31.03.2017			-	0.00
5	Mr. B C Talukdar							
		-	0.00	01.04.2016	NIL movement during the year		-	0.00
		-	0.00	31.03.2017			-	0.00
6	Mr. Mohan Lal Jain							
		-	0.00	01.04.2016	NIL movement during the year		-	0.00
		-	0.00	31.03.2017			-	0.00

7	Mr. Anil Agarwalla						
		-	0.00	01.04.2016	NIL movement during the year	-	0.00
		-	0.00	31.03.2017		-	0.00
8	CA Ritu Bansal						
		-	0.00	01.04.2016	NIL movement during the year	-	0.00
		-	0.00	31.03.2017		-	0.00
C.	Key Managerial Personnel (KMPs)						
	Ms. Priyanka Singal (Company Secretary) (from 01.04.2016- 09.09.2016)						
		-	0.00	01.04.2016	NIL movement during the year	-	0.00
		-	0.00	31.03.2017		-	0.00
	Mr. Shashi Ranjan Kumar (Company Secretary) (from 07.03.2017- 31.03.2017)						
		-	0.00	01.04.2016	NIL movement during the year	-	0.00
		-	0.00	31.03.2017		-	0.00
	Mr. Ojaswi Singhal Chief Financial Officer) (from 01.04.2016- 04.05.2016)						
		-	0.00	01.04.2016	NIL movement during the year	-	0.00
		-	0.00	31.03.2017		-	0.00
	Mr. Raghavkumar Agarwal (Chief Financial Officer) (from 04.11.2016- 31.03.2017)						
		10,054	0.26	01.04.2016	NIL movement during the year	-	0.26
		10,054	0.26	31.03.2017		-	0.26

VI) Indebtedness

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

(₹ in Thousand)

Particulars	Unsecured Loans	Secured Loan	Letter of Credit	Cash Credit	Total Indebtedness
Indebtedness at the beginning of the financial year					
i) Principal Amount	683	833	37,560	67,206	1,06,282
ii) Interest due but not paid		-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)	683	833	37,560	67,206	1,06,282
Change in Indebtedness during the financial year					
Additions	10	70,202	8,393	11,489	90,094
Reductions	-	-	-	-	-
Net Change	10	70,202	8,393	11,489	90,094

Indebtedness at the end of the Financial Year					
i) Principal Amount	693	71,035	45,953	78,695	1,96,376
ii) Interest due but not paid		-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)	693	71,035	45,953	78,695	1,96,376

VII) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (₹ in Lacs)
	Name	Mr.Kailash Kumar Agarwal	Mr. Ashok Kumar Agarwal	Mr. Raj Kumar Agarwal	
	Designation	" Managing Director"	"Joint Managing Director"	Whole Time Director	
1	Gross salary				
	(a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	11.20	14.17	10.21	35.58
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	11.20	14.17	10.21	35.58

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (in ₹)
	Independent Directors	Mr. Bibhuti Charan Talukdar	Mr. Parshotam Das Agarwal	Mr. Mohan Lal Jain	Ms. Ritu Bansal	Mr. Anil Agarwalla	
1	Fee for attending board/committee meetings	1,15,000	1,15,000	1,15,000	1,15,000	20,000	4,80,000
2	Commission	-	-	-	-	-	-
3	Other- monthly allowances	-	-	-	-	-	-
	Total	1,15,000	1,15,000	1,15,000	1,15,000	20,000	4,80,000

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

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount (in ₹)
	Designation	CFO	CCO and CFO	CS and Compliance Officer		
	Name	*Mr. Ojaswi Singhal	#Mr. Raghavkumar Agarwal	\$Ms. Priyanka Singal	^Mr. Shashi Ranjan Kumar	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	56,170	3,15,100	87,365	62,198	5,20,833
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-

5	Others, please specify	-	-	-	-	-
	Total	-	-	-	-	-
		56,170	3,15,100	87,365	62,198	5,20,833

*Resigned w.e.f. 04.05.2016

#Appointed w.e.f. 04.11.2016

\$Resigned w.e.f. 09.09.2016

^Appointed w.e.f. 07.03.2017

VIII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2016-17, there was no penalty/punishment/ compounding of offences under the Companies Act, 2013.

For and on behalf of the Board

Date: **12th August, 2017**

Place: **New Delhi**

Kailash Kumar Agarwal
Managing Director

Ashok Kumar Agarwal
Jt. Managing Director

Raj Kumar Agarwal
Whole-time Director

Form No. AOC-2

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

(Accounts) Rules, 2014)

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

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

There were no transactions, contracts and arrangements entered into during the year ended March 31, 2017, which were not at Arm's length basis.

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

Name of Related Party	Nature of Relationship	Nature of Contracts	Duration of Contracts	Salient terms	Date of Approval By Board	Amount Paid as advances, if any
Sanjay Mercantile Pvt. Ltd.	Associates	Leasing of Immovable Property	3 years	Yearly Rent ₹ 15000 per Acre	29.05.2015	₹ 1,50,000/-
Kashmiri Lal Agarwal HUF	Associates	Leasing of Immovable Property	3 years	Yearly Rent] ₹ 15000 per Acre	29.05.2015	₹ 60,000/-
Jai Narain Agarwal HUF	Associates	Leasing of Immovable Property	3 years	Yearly Rent ₹ 15000 per Acre	29.05.2015	₹ 15,000/-
Raghav Kumar Agarwal	Relative of Director	Any office or place of profit in the Company	N.A.	N.A.	12.02.2016	Nil
Ravindra Kumar Agarwal	Relative of Director	Any office or place of profit in the Company	N.A.	N.A.	28.05.2016	Nil
Surender Kumar Agarwal HUF	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 81000/-		Nil
Raj Kumar Agarwal HUF	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 81000/-		Nil
Jawala Prasad Ram Pat	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 108000/-		Nil
Supermax Promoters Pvt. Ltd.	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 36000		Nil
Siram Appartments Pvt. Ltd.	Associates	Leasing of Immovable Property	N.A.	Yearly Rent ₹ 36000		Nil

For and on behalf of the Board

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

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

Mr. Raj Kumar Agarwal
Whole Time Director
(DIN No. 02950710)

Place: Delhi

Date: 12.08.2017

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2017

a. The ratio of the remuneration of each Director to the median remuneration of the employees and the performance of the Company for the year 2016-17:

(₹ In lac)

Name of the Director	Title	Financial Year 2016-17	Financial Year 2015-16	No. of Stock options granted in Financial Year 2015-16	% increase of remuneration as compared to Previous Year	Ratio of remuneration to Ratio of remuneration to MRE*	Ratio of remuneration to revenue (FY 2016)
Mr. Kailash Kumar Agarwal	Managing Director	11.20	11.20	Nil	0	13.33	0.0012411
Mr. Ashok Kumar Agarwal	Joint Managing Director	14.17	13.02	Nil	8.84	16.86	0.0015702
Mr. Raj Kumar Agarwal	Whole-time Director	10.21	10.21	Nil	0	12.15	0.0011314

* MRE – Median Remuneration of Employees.

b. The ratio of the remuneration of each Key Managerial Personnel (KMP) to the median remuneration of the employees and the performance of the Company for the year 2016-17:

(₹ In lac)

Name of the KMP	Title	Financial Year 2016-17	Financial Year 2015-16	No. of Stock options granted in Financial Year 2015-16	% increase of remuneration as compared to Previous Year*	Ratio of remuneration to Ratio of remuneration to MRE**	Ratio of remuneration to revenue (FY 2016)
*Mr. Manish Singla	Company Secretary	Nil	0.71	Nil	Nil	Nil	Nil
#Ms. Priyanka Singal	Company Secretary	0.87	0.54	Nil	61.11	1.04	0.0000964
@Mr. Shashi Ranjan Kumar	Company Secretary	0.62	Nil	Nil	Nil	0.74	0.0000687
‡Mr. Vishesh Kumar Chugh	CFO	Nil	2.70	Nil	Nil	Nil	Nil
€Mr. Ojaswi Singal	CFO	0.56	2.35	Nil	76.17	0.67	0.0000621
‡Mr. Raghav Kumar Agarwal	CFO	3.15	Nil	Nil	Nil	3.75	0.0003491

* Resigned w.e.f. June 27, 2015

Resigned in September 09, 2016

@ Appointed in March 07, 2017

‡ Resigned w.e.f. June 27, 2015

€ Resigned in May 04, 2016

‡ Appointed in November 04, 2016

c. The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 83,897 p.a. and ₹ 66,316 p.a. in financial year 2016-17 and financial year 2015-16, respectively. The Increase/(decrease) in MRE (including WTDs) in financial year 2016-17, as compared to financial year 2015-16 was 26.51%.



H P Cotton Textile Mills Limited

- d. During the year, there is no change/increase in salary of WTD and aggregate change in salary for KMPs was (17.48%) in financial year 2016-17 over financial year 2015-16.
- e. The number of permanent employees on the rolls of the Company as on March 31, 2017 and March 31, 2016 were 1377 and 1445, respectively. The Company's revenue increased during the financial year 2016-17 by approx 1.96% over financial year 2015-16. The Company incurred net loss after tax and exceptional items of ₹ 222.86 Lac as compared to the profit of ₹ 202.02 Lac in last financial year.
- f. Price earning ratio as at March 31, 2016 was 8.22 and as the Company incurred net loss during the financial year 2016-17 the price earning ratio as at March 31, 2017 is not applicable.
- g. None of the employees (who are not directors) received remuneration in excess of the highest paid director.
- h. The remuneration and perquisites provided to the employees including that of the management are on par with industry levels. The nomination and remuneration committee continuously reviews the compensation of Executive Directors & Key Managerial Personnel to align both the short term and long-term business objectives of the Company and to link compensation with the achievement of measurable performance goals.
- i. It is affirmed that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board

Dated: **August 12, 2016**
Place: **New Delhi**

Kailash Kumar Agarwal
Managing Director

A K ASSOCIATES

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of H P Cotton Textile Mills Limited

Report on the Standalone Financial Statements

We have audited the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
 - (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:-
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 and 27 to the financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank notes during the period from 8th November ,2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management –Refer Note 28 to the financial statements.

For A.K. ASSOCIATES
Chartered Accountants
Firm's Registration No. 000596N

(A.K.GUPTA)
PARTNER
Membership No. 16533

Place of Signature: NEW DELHI
Date: 29th May, 2017

A K ASSOCIATES

Chartered Accountants

Annexure referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: H P Cotton Textile Mills Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities granted and investments made in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of income tax or sales tax or service tax or customs duty or excise duty or value added tax which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues of loans and borrowing from banks. Further, the Company does not have any debentures and loans from financial institutions and government.



H P Cotton Textile Mills Limited

- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments. The term loans were applied for the purposes for which those are raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For A.K. ASSOCIATES
Chartered Accountants
Firm's Registration No. 000596N

(A.K.GUPTA)
PARTNER
Membership No. 16533

Place of Signature: NEW DELHI
Date: 29th May, 2017

H P COTTON TEXTILE MILLS LIMITED**CIN: L18101HR1981PLC012274****Balance Sheet as at 31st March, 2017**

	Note	As at 31st March, 2017 ₹ in Thousand	As at 31st March, 2016 ₹ in Thousand
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	38,100	38,100
Reserves and Surplus	3	<u>1,27,604</u>	<u>1,49,890</u>
		1,65,704	1,87,990
Non-Current Liabilities			
Long-Term Borrowings	4	71,035	833
Long-Term Provisions	5	<u>28,187</u>	<u>23,708</u>
		99,222	24,541
Current Liabilities			
Short-Term Borrowings	6	1,25,341	1,05,449
Trade Payables	7	1,48,697	62,357
Other Current Liabilities	8	37,902	33,566
Short-Term Provisions	9	<u>14,488</u>	<u>27,301</u>
		3,26,428	2,28,673
TOTAL		<u>5,91,354</u>	<u>4,41,204</u>
ASSETS			
Non-Current Assets			
Fixed Assets:			
Tangible Assets	10	74,476	77,778
Capital Work-in-Progress		<u>1,02,168</u>	-
		1,76,644	77,778
Long-Term Loans and Advances	11	15,093	12,366
Deferred Tax Assets (Net)	12	12,815	1,011
Current assets			
Inventories	13	2,10,047	2,07,575
Trade Receivables	14	87,022	73,372
Cash and Cash Equivalents	15	21,147	8,043
Short-Term Loans and Advances	16	<u>68,586</u>	<u>61,059</u>
		3,86,802	3,50,049
TOTAL		<u>5,91,354</u>	<u>4,41,204</u>
Significant Accounting Policies	1		
Notes forming part of the financial statements	1-31		

As per our report of even date attached

For A.K. Associates
Chartered Accountants
Firm Registration No. 000596N

For and on behalf of the Board of Directors

CA. A.K. Gupta
(PARTNER)
M.No. 16533

Raghav Kumar Agarwal
Chief Financial Officer

Kailash Kumar Agarwal
Managing Director
DIN 00063470

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

Raj Kumar Agarwal
Whole Time Director
DIN 02950710

Place : **New Delhi**
Date : **29/05/2017**

H P COTTON TEXTILE MILLS LIMITED**CIN: L18101HR1981PLC012274****Statement of Profit and Loss for the Year ended 31st March, 2017**

	Note	As at 31st March, 2017 ₹ in Thousand	As at 31st March, 2016 ₹ in Thousand
INCOME			
Revenue from Operations	17	9,02,389	8,85,071
Other income	18	4,586	5,263
		<u>9,06,975</u>	<u>8,90,334</u>
EXPENDITURE			
Cost of Materials Consumed	19	4,68,319	4,05,187
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	580	10,147
Employee Benefits Expense	21	1,85,204	1,76,710
Finance Costs	22	16,839	13,859
Depreciation	10	10,804	12,038
Other Expenses	23	2,58,827	2,42,677
		<u>9,40,573</u>	<u>8,60,618</u>
(Loss)/Profit before tax		<u>(33,598)</u>	<u>29,716</u>
Tax expense:			
Current Tax expense for the current year		-	11,400
Tax expense for the earlier year		492	569
Net Current Tax expense		492	11,969
Deferred Tax for the Year		(11,804)	(1,745)
Deferred Tax for earlier Year		-	(710)
		<u>(11,312)</u>	<u>9,514</u>
Profit for the year after Tax		<u>(22,286)</u>	<u>20,202</u>
Earnings per share (of Rupees 10/- each):	24		
Basic	(In ₹)	<u>(5.85)</u>	<u>5.30</u>
Diluted		<u>(5.85)</u>	<u>5.30</u>
Significant Accounting Policies	1		
Notes forming part of the financial statements	1-31		

As per our report of even date attached

For A.K. Associates
Chartered Accountants
Firm Registration No. 000596N

For and on behalf of the Board of Directors

CA. A.K. Gupta
(PARTNER)
M.No. 16533

Raghav Kumar Agarwal
Chief Financial Officer

Kailash Kumar Agarwal
Managing Director
DIN 00063470

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

Raj Kumar Agarwal
Whole Time Director
DIN 02950710

Place : New Delhi

Date : 29/05/2017

Cash Flow Statement for the Year ended 31st March, 2017

	As at 31st March, 2017 ₹ in Thousand	As at 31st March, 2016 ₹ in Thousand
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extraordinary items and tax	(33,598)	29,716
Adjustments for:		
Depreciation	10,804	12,038
Loss/(Profit) on sale of Tangible Assets	(2,068)	(2,236)
Finance cost	16,839	13,859
Interest income	(1,882)	(2,184)
	<u>23,693</u>	<u>21,477</u>
Operating Profit Before Working Capital Changes	(9,905)	51,193
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(2,472)	(10,571)
Trade receivables	(13,650)	(21,622)
Short-term loans and advances	(6,287)	5,663
Long-term loans and advances	(2,727)	21
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	86,340	(7,502)
Other current liabilities	(436)	1,799
Short-term provisions	(7,633)	2,964
Long-term provisions	4,479	3,591
Cash Generated From Operations	47,709	25,536
Less: Income Tax Paid (Net of Refunds)	<u>(2,326)</u>	<u>(13,026)</u>
Net cash from Operating Activities (A)	45,383	12,510
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on Tangible assets	(1,10,274)	(2,733)
Proceeds from sale of Tangible assets	2,672	3,124
Interest Received	1,882	2,184
Net Cash Used in Investing Activities (B)	(105,720)	2,575
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Borrowings	77,457	-
Repayment of Long-Term Borrowings	(2,630)	(2,346)
Proceeds from Short-Term Borrowings (Net)	19,892	3,050
Finance cost	(16,839)	(13,859)
Dividend Paid (Including Income Tax on Dividend)	(4,439)	(4,272)
Net Cash Used in Financing Activities (C)	73,441	(17,427)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	13,104	(2,342)
Cash and cash equivalents at the beginning of the year	8,043	10,385
Cash and cash equivalents at the end of the year	21,147	8,043
See accompanying notes forming part of the financial statements		

As per our report of even date attached

For A.K. Associates
Chartered Accountants
Firm Registration No. 000596N

CA. A.K. Gupta
(PARTNER)
M.No. 16533

Raghav Kumar Agarwal
Chief Financial Officer

Kailash Kumar Agarwal
Managing Director
DIN 00063470

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

Raj Kumar Agarwal
Whole Time Director
DIN 02950710

Place : New Delhi
Date : 29/05/2017

For and on behalf of the Board of Directors

H P COTTON TEXTILE MILLS LIMITED

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation of Financial Statements

The financial statements have been prepared to comply with Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provision of the Companies Act, 2013. The financial statements are prepared on accrual basis under the historical cost convention. 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 on Fixed Assets is provided to the extent of depreciable amount on the 'Straight Line Method'. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

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 statement of profit and loss.

6 Investment

Current investment are carried at lower of cost and fair value; if any, and Non Current Investments are stated at cost.; if any, Provision for diminution in value on Non Current investments is made only if such a decline is other than temporary.

7 Provisions, Contingent Liabilities and Contingent Assets

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

8 Revenue Recognition

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

9 Borrowing Cost

Borrowing costs are charged to statement of Profit & Loss 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.

H P Cotton Textile Mills Limited

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. Deferred 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 Financial Year ended 31st March, 2017

	As at 31st March, 2017 ₹ in Thousand	As at 31st March, 2016 ₹ in Thousand		
Note 2: Share capital				
Authorised				
42,50,000 Equity Shares of ₹10/- each	42,500	42,500		
Issued, Subscribed and Paid Up				
Shares at the beginning of the accounting period 38,10,000 Equity shares of Rs 10/- each fully Paid up in cash	38,100	38,100		
Shares issued during the year	-	-		
Shares cancelled/forfeited during the year	-	-		
	38,100	38,100		
	As at 31st March, 2017	As at 31st March, 2016		
Detail of Shareholders Holding More Than 5% Shares	No. of Shares	% of Holding	No. of Shares	% of Holding
Jainish Products Limited	242850	6.374	227750	5.978
Kulvinder Singh	206400	5.417	219780	5.769
Achhar Investments Limited	227400	5.969	212300	5.572
Sacred Trading and Investment Company Limited	224170	5.884	209070	5.487
Sailesh Textile Manufacturing Company Limited	207000	5.433	207000	5.433
Vinod kumar Ohri	199996	5.249	199996	5.249
During the 5 years immediately preceeding the Balance Sheet date				
- Equity Share issued pursuant to any contract without payment being received in cash.			Nil	Nil
- Equity Shares allotted by way of bonus shares			Nil	Nil
- Equity Shares bought back			Nil	Nil
Rights, Preferences and Restrictions Attached to shares:				
Equity Shares				
The Company has one class of equity shares having a par value of ₹10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.				
Note 3: Reserves and Surplus				
Capital Reserve				
-Central Investment Subsidy			1,500	1,500
-State subsidy			1,510	1,510
-Share Premium			18	18
-Surplus on Issue of Forfeited Shares			11	11
			3,039	3,039
General Reserve				
Opening Balance			78,441	73,441
Add: Transferred from surplus to Profit & Loss A/c			-	5,000
Closing Balance			78,441	78,441
Surplus in Profit and Loss Account				
Opening balance			68,410	57,794
Less: Transitional Impact of Depreciation as per Companies act 2013			-	-
Add: Deferred Tax Credit			-	-
Net Transitional Impact of Depreciation as per Companies act 2013 *			-	-
Add: Profit for the year			(22,286)	20,202
			46,124	77,996
Less: Appropriations				
-Transfer to general reserve			-	5,000
-Proposed dividend on Equity Shares **			-	3,810
-Tax on proposed equity dividend			-	776
Total Appropriations			-	9,586
Closing balance			46,124	68,410
			1,27,604	1,49,890

* In accordance with the provisions of the Companies Act 2013, effective from 1st April, 2014, the Company has reassessed the remaining useful lives of its fixed assets. Consequently, the transitional impact of Depreciation of ₹ 282.15 Lacs (net of deferred tax ₹ 190.60 Lacs) has been adjusted to retained earnings.

** ₹ 1.00 per equity share (Previous year ₹ 1.00)

Notes on Financial Statements for the Year ended 31st March,2017

	As at 31st March, 2017 ₹ in Thousand	As at 31st March, 2016 ₹ in Thousand
Note 4: Long-Term Borrowings		
Secured		
Rupee Loans		
Kotak Mahindra Prime Limited	3,174	833
State Bank of Patiala	13,007	
Foreign Currency Loans		
State Bank of India Frankfurt	19,825	
State Bank of India Tokyo	35,029	
	71,035	833

- The Term loans from Kotak Mahindra Prime Ltd are secured by hypothecation of vehicles acquired under the respective loans.
- The Term loan from State Bank of Patiala (Merged with State Bank of India w.e.f. 1st April 2017) (Sanctioned Amount 16500 thousand) and the letters of comfort given by it to State Bank of India Frankfurt and State bank of India Tokyo in respect of Foreign Currency Loans are secured by:-
 Primary Security
 First Charge by hypothecation of all fixed assets created from such bank finance
 Collateral Security
 First pari-passu charge on all fixed assets of the Company (other than the charge on fixed assets given as primary security); both present and future,with other consrtium bank; Oriental Bank of Commerce
 Personal Guarantees of:-
 Mr. Raj Kumar Agarwal, Mr. Ashok Kumar Agarwaland Mr. Kailash Kumar Agarwal;promoters/Directors of the Company in their personal capacity.
- The Foreign Currency Term Loans from State Bank of India Frankfurt and State Bank of India Tokyo are secured by letter of Comfort given by State Bank of Patiala (Merged with State bank of India w.e.f. 1st April 2017) to these banks.
- There is no default in repayment of principal loan or interest there on.
- Repayment Schedule:

Particulars	Rate of Interest (%)	Terms of Repayment (₹ in Thousands)			
		Financial Year 2015-16	Financial Year 2016-17	Financial Year 2017-18	Financial Year 2018-19
Kotak Mahindra Prime Ltd.	10.27	2,296	1,519	833	
		Financial Year 2016-17	Financial Year 2017-18	Financial Year 2018-19	Financial Year 2019-20
Kotak Mahindra Prime Ltd.	9.43	1,111	2,011	2,216	958
State Bank of Patiala (Merged with State Bank of India w.e.f 1st April 2017)	13.25	-	3,300	3,300	3,300
Rate of Interest is floating to be reset after every two years.		Financial Year 2020-21	Financial Year 2021-22		
State Bank of Patiala		3,300	3,300		
Foreign Currency Loans	Rate of Interest		Terms of Repayment		
			Financial Year 2019-20		
State Bank of India Frankfurt	12M Euribor plus 70 bps Plus Euro 50		19,825		
State Bank of India Tokyo	12MEribor plus 129 bps		35,029		

Note 5: Long-Term Provisions

Provision for Employee Benefits:
 Provision for Gratuity
 Provision for Leave Salary

	Financial Year 2016-17 (₹ in Thousands)	Financial Year 2015-16 (₹ in Thousands)
	20,942	17,751
	7,245	5,957
	28,187	23,708

Notes on Financial Statements for the Year ended 31st March,2017

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Thousand	₹ in Thousand
Note 6: Short-Term Borrowings		
Secured:		
Cash Credit:		
State Bank of Patiala	48,950	37,322
Oriental Bank of Commerce	29,746	29,884
Letter of Credit:		
State Bank of Patiala	26,445	20,481
Oriental Bank of Commerce	19,507	17,079
Unsecured:		
Trade Deposits	693	683
	<u>1,25,341</u>	<u>1,05,449</u>

1. Cash Credits and other working capital facilities from Banks viz. State Bank of Patiala and Oriental Bank of Commerce are secured by hypothecation and charge by way of a first charge ranking pari-passu without any preference or priority to one over the other on the stock of Raw Materials, Goods in Process, Loose Yarn, Finished Goods, Stores & Spares and Book Debts (both present and future) and second charge on fixed assets of the company.

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

Note 7: Trade Payables

Trade Payables	1,48,697	62,357
	<u>1,48,697</u>	<u>62,357</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:		
- Sh. Anil Aggarwala, Director of the Company	Nil	Nil
- A Agarwala & Co.; an associate of Sh. Anil Aggarwala, Director of the Company	Nil	Nil

Note 8: Other Current Liabilities

Term Loan Instalments Repayable Within 12 months		
To Others		
Kotak Mahindra Prime Limited	2,844	1,519
State Bank of India Term Loan	3,300	-
Other payables		
Statutory Remittances	6,369	5,414
Advances from Customers	24,000	25,756
Interest Accrued But Not Due	794	429
Unpaid Dividend	595	448
	<u>37,902</u>	<u>33,566</u>

1. There is no default in repayment of principal loan or interest there on.

Note 9: Short-Term Provisions

Provision for Employee Benefits:		
Provision for Bonus	10,526	18,390
Provision for Gratuity	2,515	1,429
Provision for Leave Salary	1,447	2,302
Others Provision :		
Provision for Tax (Net of Advance Tax ₹ Nil P. Y. ₹ 10,806 thousand)	-	594
Proposed Dividend	-	3,810
Tax on Proposed Dividend	-	776
	<u>14,488</u>	<u>27,301</u>

H.P.COTTON TEXTILE MILLS LIMITED

SI. PARTICULARS		GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at 1st April, 2016	Additions	Sale/ Transfer	As at 31st March, 2017	Upto Previous year	For the period	Adjustment	Upto 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016	
		2,077	-	3	2,074	-	-	-	-	-	2,074	2,077
	1. Free Hold Land	61,140	-	-	61,140	44,457	1,695	-	46,152	14,988	16,683	
	2. Buildings	3,57,538	-	93	3,57,445	3,13,626	5,319	89	3,18,856	38,589	43,912	
	3. Plant & Machinery	5,412	119	-	5,531	4,404	119	-	4,523	1,008	1,008	
	4. Furniture & Fixtures	6,574	589	79	7,084	5,884	449	75	6,258	826	690	
	5. Office Equipments	22,243	7,398	2,678	26,963	8,835	3,222	2,085	9,972	16,991	13,408	
	6. Vehicles	4,54,984	8,106	2,853	4,60,237	3,77,206	10,804	2,249	3,85,761	74,476	77,778	
	Total	4,56,876	2,919	4,811	4,54,984	3,69,091	12,038	3,923	3,77,206	77,778	1,02,168	0
	Capital Work in Progress											

Note 10: Fixed Assets

Notes on Financial Statements for the Year ended 31st March, 2017

	As at 31st March, 2017 ₹ in Thousand	As at 31st March, 2016 ₹ in Thousand
Note 11: Long-Term Loans and Advances		
Security Deposits Unsecured, Considered Good	13,639	12,366
Advance for Capital Goods	1,454	-
	<u>15,093</u>	<u>12,366</u>
Note 12: Deferred Tax Asset/(Liability)		
Timing Difference on Account of Depreciation	(8,030)	(8,863)
Timing Difference on Account of Expense Allowable on Payment Basis	11,539	9,874
Unabsorbed Losses /Depreciation Carried Forward	9,306	-
	<u>12,815</u>	<u>1,011</u>
Note 13: Inventories		
Raw materials	76,568	76,566
Work-in-progress *	83,215	61,520
Finished goods	23,581	44,892
Stores and spares	22,584	18,005
Purchase Goods in Transit	2,310	3,839
Scrap	1,789	2,753
	<u>2,10,047</u>	<u>2,07,575</u>
	<u>76,021</u>	<u>55,120</u>
* Includes Loose Yarn		
Note 14: Trade Receivables		
Trade Receivables Outstanding for a Period Exceeding Six Months		
Unsecured, considered good	84	26
Other Trade Receivables		
Secured, considered good	13,597	48,245
Unsecured, considered good	73,341	25,101
	<u>87,022</u>	<u>73,372</u>
Note 15: Cash and Cash Equivalents		
Balances with Scheduled Banks		
- In Current Accounts	109	615
- In Fixed Deposits	19,279	6,215
- Interest Accrued on Fixed Deposits	509	168
- In Unpaid Dividend Account	595	447
Cheques, drafts on hand	-	100
Cash in hand	655	498
Post Office Saving Bank A/c	-	-
	<u>21,147</u>	<u>8,043</u>
Fixed Deposits having maturity period more than 12 months	2,000	-
Fixed Deposits pledged to Bank for LC/Guarantees	19,279	6,215
Note 16: Short-Term Loans and Advances		
Insurance Claim Receivable*	22,061	20,492
Prepaid expenses	1,888	1,282
Balances with government authorities		
Unsecured, considered good		
- VAT credit receivable	27,691	28,470
- Duty Drawback Receivable	1,818	1,333
- Income Tax Refundable	347	347
- Advance Income Tax (Net of Provision Rs Nil Previous Year Rs Nil)	1,240	-
Others (Advances Receivable in Cash or in Kind or for the value to be received)		
- Unsecured, considered good	13,541	9,135
	<u>68,586</u>	<u>61,059</u>

* Please See Note 27

Notes on Financial Statements for the Year ended 31st March, 2017

	For the Year ended 31st March, 2017 ₹ in Thousand	For the year ended 31st March, 2016 ₹ in Thousand
Note 17: Revenue from Operations		
Sales	902,389	885,071
	<u>902,389</u>	<u>885,071</u>
Sale of Products Comprises :		
<u>Manufactured Goods</u>		
Yarn & Threads	892,690	872,114
Less: Sales Returns	-	43
Less: Rebate & Discount	<u>36,363</u>	<u>28,663</u>
	856,327	843,408
Add: Exchange Rate Fluctuations	<u>249</u>	<u>381</u>
	856,576	843,789
Raw Material Scrap	27,520	19,662
Other Scrap	1,745	1,610
Duty Drawback and other export incentives	<u>16,548</u>	<u>20,010</u>
Total - Sale of Manufactured Goods	<u>902,389</u>	<u>885,071</u>
Note 18: Other Income		
Interest Income	1,882	2,184
Other Non-Operating Income	<u>2,704</u>	<u>3,079</u>
	<u>4,586</u>	<u>5,263</u>
Interest Income Comprises:		
Interest from banks on:		
Fixed Deposits/Margin Money	858	471
Interest from Customers	25	20
Interest on Early Payment of Trade Payables	124	767
Other interest (Int. on Security Deposit with DHBVN)	<u>875</u>	<u>926</u>
Total - Interest income	<u>1,882</u>	<u>2,184</u>
Other Non-Operating Income Comprises:		
Profit on sale of fixed assets (Net)	2,068	2,236
Foreign Exchange Fluctuation (Net)	-	-
Liabilities / Provisions No Longer Required written back (Sundry Balance W/off)	573	817
Customer's Credit Balances written back	-	-
Other Income	49	-
Prior period income	<u>14</u>	<u>26</u>
Total - Other Non-Operating Income	<u>2,704</u>	<u>3,079</u>
Details of Prior Period Items		
Refund of VAT received		
Excess Balance Written Back	<u>14</u>	<u>26</u>
	14	26

Notes on Financial Statements for the Year ended 31st March, 2017

			For the Year ended 31st March, 2017 ₹ in Thousand	For the year ended 31st March, 2016 ₹ in Thousand
Note 19: Cost of Materials Consumed				
	% of Consumption			
	This Year	Previous Year		
Imported	0.00%	0.05%	-	191
Indigenous	<u>100.00%</u>	<u>99.95%</u>	<u>468,319</u>	<u>4,05,187</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>468,319</u>	<u>4,05,378</u>
Material Consumed:*				
Raw Material:				
- Cotton			328,257	2,73,233
- Silk tops and others			-	183
- Yarn			4,646	4,797
- Man Made Fibre			<u>6,566</u>	<u>2,182</u>
			339,469	2,80,395
Colour & Chemicals			88,344	87,124
Packing Materials			<u>40,506</u>	<u>37,668</u>
* (O.B.+Purchase-Closing Stock)			<u>468,319</u>	<u>4,05,187</u>
Note 20: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade				
Inventories at the end of the year:				
Finished Goods			23,581	44,892
Work-in-Progress			83,215	61,520
Cotton Scrap			1,789	2,753
			<u>108,585</u>	<u>109,165</u>
Inventories at the beginning of the year:				
Finished goods			44,892	49,953
Work-in-progress			61,520	66,893
Cotton Scrap			2,753	2,466
			<u>109,165</u>	<u>119,312</u>
			580	10,147
Net (increase) / decrease				
Note 21: Employee Benefits Expense				
Salaries and Wages			162,161	157,637
Contributions to Provident and Other Funds			14,159	11,445
Employee State Insurance			5,829	5,200
Staff Welfare Expenses			<u>3,055</u>	<u>2,428</u>
			185,204	176,710
Note 22: Finance Costs				
Interest Expense on Borrowings			12,576	10,603
Other Borrowing Costs			<u>4,263</u>	<u>3,256</u>
			16,839	13,859

Notes on Financial Statements for the Year ended 31st March, 2017

	For the Year ended 31st March, 2017 ₹ in Thousand	For the year ended 31st March, 2016 ₹ in Thousand
Note 23: Other Expenses		
Consumption of Stores and Spare Parts	42,819	32,005
Material Laying more than three years written off	482	1,401
Power and Fuel	117,405	123,693
Earth Filling Expenses	1,139	958
Water	632	757
Rent including lease rentals	2,662	1,826
Repairs and Maintenance - Buildings	3,445	2,069
Repairs and Maintenance - Machinery	5,927	3,270
Repairs and Maintenance - Others	661	647
Insurance	1,321	1,705
Rates and taxes	1,873	1,711
Communication	1,183	1,065
Travelling and conveyance (a)	7,041	5,047
Vehicle expenses (b)	4,713	4,107
Printing and stationery	1,022	1,114
Freight and forwarding	39,903	37,296
Sales commission	6,892	7,431
Advertisement	1,358	2,009
Business promotion	1,513	794
Interest on Late Payment of taxes	24	19
Legal and professional	5,723	3,584
Insurance Claims not receivable	-	25
Irrecoverable Balances written off	-	116
Festival Expenses	2,803	2,632
Payment to Statutory Auditors	1,043	1,116
Loss on Sale of Fixed Assets (Net)	-	-
Vat Paid	1	26
Prior period Expenses	175	-
Miscellaneous Expenses	7,067	6,254
	258,827	242,677

(a) Include ₹ 1,64,260.00 for attending board meetings (Previous Year ₹ 130,383.00)

(b) Net of Insurance Claim ₹ 203,181.00 (Previous Year ₹ 24,400.00)

	% of Consumption		This Year	Previous Year
	This Year	Previous Year		
Consumption of Stores and Spare Parts				
Imported	7.23%	4.57%	3,096	1,462
Indigenous	92.77%	95.43%	39,723	30,543
	100.00%	100.00%	42,819	32,005
Payments to Statutory Auditors Comprises				
- Audit Fee			850	850
- Reimbursement of Expenses including Service Tax			193	268
			1,043	1,118

Notes on Financial Statements for the Year ended 31st March, 2017

	For the Year ended 31st March, 2017 ₹ in Thousand	For the year ended 31st March, 2016 ₹ in Thousand
Note 24: Earning Per Equity Share		
Earning Available to Equity Shareholder	(22,286)	20,202
Weighted Average No. of Equity Shares (In Thousand)	3,810	3,810
Earning Per Equity Share in Rupee		
Basic	(5.85)	5.30
Diluted	(5.85)	5.30
Note 25: Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	10,980.00	-

Note 26: Contingent Liabilities

Contingent Liabilities Shall be classified as:

Other money for which the company is contingently liable*	7,787	7,787
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*The Entry tax was imposed by the Haryana Government but was struck down by the Hon'ble Punjab & Haryana High Court. The Haryana Government has gone into appeal before the Hon'ble Supreme Court of India against the judgement of Punjab & Haryana High Court. The liability of Entry Tax; if any, arising upon the judgement of Hon'ble Supreme Court of India will be provided during the year in which the judgement is passed by the Hon'ble Court.

Note 27 : Insurance Claim Receivable

During the year 2012-13 the Company received the intimation from Insurer approving the insurance claim; relating to fire incident during the financial year 2010-11, for ₹ 17,160 thousand. For this claim the company had made provision of ₹ 33,362 thousand.

The company; not being satisfied with the claim approved by the insurer referred the matter to the first appellate forum and i.e. arbitration. The Company has received Interim Payment of ₹ 12,870 thousand during the financial year 2014-15, which has been credited to Insurance Claim Receivable.

During this financial year the Arbitration Tribunal gave its award for ₹ 75,419 thousand including interest and expenses plus interest @ 12% from the date of award to the date of realization of award.

The Company has filed a petition in the Hon'ble Delhi High Court for execution of the Arbitration Tribunal's order and the such petition is pending before the Hon'ble Delhi High Court.

Pending execution of the Arbitration Tribunal's award no provision has been made for the difference between the insurance claim as per the books of account and the amount of Award of the Arbitration Tribunal.

Adjustment; if any, arising upon the settlement of claim will be made in the year when the insurance claim is finally settled.

Note 28: Disclosure on Specified Bank Notes (SBN) on transaction held from 8th November 2016 to 30th December 2016

Disclosure on Specified Bank Notes (SBN) on transaction held from 8th November 2016 to 30th December 2016

Particulars	SBNs	Other Denomi- nation Notes	Total
	Amount in ₹	Amount in ₹	Amount in ₹
Closing Cash in hand as on 8th November 2016	3,792,500	465,913	4,258,413
-Permitted Receipts	-	-	-
-Amount withdrawn from Banks	-	1,669,000	1,669,000
-Permitted Payments	-	1,218,186	1,218,186
-Amount Deposited in Bank	3,792,500	-	3,792,500
Closing cash in Hand as on 30th December 2016	-	916,727	916,727

Note 29: Foreign Exchange Transaction**Value of Import Calculated on C.I.F basis**

Packing Materials	-	191
Components, Stores and spares parts	3,325	1,668
Capital Goods	<u>88,902</u>	<u>-</u>
	<u>92,227</u>	<u>1,859</u>

Expenditure in foreign currency

Travelling Expenses	2,132	895
Commission on Export Sales	6,418	6,904
Professional Charges	414	495
Foreign Bank Charges	<u>820</u>	<u>751</u>
	<u>9,784</u>	<u>9,045</u>

Earning in foreign exchange

Export of goods calculated on F.O.B basis	<u>6,27,633</u>	<u>6,50,928</u>
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Note 30 : Related Party Transaction**List of Related Party****Board of Directors**

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

Key Managerial Persons

Sh. Raj Kumar Agarwal Whole Time Director
 Sh. Ashok Kumar Agarwal Joint Managing Director
 Sh. Kailash Kumar Agarwal Managing Director
 CS Priyanka Singla Company Secretary upto 08/09/2016
 CS Shashi Ranjan Kumar Company Secretary w.e.f. 07/03/2017
 CA Ojasvi singhal Chief Financial Officer upto 04/05/2016
 Sh. Raghav Kumar Agarwal Chief Financial Officer w.e.f.04/11/2016

Relatives of Key Managerial Persons

Sh. Ravindra Agarwal
 Sh. Surender Agarwal
 Sh. RaghavKumar Agarwal
 Sh Kashmiri Lal Agarwal

Persons/Entities in Which Directors/Key Managerial Persons are interested

Surender Kumar Agarwal H U F
 Raj Kumar Agarwal H U F
 Jawala Prasad Ram Pat

H P Cotton Textile Mills Limited



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

Transactions with related parties are given below:

Name of the Related Party	Relationship	Amount	₹ in Thousand	
			Amount Payable	Amount Recoverable
<u>Unsecured Loan & Interest Thereon</u>				
Achhar Investmets Ltd.	Director/KMP Interested	Nil (59)	Nil (Nil)	Nil
Atishay Investments & Finance (P) Ltd.	Director/KMP Interested	Nil (7)	Nil (Nil)	Nil
Jainish Products Ltd.	Director/KMP Interested	Nil (66)	Nil (Nil)	Nil
Sacred Trading & Investment Co. Ltd.	Director/KMP Interested	Nil (48)	Nil (Nil)	Nil

Notes on Financial Statements for the Year ended 31st March, 2017

Name of the Related Party	Relationship	Amount ₹ in Thousand	Amount Payable	Amount Recoverable
<u>Board Sifting Fees</u>				
Sh. B. C. Talukdar	Director	115 (75)	Nil Nil	Nil Nil
Sh. P.D.Agarwal	Director	115 (95)	Nil Nil	Nil Nil
Sh. M. L. Jain	Director	115 (81)	Nil Nil	Nil Nil
Sh. Anil Agarwalla	Director	20 (20)	Nil Nil	Nil Nil
Smt. Ritu Bansal	Director	115 (80)	Nil Nil	Nil Nil

Notes on Financial Statements for the Year ended 31st March,2017

Salary / Remuneration				₹ in Thousand
Sh.Raj Kumar Agarwal	Whole Time	1365	Nil	Nil
	Director	(1,394)	Nil	Nil
Sh.Ashok Kumar Agarwal	Joint .Managing	1582	Nil	Nil
	Director	(1,756)	Nil	Nil
Sh.Kailash Kumar Agarwal	Managing	1300	Nil	Nil
	Director	(1,791)	Nil	Nil
Sh.Kashmiri Lal Agarwal	Relative of	-	Nil	Nil
	Director	(238)	Nil	Nil
Sh.Ravindra Agarwal	Relative of	1353	Nil	Nil
	Director	(2,244)	Nil	Nil
Sh.Surender Agarwal	Relative of	1263	Nil	Nil
	Director	(1,263)	Nil	Nil
Sh.Raghav Kumar Agarwal	CFO/Relative of	760	Nil	Nil
	Director	(62)	Nil	Nil
CS Priyanka Kansal	CS	110	Nil	Nil
		(53)	Nil	Nil
CS Shashi Ranjan Kumar	CS	62		
		(-)		
CA Vishesh Chugh	CFO	-	Nil	Nil
		(319)	Nil	Nil
CS.Manish Singla	CS	-	Nil	Nil
		(99)	Nil	Nil
CA Ojasvi Singhal	CFO	140		
		(264)		
Rent/Lease Rent				
Surender Kumar Agarwal H U F	Director/KMP	81	Nil	250
	Interested	(108)	Nil	(250)
Raj Kumar Agarwal H U F	Director/KMP	81	Nil	250
	Interested	(108)	Nil	(250)
Jawala Prasad Ram Pat	Director/KMP	108	Nil	Nil
	Interested	(108)	Nil	Nil
Supermax Promoters Pvt Ltd.	Director/KMP	36	Nil	Nil
	Interested	(36)	Nil	Nil

H P Cotton Textile Mills Limited



Siram Apartments Pvt.Ltd.	Director/KMP	36	Nil	Nil
	Interested	(36)	Nil	Nil
Sanjay Mercantile Pvt.Ltd.	Director/KMP	150	450	Nil
	Interested	(150)	(450)	Nil
Kashmiri Lal Agarwal H.U.F.	Director/KMP	60	60	Nil
	Interested	(60)	(60)	Nil
Jai Narain Agarwal H.U.F.	Director/KMP	15	15	Nil
	Interested	(15)	(15)	Nil

Note: Brackets represent previous year's figures

Note 31: Notes On Accounts:

1. In the opinion of the management, current assets including trade receivables, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the books. However, certain balances under Trade Receivables, Loan and Advances are subject to confirmation.
2. 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
Firm Registration No. 000596N

CA. A.K. Gupta
(PARTNER)
M.No. 16533

Raghav Kumar Agarwal
Chief Financial Officer

Kailash Kumar Agarwal
Managing Director
DIN 00063470

For and on behalf of the Board of Directors

Ashok Kumar Agarwal
Jt. Managing Director
DIN 00046627

Shashi Ranjan Kumar
Company Secretary
Membership No 8556

Raj Kumar Agarwal
Whole Time Director
DIN 02950710

Place : **New Delhi**
Date : **29/05/2017**



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

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

H P COTTON TEXTILE MILLS LIMITED

CIN: L18101HR1981PLC012274

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

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

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

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

and whose signatures are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company to be held on **Monday, 25th September, 2017** at 10.00 A.M. at **15th K. M. Stone, Delhi Road, V.P.O. Mayar, Hisar (Haryana)** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	FOR I/We assent to the Resolution	AGAINST I/We dissent to the Resolution
1. Consider and adopt :		
a) Audited Financial Statements,		
b) Reports of the Board and Auditors		
2. Re –appointment of Mr. Raj Kumar Agarwal, who retires by rotation		
3. Appointment of Statutory Auditors and fixing their remuneration		
4. Re-appointment of Mr. Kailash Kumar Agarwal as Managing Director for further period of 3 years		
5. Alteration of Memorandum of Association		
6. Alteration of Articles of Association		

Signed this Monday, the 25th day of September, 2017.

Signature of shareholder

Signatures of proxy holders

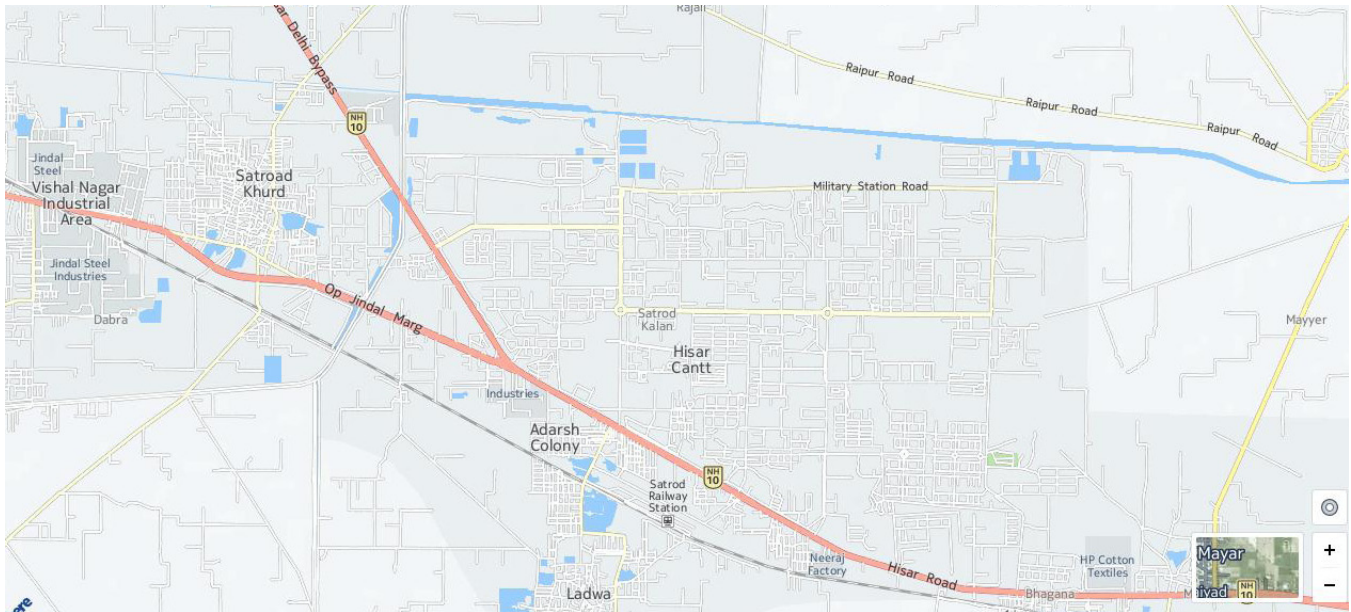
- _____ 2. _____
- _____

Affix Rupee 1/- Revenue Stamp
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Notes:

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

ROUTE MAP



AGM Venue Route Map

Venue Address

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

Hisar,-125044 (Haryana)

Route from Hisar

Straight through Dabra Chowk onto Delhi road/ Mall road

Turn on to NH-10

Cross Vid Textile Mills Limited

H P Cotton Textile Mills Limited



H P COTTON TEXTILE MILLS LIMITED

CIN: L18101HR1981PLC012274

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

36th ANNUAL GENERAL MEETING

Date: 25th September 2017 at 10.00 A.M.

A T T E N D A N C E S L I P

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

I hereby record my presence at the 36th Annual General Meeting of the Company being held on Monday, 25th September, 2017 at 10.00 A.M. at the Registered Office of the Company at **15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125 044 (Haryana).**

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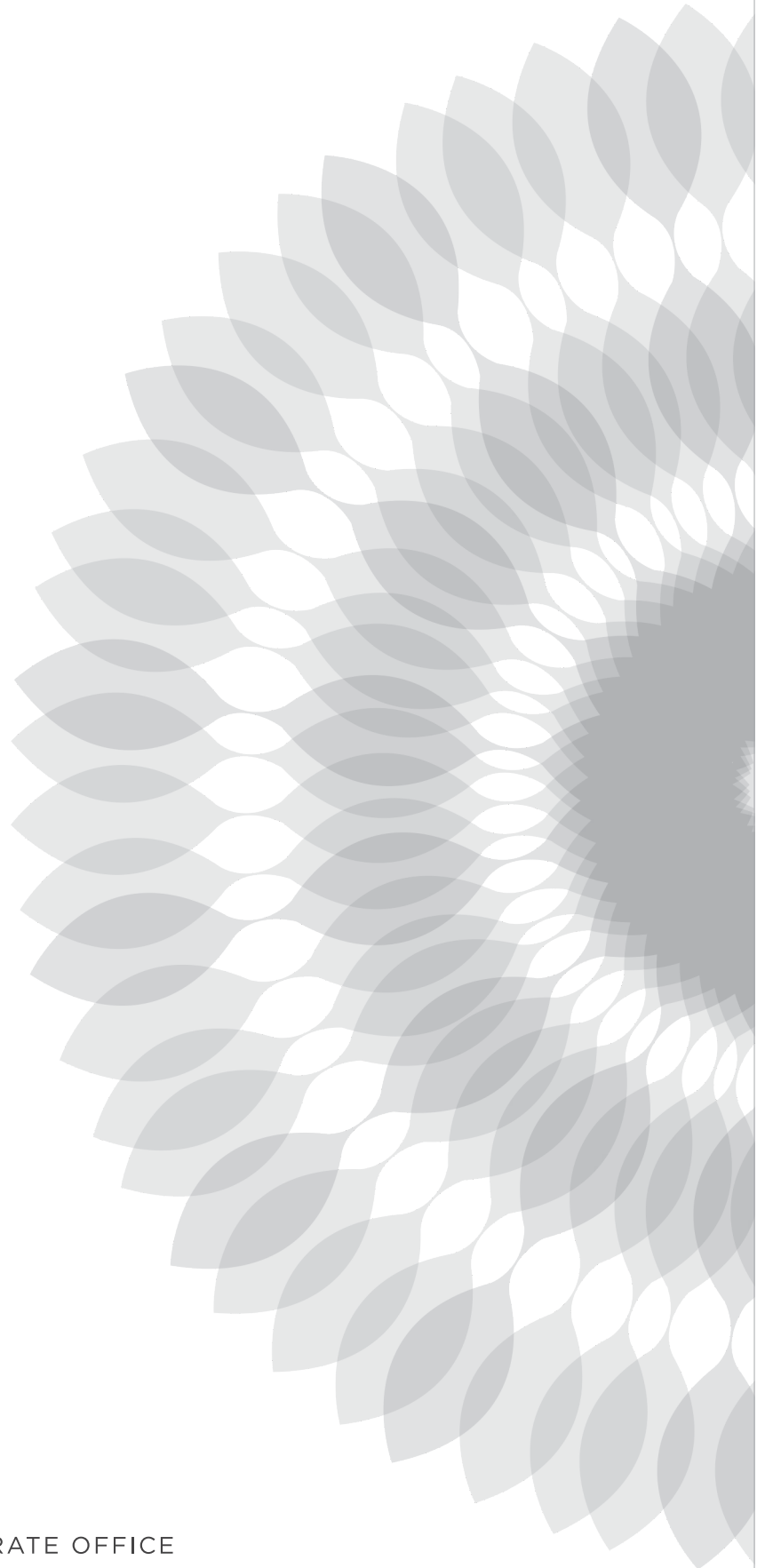
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Full name of the shareholder/Proxy _____ Signature _____

(In Block Letters)

Folio No./DP ID & Client ID _____

No. of Shares Held: _____



CORPORATE OFFICE
F-0, THE MIRA CORPORATE SUITES,
1 & 2, OLD ISHWAR NAGAR, MATHURA ROAD, NEW DELHI - 110065