

ESTD. 1873



**HINDOOSTAN
MILLS LIMITED**

**108th
Annual Report
2011 - 2012**



HINDOOSTAN MILLS LIMITED

BOARD OF DIRECTORS

SUDHIR THACKERSEY

Chairman

CHANDRAHAS THACKERSEY

Vice Chairman

RAOUL THACKERSEY

Vice Chairman

HRISHIKESH THACKERSEY

Executive Director

ABHIMANYU THACKERSEY

Executive Director

KRISHNADAS D. VORA

NARESH R. KARA

D.M. POPAT

R.N. BANSAL

P.B. DESAI

SUJAL A. SHAH

BHAVESH V. PANJUANI

NITIN P. SHINGALA (appointed on 3.2.2012)

SOLICITORS

MULLA & MULLA AND

CRAIGIE BLUNT & CAROE

FEDERAL & RASHMIKANT

HARIANI & CO.

AUDITORS

M.A. PARIKH & CO.,

Chartered Accountants

BANKERS

HDFC BANK LTD.

UCO BANK

REGISTERED OFFICE

SIR VITHALDAS CHAMBERS,
16, MUMBAI SAMACHAR MARG,
MUMBAI - 400 001.

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108TH ANNUAL GENERAL MEETING ON THURSDAY, AUGUST 9, 2012 AT 10.30 A.M. AT RAMA WATUMULL AUDITORIUM, K. C. COLLEGE, DINSHAW WACHHA ROAD, CHURCHGATE, MUMBAI - 400 020.

Shareholders are requested to bring their copies of the Annual Report along with them at the Annual General Meeting.

Plant Locations:

- i) Textiles Unit
Plot No.D-1, MIDC Industrial Area,
Village - Taswade, Tal - Karad,
Dist. - Satara - 415 110, Maharashtra
- ii) Roll Manufacturing Unit
Plot No.B-24, Anand Nagar, MIDC Industrial
Area, Addl. Ambernath - 421 506
Dist. : Thane, Maharashtra



HINDOOSTAN MILLS LIMITED

NOTICE

Notice is hereby given that the 108th Annual General Meeting of the Shareholders of the Company will be held on Thursday, August 9, 2012 at 10.30 a.m. at Rama Watumull Auditorium, K. C. College, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 to transact the following business:

1. To receive, consider and adopt the audited statement of Profit and Loss for the year ended March 31, 2012 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Hrishikesh Thackersey, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Chandrahas Thackersey, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Abhimanyu Thackersey, who retires by rotation, and being eligible offers himself for re-appointment.
6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. D.M. Popat, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company.
RESOLVED FURTHER THAT the vacancy so created on the Board of Directors of the Company, be not filled.”
7. To appoint M/s. M.A. Parikh & Co., Chartered Accountants as Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. Nitin P. Shingala, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
9. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution :
“RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and subject to the approval of the Central Government and any other approval as may be required by the law, the Articles of Association of the Company be and is hereby altered by inserting following new Article No. 108A after Article No. 108:
108A. The Directors may from time to time confer the title of Chairman Emeritus upon former Chairman of the Board who, in the judgement of the Directors, has brought credit and distinction to the Company through long and faithful service upon such entitlement, privilege and honorarium as the Directors may think fit and proper from time to time. The Chairman Emeritus may or may not be the member of the Board of Directors or any Committee thereof.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this resolution.”

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman

Registered Office:
Sir Vithaldas Chambers, 16, Mumbai Samachar Marg, Mumbai - 400 001.
Mumbai, May 2, 2012

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of Item No. 8 and Item No. 9 of Special Business is hereto annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, August 1, 2012 to Thursday, August 9, 2012 (both days inclusive).
4. Dividend on equity shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those shareholders whose names are registered in the Register of Members of the Company as on August 9, 2012.
5. Members intending to require information about the accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.
6. The shareholders are hereby informed that all unclaimed dividends up to the financial year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, in the prescribed manner.

Pursuant to the provisions of Section 205(A) and 205(C) of the Companies Act, 1956, as amended, all unclaimed dividends for the financial year ended March 31, 2004 have been transferred to the Investor Education and Protection Fund of Central Government and shareholders will not be able to claim any dividends so transferred.

Members are hereby further informed that those shareholders who have so far not claimed or encashed their dividend for the financial year ended March 31, 2005 are requested to make their claim on or before December 1, 2012 at registered office of the Company. The dividend which remains unpaid or unclaimed will be transferred to the Investor Education and Protection Fund of Central Government.
7. Members are requested to bring their copies of the Annual Report and Attendance Slip at the Meeting.
8. Since equity shares of the Company are traded compulsorily in Dematerialised Form, the shareholders holding shares in physical form are requested to get their shares demated early in their own interest.
9. Members holding shares in Electronic Segment are requested to notify the change of address, nomination etc., to the depository participants (DP) with whom they are having client account for effecting necessary corrections. Members holding shares in physical form are requested to notify the change of address, nomination etc., to M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai - 400 023, the Company's Share Transfer Agent.



HINDOOSTAN MILLS LIMITED

10. As required in terms of paragraph IV(G) of Clause 49 of the Listing Agreement, details of Directors seeking re-appointment at the ensuing Annual General Meeting are as follows:

Name of the Director	Hrishikesh Thackersey	Chandrasah Thackersey	Abhimanyu Thackersey
Qualifications	M.B.A. from University of Chicago	B. Com.	B.A. in Economics from The University of Michigan-Ann Arbor
Date of appointment	23.07.2009	09.02.1994	09.05.2011
Expertise in specific functional areas	Industrialist having business experience	Industrialist having rich business experience	Industrialist having business experience
List of Directorships held*	--	Delta Investments Ltd. Capricon Realty Ltd. Bhishma Realty Ltd. Art Leather Ltd. Hindoostan Technical Fabrics Ltd.	Hindoostan Technical Fabrics Ltd.
Chairman / Member of the committees of the Board of the Companies on which he is a Director	--	--	--

*Directorship of Private Limited Companies not considered

Registered Office:
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Mumbai, May 2, 2012

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman

GREEN INITIATIVE

The Ministry of Corporate Affairs (MCA), Government of India, has taken a "Green initiative in the Corporate Governance" by allowing paperless compliances by the companies after considering relevant sections of the Information Technology Act, 2000, for legal validity of compliances under Companies Act, 1956 through electronic mode. The MCA has vide its Circular Nos.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011, provided that a company would have complied with Section 53 of the Companies Act, 1956, if the service of documents have been made through electronic mode, provided the company has obtained the e-mail addresses of its members for sending the notice / documents through e-mail by giving an advance opportunity to every member to register his/her e-mail address and changes therein from time to time with the company. In cases where any member has not registered his/her e-mail address with the company, the service of documents etc., will be effected by other modes of service as provided in Section 53 of the Companies Act, 1956.

In light of the above, those members, who desire to receive notice / documents including Annual Reports through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to the Depository Participant / Company's Registrar & Share Transfer Agents, M/s. Computech Sharecap Limited for receipt of notice / documents including Annual Reports through e-mail.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.8**

Mr. Nitin P. Shingala has been appointed as an Additional Director of the Company by the Board of Directors with effect from February 3, 2012 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. Nitin P. Shingala, 48, is a qualified Chartered Accountant holding all India merit rank in the year 1986. He also holds a Bachelors degree in Law (LL.B.) and Commerce (B.Com.). Presently he is a Managing Director of TMF Group. He was a Managing Director of TMF Services India Private Limited since January 2008 till August 2011. He was a Regional Director (Finance Asia Pacific) for Sales and Marketing Division at IDEX Corporation during the year 2004 to 2007. He is a founder of N. Shingala & Associates and Nitin Shingala & Co., firms of practicing Chartered Accountants. He was practicing as Chartered Accountant during the year 1988 till 2007.

Mr. Nitin Shingala is an active member of Bombay Chartered Accountant's Society and its managing committee since last 10 years. Presently he is a Hon. Joint Secretary of Bombay Chartered Accountant's Society. He was a member of 'Committee for Review of Corporate Governance' set up by the Securities and Exchange Board of India (SEBI) chaired by Mr. N.R. Narayan Murthy representing an Investors' Association during November 2002 till February 2003.

Mr. Nitin Shingala does not hold any shares in the Company.

The Board recommends the resolution under Item No.8 for your approval.

None of the Directors except Mr. Nitin P. Shingala, are interested in this Resolution.

Item No. 9

In the recent past the listed Companies have adopted a practice of conferring a title of "Chairman Emeritus". The expression "Chairman Emeritus" is not defined in the Companies Act, 1956. The word "Emeritus" denotes a person who has retired from a given position, be it the ministry or a university, but is still accounted worthy of being remembered while still alive for his accomplishments. The Chairman Emeritus may be a person of "inspiration and motivation" rather than handling day-to-day management tasks.

The existing Articles of Association does not confer such powers to the Board and it is suggested to insert new Article 108A to the Articles of Association in order to enable the Directors to confer a title of Chairman Emeritus as and when they think fit.

Any amendment or alteration in the Articles of Association can be made by passing a Special Resolution at the general meeting. The Board recommends alteration in the Article as stated in the proposed Special Resolution.

None of the Directors except Non - Executive Directors are concerned or interested in this resolution.

Copy of the Memorandum and Articles of Association is available for inspection till the conclusion of the Annual General Meeting between 10.00 a.m. to 12.00 noon on all working days except Saturdays, Sundays and public holidays at the Registered Office of the Company.

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman

Registered Office:
Sir Vithaldas Chambers, 16, Mumbai Samachar Marg, Mumbai - 400 001.

Mumbai, May 2, 2012



HINDOOSTAN MILLS LIMITED

DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors have pleasure in presenting the 108th Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2012.

(₹ in lakhs)

SUMMARISED FINANCIAL RESULTS	Current Year Ended 31.03.2012	Previous Year Ended 31.03.2011
Gross Profit before Interest, Depreciation and Tax	244.42	1177.47
Less: Finance Cost	7.13	0.13
Gross Profit after interest but before Depreciation	237.29	1177.34
Less: Depreciation	423.22	196.21
(Loss) before Taxation	(185.93)	981.13
Less: Provision for Taxation	1.58	(186.51)
Add: Excess Provision Written Back	--	62.05
Balance brought forward from last year	712.87	90.00
Add: Profit transferred pursuant to Scheme of Amalgamation	--	44.65
Profit after Tax/ Amount available for appropriation	528.52	991.32
Less: Transferred to General Reserve	72.70	85.00
Less: Proposed Dividend	83.23	166.45
Less: Tax on proposed Dividend	13.50	27.00
Balance carried to Balance Sheet	359.09	712.87

WORKING RESULTS

The revenue from operations of the Company for the financial year 2011-12 is ₹ 10,280.06 lakhs. The Loss before tax is ₹ 185.93 lakhs. The performance and overall view of the Textile as well as the Roll manufacturing business has been covered in the Management Discussion and Analysis which forms part of this Directors' Report.

DIVIDEND

The Directors recommend a dividend of ₹ 5/- per share for the financial year ended on March 31, 2012 amounting ₹ 83.23 lakhs.

The total dividend payout for the year 2011-12 inclusive of dividend tax would aggregate to ₹ 96.73 lakhs.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year under review. There are no outstanding deposits remaining unpaid / unclaimed as on March 31, 2012.

DIRECTORS

During the year under review the Company has received an approval from the Central Government under section 259 of the Companies Act, 1956, to increase the total number of Directors of the Company from 12 to 16.

Mr. Nitin P. Shingala was appointed as an Additional Director of the Company on February 3, 2012 to hold the office upto the conclusion of ensuing Annual General Meeting and being eligible, offers himself as a Director liable to retire by rotation. Notice under Section 257 of the Companies Act, 1956 has been received from the member proposing the name of Mr. Nitin P. Shingala as Director of the Company.

In accordance with Article 99 of the Articles of Association of the Company, Mr. Hrishikesh Thackersey, Mr. Chandrahas Thackersey and Mr. Abhimanyu Thackersey, retire by rotation and they, being eligible, offer themselves for re-appointment.

Mr. D.M. Papat, a Director of the Company since June 8, 2011, who retire by rotation at the forthcoming Annual General Meeting has conveyed his decision not to offer himself for re-appointment. He is also the Chairman of the Remuneration Committee. The Directors place on record their appreciation for the valuable contribution made by him.

SUBSIDIARY

The Company has a 100% wholly owned subsidiary namely Hindoostan Technical Fabrics Limited (HTFL). The revenue from operations of the subsidiary for the second financial year 2011-12 is ₹ 7.93 lakhs. The Loss before tax is ₹ 66.77 lakhs.

The Ministry of Corporate Affairs, Government of India vide Circular No.2/2011 dated February 8, 2011 has granted a general exemption, subject to fulfillment of certain conditions, from attaching the Annual Accounts of the Subsidiary of the Company without making an application for exemption. Accordingly, the Balance Sheet, Statement of Profit & Loss and other documents of the Subsidiary Company are not attached herewith. Financial information of the Subsidiary Company is disclosed in the Annual Report. The Annual Accounts of the Subsidiary and related information will be made available to any member and also available for inspection by any member at the registered office of the Company.

PARTICULARS OF EMPLOYEES

There were no employees during the year covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CASH FLOW STATEMENT

In conformity with the Accounting Standard 3 issued by the Institute of Chartered Accountant of India and the provisions of Clause 32 of the Listing Agreement with the Bombay Stock Exchange Limited, the Cash Flow Statement for the year ended March 31, 2012 is annexed to the accounts.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has been making continuous efforts to conserve energy and upgrade/absorb technology. A statement containing information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is enclosed herewith as Annexure - I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, a separate report on Corporate Governance is enclosed herewith as Annexure – II, together with a certificate from the Company's Auditors confirming compliance of conditions on Corporate Governance.



HINDOOSTAN MILLS LIMITED

INSURANCE

Adequate insurance cover has been taken for all the properties and insurable interests of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as “the Act”), your Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss for the year ended March 31, 2012;
- (iii) They have taken proper and sufficient care 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;
- (iv) They have prepared the Annual Accounts on a “going concern” basis.

AUDITORS

The retiring Auditors, M/s. M.A. Parikh & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. You are requested to appoint the Auditors to hold office from the conclusion of the meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

APPRECIATION

Your Directors place on record their appreciation for continued support extended to the Company by Shareholders during the year under review. The Board also thanks the employees for their dedicated and sincere services at all levels.

For and on behalf of the Board of Directors,

SUDHIR THACKERSEY
Chairman

Place: Mumbai
Date : May 2, 2012

ANNEXURE – I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

A. CONSERVATION OF ENERGY**TEXTILE DIVISION**

The Company has been making continuous efforts to conserve energy. A few major steps taken during the year are as follows:

(a) Energy conservation measures taken

- i) Energy Conservation Cell is looking after conservation of energy wherever possible.
- ii) Installation of loom sphere humidification system with DG5 control panel (VFD) for energy saving.
- iii) Optimization of running electric motors to conserve energy.
- iv) Voltage control transformers installed in department lighting for power saving.
- v) Replacement of double tube light fittings with single fittings and use of CFL in the areas like canteen, washrooms etc.
- vi) Use of transparent sheets in roof in the production areas where natural light can be used in day session.
- vii) Scheduling of water supply to colony to reduce wastage of water.

(b) Additional investments and proposal, if any, being implemented for reduction of consumption of energy

- i) Installation of VFD for humidification plant motors.
- ii) Replacement of present fans of LUWA with FRP fans.
- iii) Installation of co-generation plant to fulfill power requirement.

(c) Impact

- i) Installation of a VFD for humidification plant will save considerable amount of electricity.
- ii) Replacement of present LUWA fans with FRP fans will save considerable amount of electricity.
- iii) Installation of co-generation power plant help to reduce power consumption cost.

ROLL MANUFACTURING DIVISION**(a) Energy conservation measures taken**

The Company has been making continuous efforts to conserve energy by replacement of old electrical drives, reorganising the production process and introduction of improved systems are carried out from time to time.

(b) Additional investments and proposal, if any, being implemented for reduction of consumption of energy

A study to identify other areas of investments in energy conservation are being considered.

(c) Impact

There has been power saving due to abovementioned measures and efforts taken continuously.



HINDOOSTAN MILLS LIMITED

FORM – A

Form for disclosure of particulars with respect to conservation of energy

	<u>Textiles</u>	<u>Roll Manufacturing</u>
A. Power & Fuel Consumption		
1. Electricity:		
(a) Purchased Units ('000' KWH)	12069	127
Total Amount (₹'000')	58241	843
Rate/Unit (₹ per KWH)	4.83	6.63
(b) Own Generation		
Through Diesel Generator Units ('000' KWH)	138	--
Units per Ltr. of diesel oil	2.48	--
Cost/Unit (₹ per KWH)	20.16	--
2. Furnace Oil:		
Quantity (K.Ltrs.)	27	--
Total Amount (₹ '000')	968	--
Average Rate (₹ per K.Ltr.)	35698	--
3. Coal:		
Quantity (Tons)	2767	--
Total Amount (₹ '000')	12908	--
Average Rate (₹ per M.T.)	4666	--
4. Bagasse:		
Quantity (Tons)	424	--
Total Amount (₹ '000')	604	--
Average Rate (₹ per M.T.)	1424	--
5. Firewood:		
Quantity (Tons)	112	--
Total Amount (₹ '000')	245	--
Average Rate (₹ per M.T.)	2183	--
B. Consumption per Unit of Production		
Product : Grey & Finished Cotton & Blended Textiles		
1. Electricity:		
(Purchased & Own Generation)		
KWH/Metre of Grey Production / Elastic Calender Bowls	0.902	406.25
KWH/Sq. Mtr. of Grey Production	0.572	--
2. Furnace Oil:		
Kgs./Mtr. of Grey Production	0.002	--
Kgs./Sq. Mtr. of Grey Production	0.001	--
3. Coal:		
Kgs./Mtr. of Grey production	0.204	--
Kgs./Sq. Mtr. of Grey Production	0.130	--
4. Bagasse:		
Kgs./Mtr. of Grey Production	0.031	--
Kgs./Sq. Mtr. of Grey Production	0.020	--
5. Firewood:		
Kgs./Mtr. of Grey Production	0.008	--
Kgs./Sq. Mtr. of Grey Production	0.005	--

FORM B**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****Research and Development (R & D)****1. Specific areas in which R & D carried out by the Company:****Textile Unit**

- Regular quality checks by SQC staff resulted into better fresh packing percentage for both Sulzer and Airjet loom shed.
- Regular testing of cotton and yarn using HVI, UT3 and classmate-II tester helped management and production department to improve working performance.
- Various focused studies in production areas by SQC Department helped production section to bring down waste levels.
- Continuous studies were carried out for modification in Sizing recipes to reduce consumption cost.
- Installation of new roll to roll machine helped to bring down customers complaints.

Roll Manufacturing Unit

- Process development (process control, efficiency, safety, quality consistency)
- Product Development
- Application Development

2. Benefits derived as a result of the above R & D**Textiles Unit**

- ❖ Improved yarn quality, minimum damages in the end product along with better efficiency and productivity.
- ❖ Fresh fabric percentage improved remarkably.
- ❖ Complaints from buyers reduced.
- ❖ Experiments over Sizing recipe resulted into cost reduction.
- ❖ Focused studies in Spinning, Warping, Sizing and Weaving section resulted into reduction in hard waste generation.

Roll Manufacturing Unit

- ❖ Process and product development has resulted in more efficient manufacturing of existing products and introduction of new products.
- ❖ Application development resulted in new application with better durability and improved quality.
- ❖ Products improvement, cost reduction, product development etc.

Future Plan of action

To continue R & D in the relevant areas to achieve improvement & development of existing and new products, cost reduction, export promotion, import substitution, energy saving and improvement in safety and environmental production.



HINDOOSTAN MILLS LIMITED

3. Expenditure on R & D

	(₹ in lakhs)
(a) Capital	--
(b) Recurring	7.71
(c) Total	7.71
(d) Total R & D Expenditure as Percentage of total turnover	0.077%

Technology absorption, adaptation and innovation

Textile Unit

- (i) Manufacturing of fine qualities using AIRJET looms. This helped to fetch better and higher prices from market.
- (ii) Started to use synthetic yarn i.e. PC, CP, Viscose for durability and to fulfill market needs.
- (iii) Sampling machine helped to develop market needs.

Roll Manufacturing Unit

With the technical know-how agreement with M/s. Voith GmbH, Germany, who are one of the leading manufacturers of Calender Machine worldwide for the paper manufacturing and converting industry, the Company is producing High Efficiency Liquid Extraction rollers (Laxmi Helextra) which can replace the conventional rubber rolls in textile industry and can save 30% to 50% better liquid extraction as against the conventional squeezing mangles.

4. Information regarding technology imported during the last five years.

(a) Technology Imported	Nil
(b) Year of Import	Not Applicable
(c) Has Technology been fully absorbed	Not Applicable
(d) If not fully absorbed, areas where this has not taken place thereof and future plans of action	Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

Despite rupee depreciation and adverse market conditions, the Company has been able to achieve the exports at ₹ 536.80 lakhs (FOB).

- (a) The Company's efforts continue in the areas of development and identification of new export markets.

Roll Manufacturing Unit

The Company has taken initiative to boost up exports of Elastic Calender Bowls, Cotton Spun Laps (Cakes). Besides continuous effort are being made to improve the quality of the products in the international market and also to develop new market with the help of M/s. Voith GmbH, Germany, with whom the Company has entered into Technical Know-how Agreement.

- (b) Total Foreign Exchange used and earned.

	(₹ in lakhs)
Used	206.11
Earned	536.80

ANNEXURE – II

CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement with the Stock Exchange the Corporate Governance report is as under:

1. Company's Philosophy on Code of Governance:

Your Company is fully compliant with the requirements of high standards of Corporate Governance Code. Your Company believes in conducting its business in fair and equitable manner in all respects with its shareholders, Government Departments, Banks, Consumers, Employees and in its accounting practices and procedures.

Your Company had laid down Code of Conduct, which binds all the Board members and Senior Management of the Company. A declaration by the Executive Directors to this effect is appended to this report.

2. Your Company had started implementing the spirit of Corporate Governance even when it was not applicable to the Company. The following are the detailed practices on Corporate Governance in your Company.

2.1 Board of Directors:

(i) The Company's Board of Directors comprises of total 13 Directors including 8 Independent Directors as on March 31, 2012. All the Independent Directors on the Board are eminent professionals, having wide range of skills and experience in business, industry, finance, law and public enterprises. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

(ii) The composition of Board during the year and the details of attendance of each Director at the Board Meetings and Annual General Meeting (AGM) are given below as under:

Sr. No.	Name of Directors	Whether Promoter, Executive Director or Non-Executive Director / Independent Director	No. of Board Meetings attended	Attendance of last AGM	*No. of Outside Directorships held	No. of Board Committees of other Companies in which a member#
1.	Mr. Sudhir Thackersey	Chairman - Non-Executive Director - Promoter	7	Yes	5	--
2.	Mr. Chandrahas Thackersey	Vice Chairman - Non-Executive Director – Promoter	6	Yes	5	--
3.	Mr. Raoul Thackersey	Vice Chairman - Non-Executive Director - Promoter	8	Yes	5	--
4.	Mr. Hrishikesh Thackersey	Executive Director - Promoter	5	Yes	--	--
5.	Mr. Abhimanyu Thackersey	Executive Director - Promoter	8	Yes	1	--
6.	Mr. Jagdish Thackersey (Resigned w.e.f. May 9, 2011)	Non-Executive Director – Promoter	1	No	5	--
7.	Mr. Krishnadas D. Vora	Non-Executive Director – Independent	6	Yes	1	--
8.	Mr. Naresh R. Kara	Non-Executive Director – Independent	6	Yes	1	--
9.	Mr. D.M. Popat	Non-Executive Director – Independent	5	Yes	3	--
10.	Mr. R.N. Bansal	Non-Executive Director – Independent	4	Yes	8	8 (Chairman of 4)
11.	Mr. P.B. Desai	Non-Executive Director – Independent	7	Yes	2	1
12.	Mr. Sujal A. Shah	Non-Executive Director – Independent	7	Yes	9	7 (Chairman of 4)
13.	Mr. Bhavesh V. Panjuani	Non-Executive Director – Independent	7	Yes	1	--
14.	Mr. Nitin P. Shingala (Appointed on February 3, 2012)	Non-Executive Director – Independent	1	No	--	--



HINDOOSTAN MILLS LIMITED

- £ Includes the Board Meetings of The Hindoostan Spg. & Wvg. Mills Ltd. held on April 11, 2011 and May 14, 2011.
- * Private Limited Companies excluded.
- # Excludes Committees other than Audit Committee and Shareholders/Investors Grievance Committee and Companies other than public limited Companies.

(iii) Board Meetings and AGM:

During the year under review 8 Board Meetings were held, the dates being April 11, 2011; May 9, 2011; May 14, 2011; June 8, 2011; August 10, 2011; September 15, 2011; November 12, 2011 and February 3, 2012.

The last AGM was held on September 15, 2011.

(iv) Shareholding of Non-Executive Directors in the Company:

As prescribed under Clause 49 IV (E) (iv), table given below shows the Shareholding of Non-Executive Directors in the Company:

Sr. No.	Name of Directors	Category	No. of Shares held
1.	Mr. Sudhir Thackersey	Promoter	16,626
2.	Mr. Chandrahas Thackersey	Promoter	76,874
3.	Mr. Raoul Thackersey	Promoter	1,04,690
4.	Mr. K.D. Vora	Independent	100
5.	Mr. N.R. Kara	Independent	32,210
6.	Mr. D.M. Popat	Independent	Nil
7.	Mr. R.N. Bansal	Independent	Nil
8.	Mr. P.B. Desai	Independent	Nil
9.	Mr. S.A. Shah	Independent	Nil
10.	Mr. B.V. Panjuani	Independent	Nil
11.	Mr. N.P. Shingala	Independent	Nil

(v) Directors with Material Pecuniary or Business Relationships:

Table given below shows the relationship between the Directors:

Sr. No.	Name of the Directors	Designation	Relationship between Directors Inter-se
1.	Mr. Sudhir Thackersey	Chairman	Brother of Mr. Chandrahas Thackersey Father of Mr. Raoul Thackersey
2.	Mr. Chandrahas Thackersey	Vice Chairman	Brother of Mr. Sudhir Thackersey
3.	Mr. Raoul Thackersey	Vice Chairman	Son of Mr. Sudhir Thackersey
4.	Mr. Hrishikesh Thackersey	Executive Director	Brother of Mr. Abhimanyu Thackersey
5.	Mr. Abhimanyu Thackersey	Executive Director	Brother of Mr. Hrishikesh Thackersey
6.	Mr. K.D. Vora	Director	Not related to any other Director
7.	Mr. N.R. Kara	Director	Not related to any other Director
8.	Mr. D.M. Popat	Director	Not related to any other Director
9.	Mr. R.N. Bansal	Director	Not related to any other Director
10.	Mr. P.B. Desai	Director	Not related to any other Director
11.	Mr. S.A. Shah	Director	Not related to any other Director
12.	Mr. B.V. Panjuani	Director	Not related to any other Director
13.	Mr. N.P. Shingala	Director	Not related to any other Director

2.2 Board Committees:

The Board has constituted the following Committees of Directors:

A) Audit Committee:

- (i) The Audit Committee of the Company had been constituted on June 8, 2011. The Audit Committee consists of 3 Non-Executive Independent Directors and 1 Non-Executive Promoter Director. The Independent Directors are eminent professionals having experience in Industry, Corporate Finance, Accounts and Company Law.

3 meetings of the Audit Committee on August 10, 2011, November 11, 2011 and February 3, 2012 were held during the year ended March 31, 2012. The attendance register of each member was as under:

Sr. No.	Name of Directors	Designation / Category	No. of meetings attended
1.	Mr. S. A. Shah	Chairman - Independent Director	3
2.	Mr. R. N. Bansal	Member - Independent Director	2
3.	Mr. P. B. Desai	Member - Independent Director	3
4.	Mr. Raoul Thackersey	Member - Promoter Director	3

- (ii) Terms of Reference of the Audit Committee:

The terms of reference of Audit Committee are in accordance with requirements of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. The brief description of the terms of reference of the Audit Committee is as under:

The scope and role of the Audit Committee is to review Internal Audit Reports, compliance with Regulatory Guidelines, Statutory Auditor's Report on financial statements, to generally interact with Internal Auditors and Statutory Auditors, to review Quarterly Financial Statements before submission to the Board for approval and to review finding of any internal investigations into the matters where there is suspicion fraud or irregularity or a failure of internal control systems of a material nature to the Board.

At a special invitation, Statutory Auditors, Internal Auditors, Chief Finance Officer may attend the Audit Committee meetings to clarify points raised by the Committee.

B) Remuneration Committee:

- (i) The Remuneration Committee comprises of the following members:

Mr. D.M. Popat - Chairman - Independent Director
Mr. S. A. Shah - Member - Independent Director
Mr. P.B. Desai - Member - Independent Director

The Committee, during the year under review, had one meeting on August 10, 2011. All the members were present at the meeting.

- (ii) Terms of reference of the Remuneration Committee:

The Committee is vested with the responsibility to function as per SEBI guidelines and recommends to the Board the compensation package for the Whole-time Directors and fees payable to Non-Executive Directors besides framing guidelines for overall compensation packages to motivate and retain employees.

- (iii) Remuneration Policy:

The Non-executive Directors do not draw any remuneration from the Company other than the sitting fees. Presently, the Company does not have any Stock Option Scheme.

- (iv) Details of remuneration paid to Executive Directors during the year from April 1, 2011 to March 31, 2012:

(₹ in lakhs)

Name	Salary	Benefits*	Contribution to P.F. & S.A.	Total
Mr. Hrishikesh Thackersey	10.20	0.13	2.92	13.25
Mr. Abhimanyu Thackersey	9.03	0.82	1.20	11.05

- * Benefits include House Rent Allowance, Gas & Electricity, Furnishings, Reimbursement of Medical Expenses and Leave Travel Expenses, Subscription to Club Fees, Personal Accident Insurance Premium, Company's Contribution to Provident Fund and Superannuation Fund.



HINDOOSTAN MILLS LIMITED

- (v) Details of fees paid to Non-Executive Directors during the year from April 1, 2011 to March 31, 2012 are given below:

Name of Directors	Sitting Fees (in ₹)		Total
	Board Meeting	Committee Meeting	
Mr. Sudhir Thackersey	60,000	5,000	65,000
Mr. Chandrahas Thackersey	55,000	10,000	65,000
Mr. Raoul Thackersey	65,000	35,000	1,00,000
Mr. Abhimanyu Thackersey (upto May 9, 2011)	5,000	--	5,000
Mr. Jagdish Thackersey (upto May 9, 2011)	5,000	--	5,000
Mr. K. D. Vora	55,000	--	55,000
Mr. N. R. Kara	55,000	5,000	60,000
Mr. D.M. Popat	50,000	5,000	55,000
Mr. R.N. Bansal	35,000	15,000	50,000
Mr. P.B. Desai	60,000	35,000	95,000
Mr. S. A. Shah	60,000	30,000	90,000
Mr. B. V. Panjuani	60,000	--	60,000
Mr. N. P. Shingala	10,000	--	10,000

C) Shareholders / Investors Grievance Committee:

The Shareholders/ Investors Grievance Committee was constituted in the meeting of the Board of Directors held on June 8, 2011. The main object of the Committee is the satisfactory redressal of investors' complaints and providing quality services to the shareholders of the Company.

The Shareholders/ Investors Grievance Committee consist of following Directors:

Mr. N. R. Kara	Chairman
Mr. Raoul Thackersey	Member
Mr. Abhimanyu Thackersey	Member
Mr. Chandrahas Thackersey	Member

The Shareholders / Investors Grievance Committee monitors the Shareholders' grievances, reviews existing investors redressal system and suggests measures for improvements, discusses report of Registrars and Transfer Agent and practicing Company Secretary's Certificate under Clause 47 of Listing Agreement.

The Committee had met on August 9, 2011 and April 26, 2012. Mr. Pravin N. Patil, Company Secretary is the Compliance Officer. The Company received 37 complaints / queries from shareholders/investors which have been resolved to the satisfaction of the complainants. None of the shareholders/investors complaints were pending unresolved as on March 31, 2012.

In order to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfers, split, transposition etc., to a Committee which meets once in a month for the purpose.

Shares lodged for transfer in the physical form either at the registered office of the Company or at the Registrar's office were normally processed at the earliest within 30 days from the date of receipt provided the documents are complete in all respects. There were no share transfers pending for more than 30 days as on March 31, 2012.

The Company has designated an exclusive e-mail ID viz. complaint@hindoostan.com for redressal of shareholders' complaints / grievances.

2.3 (i) Annual General Meetings and Extra Ordinary General Meeting held in last three years:

AGM	Year	Date	Time	Venue
105 th	2008-09	September 29, 2009	11.30 a.m.	Sir Vithaldas Chambers, Mumbai
106 th	2009-10	September 30, 2010	11.30 a.m.	Sir Vithaldas Chambers, Mumbai
107 th	2010-11	September 15, 2011	11.30 a.m.	Patkar Hall, Mumbai

EGM	Year	Date	Time	Venue
Court Convened Shareholders Meeting	2010 -11	January 15, 2011	2.30 p.m.	Sir Vithaldas Chambers, Mumbai

(ii) Whether any Special Resolutions passed in previous 3 AGMs:

AGM Date	Special Resolutions passed
September 29, 2009	Nil
September 30, 2010	Appointment of Mr. Hrishikesh Thackersey as Executive Director and payment of managerial remuneration thereof .
September 15, 2011	- Appointment of Mr. Hrishikesh Thackersey as Executive Director and payment of managerial remuneration thereof. - Appointment of Mr. Abhimanyu Thackersey as Executive Director and payment of managerial remuneration thereof. - Amendment in the Articles of Association of the Company.

- (iii) Whether Special Resolution were put through postal ballot last year : No
- (iv) Are votes proposed to be conducted through postal ballot this year : No

3. Other Disclosures:

- (a) There are no materially significant transactions with related parties viz., Promoters, Directors or the Management, their Subsidiaries or relatives etc., having potential conflict with Company's interest at large.
- (b) The Company has followed all relevant Accounting Standards and Indian GAAP while preparing the financial statements.
- (c) During the year under review, a detailed exercise on Business Risk Management was carried out and reviewed periodically covering the entire spectrum of business operations by the Risk Committees and Steering Committee formed by the Company. The Board has been informed about the risk assessment and minimization procedures through means of a properly defined frame-work as required under Clause 49 of the Listing Agreement. Business risk assessment, evaluation and management is an on-going process within the Company.
- (d) The Company did not make any Public Issues, Right Issues or Preferential Issues in the year under review.
- (e) The Company has complied with the requirements of the Bombay Stock Exchange / SEBI and Statutory Authority on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by these authorities.
- (f) The Board has adopted the Code of Conduct and Ethics (the Code). The Code is a comprehensive guide applicable to all Directors and members of Senior Management. The Code has been communicated to all the Directors and Senior Management, Executives and the compliance of the same has been affirmed by them. A Declaration signed by the Executive Directors affirming the compliance is annexed separately in this Annual Report.
- (g) There was no pecuniary relationship or transactions of Non-executive Directors vis-à-vis the Company during the year under review. The Company has no stock option policy as part of remuneration package applicable for Whole-time Directors or its employees.
- (h) The Executive Directors/Chief Finance Officer certification as stipulated in Clause 49 is annexed separately in this Annual Report.

- (i) The FOREX exposures are monitored periodically and necessary cover is taken in consultation with FOREX experts to limit the risk of adverse exchange rate movement.

4. Reconciliation of Share Capital Audit:

A qualified Practicing Company Secretary / Chartered Accountant carried out Secretarial Audit to reconcile the total admitted Capital with NSDL and CDSL and total issued and listed capital of the Company as per books. The Secretarial Audit report confirms that the total issued / paid-up capital is in accordance with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

5. Non-mandatory requirements:

- (i) The Chairman is a Non-executive Director. The Company has not reimbursed any expenses incurred for maintenance of his office or in the performance of his duties.
- (ii) The Company is publishing its quarterly and half-yearly results in the newspapers, therefore they are not sent to each shareholder. However, the Company furnishes such results on receipt of a request from the shareholders.
- (iii) The Company has an open-door policy where employees have access to their HODs who participate in monthly forum meetings with the management and any instances of non-adherence to the Code of Conduct or un-ethical behaviour or any issues concerning the business of the Company are brought up to the notice of Management and resolved from time to time.

6. Means of Communication:

- (i) Quarterly Results
Which newspapers normally published in : Free Press Journal (English) and Navshakti (Marathi), both at Mumbai.
- (ii) Any web site, where displayed - Company's website viz., www.hindoostan.com
- (iii) Whether it also displays official News Releases - No
- (iv) Presentations made to Institutional investors / analysts - No
- (v) Whether Management Discussion & Analysis is a part of Annual Report - Yes



HINDOOSTAN MILLS LIMITED

7. General Shareholder information:

(i) AGM: Date, time and venue :

August 9, 2012 at 10.30 a.m. at Rama Watumull Auditorium, K. C. College, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.

(ii) Financial Calendar 2012-13 (Tentative):

First Quarterly Results : August, 2012
 Second Quarterly Results : October/November, 2012
 Third Quarterly Results : January/February, 2013
 Fourth Quarterly Results : May, 2013

(iii) Date of Book Closure : August 1, 2012 to August 9, 2012 (both days inclusive)

(iv) Dividend payment date : After August 9, 2012 (Within 30 days from the date of AGM subject to approval of shareholders)

(v) Listing on Stock Exchange : Bombay Stock Exchange Limited. (Annual Listing Fee for the year 2012-13 has been paid to Bombay Stock Exchange Limited).

(vi) Stock Code : Scrip ID : HINDMILLS Scrip Code : 509895 ISIN No. : INE 832D01020

(vii) Market Price Data:

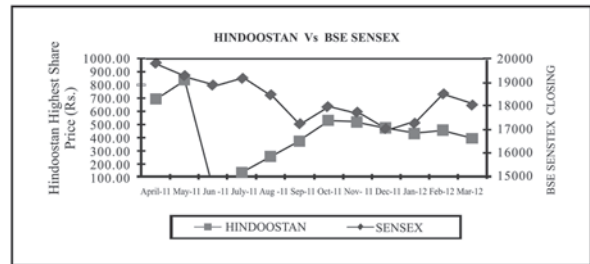
The details of monthly highest & lowest quotations of the Equity Shares (₹10/- each) of the Company at the Bombay Stock Exchange Limited.

Months	Quotation at Bombay Stock Exchange Ltd.	
	High (₹)	Low (₹)
April, 2011*	690.15	690.15
May, 2011*	838.75	724.65
June, 2011**	--	--
July, 2011	123.65	88.00
August, 2011	246.70	129.80
September, 2011	365.95	251.60
October, 2011	526.65	373.25
November, 2011	512.00	344.00
December, 2011	472.05	302.00
January, 2012	425.00	290.00
February, 2012	447.80	378.00
March, 2012	389.50	332.05

* Face value - ₹100/- per Equity Share

** There was no trading in the shares of the Company during the month of June 2011, since the trading in the shares of the Company were discontinued for issuing sub-divided shares to the shareholders of the Company under the scheme of amalgamation. Accordingly Equity Shares of ₹100/- each were sub-divided into Equity Shares of ₹10/- each w.e.f. June 30, 2011.

(viii) Performance in comparison to broad based indices:



(ix) Registrar and Transfer Agent:

The Company has engaged the services of M/s. Computech Sharecap Ltd., SEBI registered category-I Registrar as its Share Transfer Agent for both physical and demat segments of Equity Shares of the Company. Shareholders are advised to approach M/s. Computech Sharecap Ltd., for processing the transfers, sub-division, consolidation, splitting of securities, demat and remat request directly to Registrar and Transfer Agent. Shareholders have the option to open their accounts with either National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) as the Company has entered into agreements with both these depositories.

Computech Sharecap Limited,
 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai - 400 023.
 Tel: 022 - 22635000/1/2/3/4
 Fax: 022 - 22635005
 E-mail : helpdesk@computechsharecap.com

(x) Dematerialisation of Equity Shares:

Trading in Equity Shares of the Company is permitted only in dematerialised form as per Notification No.CIR/MRD/DP/14/2011 dated December 20, 2011, issued by the Securities & Exchange Board of India (SEBI). Nearly 7.33% shares are still held under physical form as on March 31, 2012.

(xi) Outstanding GDRs/Warrants, Convertible Bonds, Conversion date & likely impact on equity:

Not Applicable

(xii) Distribution of Shareholding as on March 31, 2012:

Group of Shares	No. of Shareholders	No. of shares held	% to Total Shares
1 to 50	10,390	1,42,835	8.58
51 to 100	958	71,792	4.31
101 to 250	627	1,00,288	6.02
251 to 500	168	60,883	3.66
501 to 1000	80	56,825	3.41
1001 to 5000	57	1,13,331	6.81
5001 and above	42	11,18,594	67.21
Total	12,322	16,64,548	100.00

(xiii) Shareholding Pattern as at March 31, 2012:

	No. of Shares held	%
Promoters and Persons Acting in Concert	8,51,418	51.15
Banks, Financial institutions, Mutual Funds, Insurance companies	32,128	1.93
Private Corporate Bodies	60,798	3.65
Indian Public	6,96,087	41.82
NRIs / OCBs	24,117	1.45
Total	16,64,548	100.00

(xiv) Plant Location:

- a) Textiles Unit
Plot No.D-1, MIDC Industrial Area,
Village - Taswade, Tal - Karad,
Dist. Satara - 415 110, Maharashtra
- b) Roll Manufacturing Unit
Plot No.B-24, Anand Nagar, MIDC Industrial Area,
Addl. Ambernath - 421 506
Dist. : Thane, Maharashtra

(xv) Address for correspondence:

Registered Office & Head Office: Hindustan Mill Limited Sir Vithaldas Chambers, 16, Mumbai Samachar Marg, Mumbai - 400 001. Tel. No.: 022 - 2204 0846 Fax No.: 022 - 2283 3841
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(The above report was placed before the Board at its Meeting held on May 2, 2012 and the same was approved).

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

We hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

HRISHIKESH THACKERSEY
Executive Director

ABHIMANYU THACKERSEY
Executive Director

Place : Mumbai

Dated : May 2, 2012



HINDOOSTAN MILLS LIMITED

CEO / CFO CERTIFICATION

We, Hrishikesh Thackersey, Abhimanyu Thackersey, Executive Directors and Ms. Heena Shah, Chief Finance Officer of the Company, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the consolidated financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

- (c) We have reviewed the internal controls and procedures, and to the best of our knowledge and information, we affirm that the Company has adequate internal controls and procedures.
- (d) Based on our knowledge and information:
- there have been no changes in the accounting policies during the year;
 - no significant changes in internal controls during the year; and
 - there have been no instances of significant fraud during the year, which has come to the knowledge of the management.

HRISHIKESH THACKERSEY
Executive Director

ABHIMANYU THACKERSEY
Executive Director

HEENA SHAH
Chief Finance Officer

Place : Mumbai
Dated : May 2, 2012

AUDITORS' CERTIFICATE

To the Members,
Hindustan Mills Limited

We have examined the compliance of condition of Corporate Governance by Hindoostan Mills Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange.

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

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

We are represented that no investor grievance is pending for a period exceeding one month against the Company, on the basis of the certificates issued and furnished to us by the Company's Registrars for Depository work and the Shareholders / Investors Grievance Committee.

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

For M.A. Parikh & Co.
Chartered Accountants

Mukul Patel
Partner
Membership No. 32489

Place : Mumbai
Date : 2nd May, 2012

MANAGEMENT DISCUSSION AND ANALYSIS**A. BUSINESS SEGMENT – TEXTILES****Industry Structure & Development**

The Indian textile industry experienced a volatile year. The demand for textiles in the domestic market was largely stable but witnessed periodic fluctuations putting prices under pressure. The export market also showed improved trends but remained highly volatile.

The first quarter of the year saw a steep fall in the raw material prices, especially cotton and related items, thereby affecting industry demand as a whole and adversely affected selling prices. The situation marginally improved towards the end of the year. The sudden changes in government policies had a very negative impact on the industry and its credibility as a whole.

The domestic market on the whole has grown at a steady pace but was challenged by the monetary situation. Innovation and optimization in technology and manufacturing methods coupled with strong raw material procurement strategies and effective personnel management continue to be factors for success of industry players.

The export market has witnessed severe challenges in pricing, particularly from China, Pakistan and Bangladesh and will continue to do so in the future. The industry needs strong government support to fight this challenge.

Review and analysis

The financial performance of the Company has largely been satisfactory inspite of severe fluctuations in input prices and operational challenges. The modernisation and expansion plans executed during the current financial year have helped the Company, to partially tide over the price crisis in the early part of the year. Continuation of this momentum is a great challenge and stability in prices would play a major role in this area. The Company continues to focus on its core products and strong operational principles to sustain its growth.

Opportunities and Threats

The volatile situation, especially in the prices of cotton and yarn may lead to a similar situation in the fabric market. This leads to loss of credibility as a supplier, especially in the export markets. The rupee value compared to principal currencies in the international market could also affect textile exports. The competition from Pakistan and China amidst uncertain government policies is a big threat.

The Company has a diversified range of products and continues its efforts towards product development. These efforts should contribute to better margins and reduced exposure to the threats of raw material volatility as well as stiff competition from other players. Rising labour costs continue to pose a threat to the Company in specific and industry as a whole.

Outlook

The Company continues to focus on delivering quality products to the customers with commitment and timeliness. Presently, there is no interest burden which is an added advantage to the Company to improve the bottom line. Domestic consumption on the whole has a positive outlook at the present time, but will be dictated by the behavior of raw material prices in the near future.

Risks and Concerns

The consumer demand could get impacted due to inflationary pressure on the market. Non-availability of quality cotton at reasonable prices throughout the year has disturbed the Indian Textile Industry. Cost competitiveness in the international market could be crucial. Sudden change in government policies such as change in the interest rates, price inflation, quotas and limitations on quantity of cotton and yarn etc. could affect the growth rate of the Company.

Internal control systems and their adequacy

The Company has adequate Internal Control Systems to ensure that all its assets are properly safeguarded. The systems and procedures of the Company are designed to ensure proper internal controls to give true and accurate information to the management. The management continuously reviews the Internal Control Systems and procedures to ensure smooth and efficient conduct of business. Various economic measures and improvements in certain areas suggested by Internal Auditors are also discussed from time to time in the Audit Committee Meetings for all round improvement in the working of the Company.

Human Resources / Industrial Relations

The Company had around 350 employees as on March 31, 2012. Occupational health, safety and environment were given due importance through training and awareness programmes. Measures for safety of employees, their training, welfare and development, attracting and retaining talent continued to receive top priority. Functional trainings for plant employees at Karad were undertaken during the year towards competency building.



HINDOOSTAN MILLS LIMITED

B. BUSINESS SEGMENT – ROLL MANUFACTURING

Industry Structure and Development

The Roll manufacturing industry continues to be a niche industry that is served by few competitors. Our Company maintains its position as the premium roll supplier, offering a better quality product and commanding a premium price. The demand for rolls depends largely on the nature of operations of our customers, namely, textile processing units and paper mills. Investment by our customers in increased capacity will increase the demand for our products, while poor market conditions and temporary shutdowns will reduce demand. A large portion of our customers are from the unorganised sector and certain areas of the country are known to be very price sensitive, while others are willing to purchase a quality product at a higher price. Raw materials for the Company include steel, cotton hard waste, special paper, non-woven materials, and plastic sleeves. The business requires a high level of after-sales service and therefore requires a well trained sales and service team. There have not been any major structural developments affecting the industry in the last year.

Opportunities and Threats

As this segment's revenues are dependent on the textile processing and paper industries, the industry downturn which commenced in the last quarter may pose a threat for future revenue generation. Forays into manufacturing rolls for the steel and automotive industry may augur well for the revenues for this segment, going forward. Successful trials in this segment will lead to further demand from existing and new customers. The Company is also in the process of opening an additional roll manufacturing facility at its location in Karad, which will lead to an increase in capacity. This should lead to economies of scale and enable the Company to be more competitive with respect to price and quality.

Segmental Review and Analysis

The roll manufacturing business has faced a difficult year with increased raw material prices, especially of cotton hard waste, leading to a reduction in margins in the beginning of the year. Due to stiff competition, the increased costs could not be passed on to customers. Compared to the previous financial year where there was a substantial demand for new rolls, this year saw little or no capacity being added in the textile processing industry, and domestic and overseas markets faced substantial disruption due to governments clamping down on pollution standards. We continue to have difficult relations with labour at the factory, and this resulted in some disruptions over the course of the year, especially in the last quarter. The Company also began construction of a new factory on the Company premises in Karad and the plant is close to completion.

Risks and Concerns

The segment is constrained by the limited availability of fine count cotton hard waste, which is a waste product of spinning mills and a primary raw material. Cost of imported raw materials not having local substitutes, may also increase. The risk of lower productivity in a new factory due to down times, product standardisation issues may also affect the segment's performance.

Outlook

The outlook of the Company is largely dependent on the state of the textile and paper processing industries. As the Company establishes itself in the steel and automotive industries, the potential for growth may be substantial. With the establishment of the new factory with improved technology and processes, the Company looks forward to improve quality and lower costs for its products, which should improve its position in the market.

Cautionary Statement

The statements made in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include availability of raw materials and their prices and domestic and global demand and supply conditions, changes in Government regulations and tax policies, economic developments within India and so many other incidental and relevant factors.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

THE SHAREHOLDERS OF HINDOOSTAN MILLS LTD.

We have audited the attached Consolidated Balance Sheet of **HINDOOSTAN MILLS LIMITED** ("the Company") and its subsidiary (HINDOOSTAN TECHNICAL FABRICS LIMITED) as at 31st March, 2012, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the Consolidated Financial Statements have been prepared by the Company's management, in accordance with requirements of Accounting Standard 21 – "Consolidated Financial Statement", notified under the Companies Act, 1956,

Further we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Consolidated Balance Sheet, Consolidated Profit and Loss Account and Consolidated Cash

Flow Statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Consolidated Balance Sheet, Consolidated Profit and Loss Account and Consolidated Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representation received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts with notes thereon read with Significant Accounting Policies and Other Notes to Accounts, while giving the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **M. A. Parikh & Co.**
Chartered Accountants
Firm Registration No. 107556W

MUKUL M. PATEL
Partner
Membership No. 32489

Place: Mumbai
Date : 2nd May, 2012



HINDOOSTAN MILLS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	₹ in lakhs	
		As at 31/3/2012	As at 31/3/2011
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	166.45	166.45
Reserves and Surplus	2	8,978.69	9,259.77
Non-Current Liabilities			
Long Term Provisions	3	169.20	157.95
Current Liabilities			
Short-Term Borrowings	4	90.00	-
Trade Payables	5	670.88	448.78
Other Current Liabilities	6	649.11	783.21
Short-Term Provisions	7	145.42	216.15
TOTAL		10,869.75	11,032.31
II. ASSETS			
Non-Current Assets			
Fixed Assets	8		
Tangible Assets		4,619.25	2,767.99
Intangible Assets		6.00	6.00
Capital Work in Progress		815.99	343.72
Non-Current Investments	9	38.01	43.56
Deferred Tax Asset (Net)		3.06	1.49
Long Term Loans and Advances	10	227.95	542.55
Other Non-Current Assets	11	8.38	-
Current Assets			
Current Investments	12	67.20	1,127.63
Inventories	13	2,084.23	2,093.22
Trade Receivables	14	1,583.76	1,383.91
Cash and Cash Equivalents	15	192.33	1,493.92
Short-Term Loans and Advances	16	1,218.94	1,205.00
Other Current Assets	17	4.65	23.32
TOTAL		10,869.75	11,032.31
ACCOUNTING POLICIES AND ADDITIONAL NOTES TO CONSOLIDATED ACCOUNTS	26		

Notes referred to above and notes attached there to form an integral part of the Consolidated Balance Sheet

As per our report of even date attached

For **M. A. Parikh & Co.**

Chartered Accountants

Firm Registration No.107556W

Mukul Patel

Partner

Membership No. : 32489

PLACE : MUMBAI

DATE : May 2, 2012

For and on behalf of the Board

Sudhir Thackersey

Chairman

Abhimanyu Thackersey

Executive Director

PLACE : MUMBAI

DATE : May 2, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ in lakhs	
	Note No	Current Year	Previous Year
I. Revenue from Operations	18	10,280.06	9,836.74
II. Other Income	19	201.60	809.59
III. Provision for Diminution in Investment Written Back		14.63	-
IV. Total Revenue (I +II+ III)		10,496.29	10,646.33
V. Expenses:			
Cost of Materials Consumed	20	7,060.25	5,834.99
Purchase of Stock-in-Trade		613.33	830.68
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	(283.34)	(202.94)
Employee Benefits Expense	22	801.14	633.93
Finance costs	23	7.13	0.13
Depreciation and Amortisation Expenses	24	423.22	196.21
Other Expenses	25	2,175.35	1,873.20
Total Expenses		10,797.08	9,166.20
VI. (Loss) / Profit before Exceptional and Extraordinary Items and Tax	(IV - V)	(300.79)	1,480.13
VII. Exceptional Items			
Profit on sale of Fixed Assets (Net)		117.51	-
Fixed Assets written off		(2.65)	-
VIII. (Loss) / Profit before Extraordinary Items and Tax	(VI - VII)	(185.93)	1,480.13
IX. Extraordinary Items		-	499.00
X. (Loss) / Profit Before Tax	(VIII - IX)	(185.93)	981.13
XI. Tax Expense:			
Current Tax		-	188.00
Deferred Tax		1.58	(1.49)
XII. (Loss) / Profit for the year	(X-XI)	(184.35)	794.62
XIII. Earning per Equity Share of ₹10/- each			
Basic and Diluted	₹	(11.07)	47.74
ACCOUNTING POLICIES AND ADDITIONAL NOTES TO CONSOLIDATED ACCOUNTS			
	26		

Notes referred to above and notes attached thereto form an integral part of Consolidated Statement of Profit & Loss

As per our report of even date attached

For **M. A. Parikh & Co.**

Chartered Accountants

Firm Registration No.107556W

Mukul Patel

Partner

Membership No. : 32489

PLACE : MUMBAI

DATE : May 2, 2012

For and on behalf of the Board

Sudhir Thackersey

Chairman

Abhimanyu Thackersey

Executive Director

PLACE : MUMBAI

DATE : May 2, 2012



HINDOOSTAN MILLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lakhs

	Current Year	Previous Year
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit after Taxation	(184.35)	794.63
Adjustment for :		
Depreciation	423.22	196.21
Finance Cost	7.13	0.13
Fixed Assets Written off	2.65	-
Inventory written down during the year	-	499.00
Provision for Doubtful Debts	9.82	-
Bad Debts and Debit balances Written Off	5.15	5.68
Dividend Income	(12.55)	(96.46)
Lease Income	(50.34)	(74.82)
Profit on Sale of Investments (Net)	(24.10)	(552.59)
(Profit) / Loss on sale of Fixed Assets (Net)	(117.51)	5.14
Provision for Diminution in Value of Investment	2.55	14.63
Sundry Credit Balance / Excess Provision Written Back	(106.47)	(5.43)
Interest Income	(114.61)	(85.72)
Provision for Diminution in Investment Written Back	(14.63)	-
Provision for Doubtful Debts no longer required	-	(6.02)
	10.31	(100.25)
Operating Profit before Working Capital Changes	(174.04)	694.38
Changes in :		
Inventories	8.99	(927.59)
Trade and Other Receivables	33.41	(970.24)
Trade and other Payables	190.48	154.50
Provisions	23.28	(187.77)
	256.16	(1931.10)
Cash Generated from Operations	82.12	(1236.72)
Direct Taxed paid (Net of Refunds)	62.74	(128.04)
Net Cash From Operating Activities	144.86	(1364.75)
B. CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2794.00)	(1834.89)
Sale of Fixed Assets	162.11	4.85
Interest received	114.61	85.72
Dividend received	12.55	96.46
Lease Income received	50.34	74.82
Investments purchased and sold (Net)	1087.53	3332.94
Net Cash used in Investing Activities	(1366.86)	1759.90

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

₹ in lakhs

	Current Year		Previous Year
C. CASHFLOW FROM FINANCING ACTIVITIES			
Dividend paid	(164.40)		(41.15)
Interest paid	(5.19)		(0.13)
Short Term Borrowing	90.00		-
Net Cash used in Financing Activities		(79.59)	(41.28)
Net Increase in Cash and Cash Equivalents		(1301.59)	353.87
Cash and Cash Equivalents at the beginning of the year			
Cash and Cash Equivalents	176.44		304.17
Other Bank Balances	1317.48		835.89
		1493.92	1140.06
Cash and Cash Equivalents at the end of the year			
Cash and Cash Equivalents	174.18		176.44
Other Bank Balances	18.15		1317.48
		192.33	1493.92

Notes :

- 1 Cash and Cash equivalents denote Cash and Bank balances at the year end.
- 2 Direct Taxes paid (Net of refunds) is treated as arising from operating activities and is not bifurcated between investing and financing activities.
- 3 Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached
For **M. A. Parikh & Co.**
Chartered Accountants
Firm Registration No.107556W

Mukul Patel
Partner
Membership No. : 32489
PLACE : MUMBAI
DATE : May 2, 2012

For and on behalf of the Board

Sudhir Thackersey
Chairman

Abhimanyu Thackersey
Executive Director
PLACE : MUMBAI
DATE : May 2, 2012



HINDOOSTAN MILLS LIMITED

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lakhs

	As at 31/3/2012	As at 31/3/2011
NOTE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
2,27,67,500 (P. Y. 2,27,67,500) Equity Shares of ₹10/- each	2,276.75	2,276.75
2,500 (P. Y. 2,500) 5% Redeemable Cumulative "A" Preference Shares of ₹10/- each	0.25	0.25
7,80,000 (P.Y. 7,80,000) 15% Non Convertible Redeemable Non Cumulative Preference Shares of ₹10/- each	78.00	78.00
1,00,00,000 (P. Y. 1,00,00,000) Preference Shares of ₹10/- each	1,000.00	1,000.00
TOTAL	3,355.00	3,355.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
16,64,548 (P. Y. 16,64,548) Equity Shares of ₹ 10 /- each fully paid up	166.45	166.45
TOTAL	166.45	166.45

- a) The Company has issued only one class of shares referred to as Equity Shares having a par value of ₹10/- Each holder of Equity Shares is entitled to one vote per share.

9,58,708 Equity Shares of ₹10/- each are allotted on 27th June, 2011 as fully paid up without payment being received in cash pursuant to the Scheme of Amalgamation Sanctioned by the High Court of Bombay dated 1st April, 2011.

- b) **Reconciliation of No. of Shares outstanding at the beginning and at the end of the year** ₹ in lakhs

	As at 31/3/2012	As at 31/3/2011
70,584 Equity Shares at the beginning of the year of ₹100/- each fully paid up	-	70.58
Less : Cancellation of 70,584 Equity Shares of ₹100/- each	-	70.58
Add : 7,05,840 Equity Shares of ₹10/- paid up issued in lieu of cancelled shares of ₹100/- each	-	70.58
Add : 9,58,708 Equity Shares issued to shareholders of The Hindoostan Spinning and Weaving Mills Ltd on Amalgamation	-	95.87
16,64,548 Equity Shares at the beginning of ₹10/- fully paid up	166.45	-
	166.45	166.45

- c) **Details of the Shareholders holding more than 5% of Shares in the Company**

Name of Equity Shareholders	No. of Shares Held	Percentage of Holding
Chandrali Investments Private Limited		
Current year	83,396	5.01%
Previous year	83,396	5.01%
Jagdish Thackersey		
Current year	1,80,386	10.85%
Previous year	1,75,556	10.55%
Raoul Thackersey		
Current year	1,04,690	6.29%
Previous year	1,04,690	6.29%

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

	₹ in lakhs	
	As at 31/3/2012	As at 31/3/2011
NOTE 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Financial Statement	1,076.11	0.10
Add : Transferred on Amalgamation	-	1,076.01
Closing balance	1,076.11	1,076.11
Capital Redemption Reserve		
Balance as per last Financial Statement	83.63	62.63
Add : Transferred on Amalgamation	-	21.00
Closing balance	83.63	83.63
Securities Premium Account		
Balance as per last Financial Statement	587.78	95.00
Add : Transferred on Amalgamation	-	492.78
Closing balance	587.78	587.78
Other Reserve		
Reserve under Section 45-IC of Reserve Bank of India Act	48.47	48.47
General Reserve		
Balance as per last Financial Statement	6,750.91	2,068.58
Add : Transferred on Amalgamation	-	4,597.33
Add: Transfer from Statement of Profit and Loss	72.70	85.00
Balance transferred to Balance Sheet	6,823.61	6,750.91
Profit and Loss		
Balance as per last Financial Statement	712.87	90.00
Add : Profit transferred pursuant to the Scheme of Amalgamation	-	44.65
Add : Net (Loss) / Profit after tax transferred from Statement of Profit & Loss	(184.35)	794.62
	528.52	929.27
Add : Excess Provision of earlier year		62.05
Amount available for Appropriation (A)	528.52	991.32
Appropriations:		
Proposed Dividend	83.23	166.45
Tax on Proposed Dividend	13.50	27.00
Transfer to General Reserve	72.70	85.00
Total of Appropriations (B)	169.43	278.45
Balance in Profit & Loss (A-B)	359.09	712.87
TOTAL	8,978.69	9,259.77



HINDOOSTAN MILLS LIMITED

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lakhs

	As at 31/3/2012	As at 31/3/2011
NOTE 3 : LONG TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Leave Salary	37.90	47.03
Provision for Gratuity	131.30	110.92
TOTAL	169.20	157.95
NOTE 4 : SHORT TERM BORROWINGS (Repayable on demand)		
12 % Unsecured Loan from Related Party	90.00	-
TOTAL	90.00	-
NOTE 5 : TRADE PAYABLES		
Trade Payables (Refer Note 26B point no. VII of Other Notes to Accounts)	670.88	448.78
TOTAL	670.88	448.78
NOTE 6 : OTHER CURRENT LIABILITIES		
Interest accrued but not due on Borrowing	1.94	-
Unclaimed Dividend	4.25	2.20
Other Liabilities	585.70	683.70
Advances from Customers	39.99	81.31
Sales Tax and Withholding Taxes Payable	17.23	16.00
TOTAL	649.11	783.21
NOTE 7 : SHORT TERM PROVISIONS		
Provision For Employee Benefits		
Provision for Leave Salary	12.36	1.86
Provision for Gratuity	16.68	3.10
Provision for Bonus	19.65	17.74
	48.69	22.70
<u>Others</u>		
Proposed Dividend	83.23	166.45
Corporate Dividend Tax on Proposed Dividend	13.50	27.00
	96.73	193.45
TOTAL	145.42	216.15

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 8 : FIXED ASSETS

₹ in lakhs

Description	Gross Block			Depreciation Block / Amortisation			Net Block					
	Opening Block as at 01/04/2011	Addition during the year	Deduction during the year	Write off during the year	Closing Block as at 31/3/2012	Opening Block as at 01/04/2011	Addition during the year	Deduction during the year	Write off during the year	Closing Block as at 31/3/2012	As at 31/3/2012	As at 31/3/2011
Tangible Assets												
Land	5.90	-	-	-	5.90	-	-	-	-	-	5.90	5.90
Freehold Land	118.97	-	-	1.85	117.12	-	1.23	-	1.83	21.65	95.47	96.72
Leasehold Land												
Building	1,625.41	142.99	-	-	1,768.40	1,116.89	40.72	-	-	1,157.61	610.79	508.52
Leasehold Improvements	-	10.54	-	-	10.54	-	1.05	-	-	1.05	9.49	-
Plant and Equipment	9,171.81	2,159.88	834.28	0.30	10,497.11	7,249.91	329.61	792.57	0.17	6,786.78	3,710.33	1,921.90
Plant and Machinery	5.82	-	-	5.82	-	4.98	-	-	4.98	-	-	0.84
Asset under lease	51.83	3.25	4.47	6.27	44.34	21.94	4.31	1.68	5.19	19.38	24.96	29.89
Office equipments	286.45	-	-	0.07	286.38	229.16	8.28	-	0.03	237.41	48.97	57.29
Electrical Installations												
Furnitures & Fixtures	56.26	1.61	0.12	2.46	55.29	27.42	5.67	0.03	2.26	30.80	24.49	28.84
Vehicles	138.41	-	-	-	138.41	30.49	27.94	-	-	58.43	79.98	107.92
Computers	45.17	3.46	0.84	7.55	40.24	35.00	4.41	0.83	7.21	31.37	8.87	10.17
	11,506.03	2,321.73	839.71	24.32	12,963.73	8,738.04	423.22	795.11	21.67	8,344.48	4,619.25	2,767.99
Capital Work in Progress												
	343.72	815.99	343.72	-	815.99	-	-	-	-	-	815.99	343.72
Total Tangible Asset	11,849.75	3,137.72	1,183.43	24.32	13,779.72	8,738.04	423.22	795.11	21.67	8,344.48	5,435.24	3,111.71
Intangible Assets												
Tenancy Right	6.00	-	-	-	6.00	-	-	-	-	-	6.00	6.00
Total Intangible Asset	6.00	-	-	-	6.00	-	-	-	-	-	6.00	6.00
TOTAL (Current Year)	11,855.75	3,137.72	1,183.43	24.32	13,785.72	8,738.04	423.22	795.11	21.67	8,344.48	5,441.24	3,117.71
TOTAL (Previous Year)	(10,209.44)	(1,491.82)	(189.21)	-	(11,855.75)	(8,721.06)	(196.21)	(179.23)	-	(8,738.04)	(3,117.71)	-



HINDOOSTAN MILLS LIMITED

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

	₹ in lakhs	
	As at 31/3/2012	As at 31/3/2011
NOTE 9 : NON CURRENT INVESTMENTS (At Cost Unless Otherwise Stated)		
Other Investments		
<u>Investment in Property</u>		
5/8 th share (P.Y.5/8 th) in Bruce street Property	35.34	35.34
<u>Investments in Equity Instruments</u>		
Nil (P.Y.12,300) Equity Shares of ₹10/- each fully paid up in Bank of India	-	5.54
60 (P.Y.60) Equity Shares of ₹ 2/- each fully paid up in Siemens Ltd.	0.01	0.01
Unquoted		
42 (P.Y.42) Shares of ₹5,000/- each in Yashwant Sahakari Sakhar Karkhana Ltd.	2.10	2.10
Less : Provision for diminution in value (Refer Note No.26B Point No IV B of Other Notes to Accounts)	(2.10)	(2.10)
<u>Investments in Preference Shares</u>		
13,334 (P.Y.13,334) Shares of ₹10/- each fully paid up in Bhishma Realty Limited	1.33	1.33
13,334 (P.Y.13,334) Shares of ₹10/- each fully paid up in Capricon Realty Limited	1.33	1.33
<u>Investment in Government Securities</u>		
3% Conversion loan of the face value of ₹1,000/- each fully paid up (Deposited with Central Excise)	-	0.01
TOTAL	38.01	43.56
Aggregate amount of Quoted Investments and Market Value		
Quoted Investments (Market Value as on 31.3.2012 ₹ 0.45 lakh (P.Y. ₹ 0.53 lakh)	0.01	5.55
TOTAL	0.01	5.55
Unquoted Investments	38.00	38.01
TOTAL	38.00	38.01
NOTE 10 : LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Capital Advances	148.77	478.99
Security Deposit	79.18	63.56
TOTAL	227.95	542.55
NOTE 11 : OTHER NON CURRENT ASSETS		
<u>Long Term Trade Receivables</u>		
Unsecured, Considered Good	8.38	-
Doubtful	0.26	0.26
Less : Provision for Doubtful Debts	(0.26)	(0.26)
	-	-
TOTAL	8.38	-

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lakhs

	As at 31/3/2012	As at 31/3/2011
NOTE 12 : CURRENT INVESTMENTS		
Quoted :		
Investments in Equity Instruments (At cost unless otherwise stated)		
550 (P.Y. 550) Larsen and Toubro Ltd	9.74	9.74
Nil (P.Y.3) Agro Tech Foods Ltd	-	0.01
Nil (P.Y. 314) Axis Bank Ltd	-	3.21
Nil (P.Y 379) Fulford India Ltd	-	2.46
Nil (P.Y 700) Gujrat Gas Company Ltd	-	1.96
Nil (P.Y. 467) ICRA Ltd	-	3.70
Nil (P.Y. 2,144) Indraprastha Gas Ltd	-	3.50
Nil (P.Y.59,327) IL & FS Investment Managers Ltd	-	26.64
Nil (P.Y. 4,192) Maharashtra Scooter Ltd	-	14.43
Nil (P.Y.2,668) Mphasis Ltd	-	16.47
Nil (P.Y 214) NESCO Ltd	-	1.19
Nil (P.Y.56,906) Noida Toll Bridge Ltd	-	17.92
Nil(P.Y.532) Novarties India Ltd	-	2.78
Nil (P.Y. 11,662) Petronet LNG Ltd	-	8.87
Nil (P.Y.3,718) Piramal Healthcare Ltd	-	18.09
Nil (P.Y.14,000) Standard Chartered PLC (IDR)	-	16.84
Nil (P.Y. 354) Wyeth Ltd	-	2.48
Nil (P.Y.393) Zenotech Lab Ltd	-	0.45
Nil (P.Y.2,458) Zicom Electronic Security Systems Ltd	-	3.23
Nil (P.Y.2,200) Benchmark Goldees	-	34.61
	9.74	188.58
Less : Provision for diminution in value of Investment (Refer Note no.26B Point no IV C of Other Notes to Accounts)	2.55	14.63
	7.19	173.95
Unquoted :		
Investments in Debentures & Bonds		
Nil (P.Y. 1) ABK Consultants Pvt.Ltd	-	10.40
Nil (P.Y.250) NIFTY Linked Series 2010/C	-	253.75
	-	264.15
Investments in Mutual Funds		
Nil (P.Y. 1,75,267.443) Birla Sun Life Savings Fund Inst.	-	17.54
Nil (P.Y. 43,019.4491) Birla Sunlife Cash Management Fund - Growth	-	10.00
Nil (P.Y.1,21,511.532) DSP Blackrock World Gold Fund	-	17.13
Nil (P.Y. 1,97,201.374) HDFC Prudence Fund	-	75.00
5,98,235.182 (P.Y. 40,39,488.547) HDFC Cash Management Fund	60.01	405.22
Nil (P.Y. 12,77,268.028) HDFC Cash Management Fund	-	138.89
Nil (P.Y. 292.810) Reliance Liquid Plus Fund	-	2.94
Nil (P.Y.1,78,103.290) Reliance Quarterly Interval Fund	-	17.81
Nil (P.Y.27,657.621) Standard Chartered Premier Equity Fund	-	5.00
	60.01	689.53
TOTAL	67.20	1,127.63



HINDOOSTAN MILLS LIMITED

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lakhs

	As at 31/3/2012	As at 31/3/2011
NOTE 12 : CURRENT INVESTMENTS (Contd.)		
Aggregate amount of Quoted Investments and Market Value		
Quoted Investments		
(Market Value as on 31.3.2012 ₹ 7.19 lakhs (P.Y. ₹ 430.04 lakhs))	7.19	173.96
TOTAL	7.19	173.96
Aggregate amount of Unquoted Investments		
Unquoted Investments	60.01	953.67
TOTAL	60.01	953.67
NOTE 13 : INVENTORIES (Lower of Cost or Net Realisable Value)		
Raw Materials	990.23	1,294.47
Work-in-Process	364.47	293.64
Finished Goods	555.34	294.81
Stock-in-Trade	38.62	86.65
Stores, Spares and Loose tools	134.57	122.65
Property under Development	1.00	1.00
(Refer Note No. 26 B Point No. V of Other Notes to Accounts)		
TOTAL	2,084.23	2,093.22
NOTE 14 : TRADE RECEIVABLES (Current)		
<u>Outstanding for a period exceeding six months</u>		
Unsecured, Considered Good	24.56	7.49
Doubtful	9.82	-
Less : Provision for Doubtful Debts	(9.82)	-
	24.56	7.49
<u>Others</u>		
Unsecured, Considered Good	1,559.20	1,376.42
TOTAL	1,583.76	1,383.91

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lakhs

	As at 31/3/2012	As at 31/3/2011
NOTE 15 : CASH AND CASH EQUIVALENTS		
Balances with Banks		
In Current Accounts	167.57	130.20
In Current Account (Unpaid Dividend)	4.25	2.20
In Deposit Accounts with Bank	5.00	33.03
	176.82	165.43
Cheques on Hand	-	1.76
Cash-on-Hand	1.61	11.45
Others		
Margin Money Deposit	13.90	1,315.28
TOTAL	192.33	1,493.92
NOTE 16 : SHORT TERMS LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances to Employees	0.80	3.34
Advances to Suppliers	4.98	15.25
Balance with Central Excise	12.00	4.67
Input Vat Receivable	160.32	107.48
Advance Tax (Net of Provisions)	966.68	1,029.41
Other Advances	123.09	93.78
Less : Provision	(48.93)	(48.93)
	74.16	44.85
TOTAL	1,218.94	1,205.00
NOTE 17 : OTHER CURRENT ASSETS		
Interest Receivable	4.48	23.32
Outstanding Receivable	0.17	-
TOTAL	4.65	23.32



HINDOOSTAN MILLS LIMITED

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in lakhs

	Current Year	Previous Year
NOTE 18 : REVENUE FROM OPERATIONS		
Sale of products	9,790.28	9,571.57
Sale of services	264.99	177.15
Less: Excise duty	37.52	51.62
	10,017.75	9,697.10
Other Operating Revenues		
Sundry Credit Balance / Excess Provision no longer required written back	106.47	5.43
Others	155.84	134.21
(Includes sales tax set off ₹ 61.10 lakhs (P.Y. ₹ 42.23 lakhs))		
	262.31	139.64
TOTAL	10,280.06	9,836.74
NOTE 19 : OTHER INCOME		
Interest Income	114.61	85.72
(Including Tax Deducted at Source ₹4.89 lakhs (P.Y. ₹ 4.44 lakhs))		
Dividend Income	12.55	96.46
Net Gain on Sale of Investments	24.10	552.59
Lease Income (Net)	50.34	74.82
(Including Tax Deducted at Source ₹ 5.64 lakhs (P.Y. ₹ 7.82 lakhs))		
TOTAL	201.60	809.59
NOTE 20 : COST OF MATERIALS CONSUMED		
Opening Stock	1,294.47	583.43
Add : Purchase of Raw Materials	6,756.01	6,546.03
Less : Closing Stock	990.23	1,294.47
TOTAL	7,060.25	5,834.99

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in lakhs

	Current Year	Previous Year
NOTE 21 : CHANGE IN INVENTORIES		
<u>Opening Stock</u>		
Work-in-Process	293.64	219.77
Finished Goods	294.81	206.03
Traded Goods	86.65	46.36
	675.10	472.16
<u>Less : Closing Stock</u>		
Work-in-Process	364.47	293.64
Finished Goods	555.34	294.81
Traded Goods	38.63	86.65
	958.44	675.10
TOTAL	(283.34)	(202.94)
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
<u>Salaries & Wages</u>		
Salaries & Wages	649.93	475.81
Bonus	19.95	18.52
Leave Encashment	3.89	14.73
Compensation	-	6.00
<u>Contribution to provident and other funds</u>		
Contribution to PF	55.57	35.78
Contribution to ESIC	1.57	1.45
Contribution to Labour Welfare Fund	0.35	0.28
Contribution to Gratuity	37.06	50.55
Contribution to Superannuation Fund	8.92	6.08
<u>Staff Welfare Expense</u>	23.90	24.73
TOTAL	801.14	633.93
NOTE 23 : FINANCE COST		
Interest Expense	7.13	0.13
TOTAL	7.13	0.13



HINDOOSTAN MILLS LIMITED

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in lakhs

	Current Year	Previous Year
NOTE 24 : DEPRECIATION AND AMORTISED COST		
Depreciation	423.22	196.21
TOTAL	423.22	196.21
NOTE 25 : OTHER EXPENSES		
Consumption of Stores and Spares	517.83	481.56
Power and Fuel	808.21	599.31
Processing Charges	92.99	110.09
Rent	18.87	21.62
Rates and Taxes	37.44	29.62
Repairs to Buildings	30.93	29.85
Repairs to Machinery	20.66	34.93
Other Repairs	42.98	32.98
Insurance	21.70	16.32
Freight, Forwarding and Clearing Charges	54.36	46.17
Commission, Brokerage and Incentives	150.21	144.36
Net Gain/Loss on Foreign Currency Transactions	13.54	0.03
Miscellaneous Expenses	319.57	260.24
Bruce Street Property Expenses	5.25	0.58
Auditors Remuneration	9.63	8.88
Directors Fees	8.15	4.75
Expenses for Amalgamation	2.93	12.08
Advisory, Custodian and Management Fees	1.40	8.51
Loss on Sale of Fixed Assets	-	5.14
Provision for Diminution in Value of Investment	2.55	14.63
Donations	-	4.99
Sundry Debit Balances Written off	5.15	-
Provision for Doubtful Debts	9.82	-
Bad Debts	-	5.66
Wealth Tax	1.18	0.90
TOTAL	2,175.35	1,873.20

NOTE 26 : ADDITIONAL NOTES TO CONSOLIDATED ACCOUNTS**NOTE 26A : SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Consolidation of Financial Statements:**

The consolidated financial statements relate to the Hindoostan Mills Ltd. (hereafter referred to as the 'Holding Company') and its wholly owned Subsidiary Company (Hindoostan Technical Fabrics Ltd.).

The consolidated financial statements have been prepared on the following basis.

- (a) The financial statements of the Holding Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra-group balances and intra-group transactions and unrealised profits or losses.
- (b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's separate financial statements.

2. Basis of Preparation of Financial Statements:

The accompanying financial statements have been prepared on going concern basis under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

3. Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the year in which the results materialise are known.

4. Fixed Assets:**(a) Tangible Fixed Assets**

Tangible Fixed Assets are recorded at cost of acquisition or construction. They are stated at historical cost.

(b) Intangible Fixed Assets

Intangible Fixed Assets are recorded as stated in Accounting Policy No.18.

(c) Assets taken on Lease**i. Finance Lease**

Assets taken on finance lease after April 1, 2001 are accounted for as fixed assets in accordance with the Accounting Standard (AS 19) "Lease" issued by the Institute of Chartered Accountants of India. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

ii. Operating Lease

Assets taken on lease under which all the risks and rewards of ownership effectively retained by the Lessor are classified as operating lease. Lease payments under operating lease are recognised as expenses on accrual basis in accordance with the respective lease agreements.

5. Depreciation:

- i. Depreciation on Fixed Assets is provided on the Straight line method/Written down value method in accordance with the Companies Act, 1956.
- ii. Cost of Leasehold Land is written off over the period of Lease.
- iii. Depreciation on intangible assets is dealt with as stated in Accounting Policy No.18.



HINDOOSTAN MILLS LIMITED

NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

6. Investments:

Long term investments are stated at cost less diminution in the value of investments, if any. Further, current investments are stated at cost or market value whichever is lower.

7. Inventories:

(a) Ambarnath Unit:

Stock of Raw Materials, Stores & Other Consumables and Semi Finished Goods are valued at lower of cost or net realisable value and for this purpose cost is determined on following basis:

- i. Raw Materials
At cost or net realisable value whichever is lower. Cost includes incidental expenses like freight, transport, custom duty etc.
- ii. Process Stock
Cost comprises of Raw Material cost and processing cost.
- iii. Stores & Other Consumables
Stores & Other Consumables are valued at cost. Cost is considered on First In First Out Basis.
- iv. Finished Goods
Finished Goods are valued at lower of cost or net realisable value.

(b) Karad Unit:

- i. Stores and Spares
At cost or net realisable value whichever is lower.
- ii. Raw Materials
At monthly average cost or net realisable value whichever is lower. Cost includes incidental expenses like freight, transport etc.
- iii. Process Stock and Finished Goods
At quarterly average cost or net realisable value whichever is lower.

Cost comprises of cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

8. Employee Benefits:

Contributions payable to the Company's Superannuation Scheme of L.I.C and Provident Fund are charged to revenue. The provision for Leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard (AS-15) as per Companies (Accounting Standards) Rules, 2006.

9. Foreign Currency Transactions:

Transactions in Foreign Currency are recorded at the original rate of exchange in force at the time the transactions are effected. Exchange differences arising on repayment / restatement of foreign currency liabilities incurred for the purpose of acquiring fixed assets from a country outside India, are adjusted in carrying amount of the respective fixed assets. Exchange differences arising on settlement of other transactions are recognised in the Statement of Profit and Loss.

Monetary items (other than those related to acquisition of imported fixed assets) denominated in foreign currency and not covered by forward contracts are restated using the exchange rate prevailing at the date of the Balance Sheet and the resulting net exchange difference is recognised in the Statement of Profit and Loss.

Monetary items covered by forward contracts are translated at the rate on the date of transaction. Premium / discount arising on such forward exchange contract is amortised as income / expense over the life of the contract. Any profit / loss arising on cancellation of such forward exchange contract is recognised as income or expense.

NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (Contd.)**10. Research and Development:**

Research and Development expenses are charged to revenue under the respective heads of accounts during the year in which they are incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets.

11. Revenue Recognition:

- (a) Revenue from domestic sale is recognised on transfer of significant risks and rewards of ownership which is based on the dispatch of goods.
- (b) Revenue from Export sale (including duty drawback) is recognised on transfer of significant risks and rewards of ownership which is based on Bill of lading date.
- (c) Dividend income is recognised when the right to receive dividend is established.
- (d) Profit on property development is accounted on pro-rata basis taking into consideration amount receivable for property development, number of flats sold and construction work completed so far. Final settlement of accounts between the company and developers would be made on resolution of the matter under arbitration.
- (e) Revenue in respect of other income/claims, etc is recognised only when it is reasonably certain that ultimate collection will be made.

12. Taxes on Income:

Income Taxes are accounted for in accordance with Accounting Standard - 22 on “Accounting for Taxes on Income” (AS-22) issued by the Institute of Chartered Accountants of India. Tax expenses comprise both current tax and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

13. Accounting of Value Added Tax :

VAT input credit is accounted on accrual basis on purchase of materials. Major input credit is processed for claiming refund and balance appropriated against payment of VAT on sale of taxable goods.

14. Government Grants:

Grants are accounted for when it is reasonably certain that ultimate collection will be made. Government Grants specifically related to Fixed Assets are recognised in the Statement of Profit and Loss in the year of receipt.

15. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

16. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a 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 Statement.



HINDOOSTAN MILLS LIMITED

NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

17. Impairment of Fixed Assets:

At the end of the each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with the Accounting Standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

18. Intangible Assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less depreciation /amortisation and accumulated impairment losses, if any.

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS

		₹ in lakhs	
		Current Year	Previous Year
I.	A Estimated amount of contracts remaining to be executed on capital account and not provided for	128.97	1963.47
	B Estimated amount of contracts remaining to be executed on other than capital account and not provided for	551.10	387.99
II.	Contingent Liabilities in respect of :		
	A The Income-Tax demands in respect of earlier years under dispute are pending in appeal before higher authorities. In respect of some of the assessment years, the higher authorities have decided the matters fully/partially in favour of the Company and are pending before the assessing officer for giving effect thereto.	3.12	210.01
	B Claims against the Company not acknowledged as debts [including disputed demands of Central Excise for ₹116.07 lakhs (P.Y. ₹136.44 lakhs), Sales Tax ₹ 79.30 lakhs (P.Y ₹ 74.97 lakhs) and Works Contract Tax ₹ 36.03 lakhs (P.Y. ₹ 36.03 lakhs)	748.85	763.76
	C Duty saved on Machinery Imported for which, export obligation is to be fulfilled for EPCG license availed by the Company.	749.03	341.37
	D Demand for payment of electricity duty by Government of Maharashtra matter resting with Supreme Court	228.20	228.20
III.	The Board of Directors has recommended a dividend of ₹ 5/- per share on 16,64,548 Equity Shares of ₹10/- each aggregating to ₹ 96.73 lakhs (Inclusive of Dividend Distribution Tax of ₹13.50 lakhs)		
IV.	A The investments in unquoted shares of Hindoostan Technical Fabrics Ltd., (Wholly owned subsidiary) have been acquired at par. Though their present book value is lower than their cost of acquisition, keeping in view their long term business synergies and potential, the management is of the opinion that no provision for fall in their values is required to be made.		
	B The Investment of 42 Shares in Yeshwant Sahakari Sakhar Karkhana Ltd.(Society), are held in the names of two Directors of the Company, being its nominees, as required by the bye-laws of the Society.		
	C Provision for diminution in value of other Current Investments as stated below:		₹ in lakhs
		Current Year	Previous Year
	Cost of Investments	9.74	188.58
	Less: Provision for diminution in value of Investment	(2.55)	(14.63)
		7.19	173.95



HINDOOSTAN MILLS LIMITED

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

V. The Property under Development reflected as stock in trade was written down to ₹ 1 lakh in the previous year as a measure of prudence.

The settlement of accounts is a matter of dispute between the Company (owner) and developer and there are claims and counter claims. The matter has been referred to arbitration is pending resolution since 2002.

Accordingly, surplus if any will be accounted in the year in which the arbitration award is finalised.

VI During the year 2003-04, in terms of Sanctioned Scheme, the secured lenders dues were transferred to the SPVs in full settlement of their dues from the Company. All secured lenders except Union Bank of India (UBI) have released their charge on the assets of Karad unit. In respect of UBI, the SPV is yet to settle their dues and hence, they continue to hold the charge on the assets of the Karad Unit by way of equitable mortgage.

VII Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 ₹ in lakhs

	Current Year	Previous Year
A Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	NIL	NIL
B Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	N.A.	N.A.
C Payment made to suppliers (Other than interest) beyond the appointed date, during the year	N.A.	N.A.
D Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	N.A.	N.A.
E Interest paid to suppliers under MSMED Act, 2006 (Section 16)	N.A.	N.A.
F Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	N.A.	N.A.
G Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	N.A.	N.A.
VIII Managerial Remuneration under Section 198 of the Companies Act, 1956. (Minimum Remuneration)		
Salary and Perquisites	20.18	12.00
Contribution to Provident Fund and Superannuation Funds	4.12	3.41
TOTAL	24.30	15.41
IX Payments to Auditor:*		
Audit Fee	5.30	5.79
Tax Audit Fees	1.11	0.22
For other services i.e. limited review, certification etc.	3.21	2.80
Reimbursement of expenses	0.01	0.07
TOTAL	9.63	8.88

*Above figures are inclusive of Service Tax

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

X A Deferred Tax

Holding Company :

In accordance with Accounting Standard (AS - 22) on Accounting for Tax on Income notified by the Companies (Accounting Standards) Rules,2006, Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, the Deferred Tax Assets have not been recognised as a measure of abundant caution.

Subsidiary Company:

The significant component and classification of deferred tax assets and liabilities on account of timing differences are as under:

	₹ in lakhs		
	As at 31.03.2012	Adjustments during the Year	As at 31.03.2011
<u>Deferred Tax Assets</u>			
Loss	21.66	17.15	4.52
<u>Deferred Tax Liabilities</u>			
Depreciation	18.60	15.57	3.03
Net Deferred Tax Assets	3.06	1.58	1.49

B Current Tax

Since the Company has incurred a loss during the year, provision for tax has not been made.

XI. **Additional information:**

		₹ in lakhs	
		Current Year	Previous Year
A	<u>SALES</u>		
	<u>Sale of Goods</u>		
	<u>Manufactured Goods</u>		
	Cloth	8,421.37	7,831.92
	Yarn	76.96	95.46
	Elastic Calendar Bowls	346.60	560.67
	Waste	107.06	99.02
	Carbon Fibre Fabric	7.35	0.40
	Total Sale of Manufactured Goods	(i) 8,959.34	8,587.47
	<u>Traded Goods</u>		
	Cloth	778.27	923.91
	Mangle Machines	15.15	8.57
	Total Sale of Traded Goods	(ii) 793.42	932.48



HINDOOSTAN MILLS LIMITED

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

₹ in lakhs

	Current Year	Previous Year
XI. Additional information (Contd.) :		
<u>Sale of Services</u>		
Refilling of Calendar Bowls	233.06	149.06
Job Work	31.49	28.09
Processing Income	0.44	-
Total	264.99	177.15
GRAND TOTAL	10,017.75	9,697.10
	(iii)	
	(i+ii+iii)	
B Consumption of Raw Materials :		
Cotton and Fiber	3,071.23	2,326.32
Yarn	3,768.42	3,248.17
Others	207.73	260.02
Carbon Fibre	12.87	0.48
TOTAL	7,060.25	5,834.99
C Purchase of Traded Goods		
Cloth	604.07	824.60
Mangle Machines	9.26	6.08
TOTAL	613.33	830.68
D (i) Stock of Finished Goods:		
<u>Opening Stock of Finished Goods:</u>		
<u>Manufactured Goods</u>		
Cloth	285.27	200.21
Elastic Calendar Bowls	2.80	0.59
Waste	6.63	5.23
Carbon Fibre Fabric	0.20	-
<u>Traded Goods</u>		
Cloth	84.11	44.86
Mangle Machines	2.45	1.50
Total Opening Stock of Finished Goods	381.46	252.39
<u>Closing Stock of Finished Goods:</u>		
<u>Manufactured Goods</u>		
Cloth	534.14	285.27
Elastic Calendar Bowls	7.40	2.80
Waste	5.77	6.63
Carbon Fibre Fabric	4.61	0.20
<u>Traded Goods</u>		
Cloth	36.27	84.11
Mangle Machines	2.36	2.45
Refilling of Calendar Bowls	3.41	-
Total Closing Stock of Finished Goods	593.96	381.46

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

₹ in lakhs

	Current Year	Previous Year
XI. Additional information (Contd.) :		
(ii) Stock of WIP:		
<u>Opening Stock of WIP</u>		
<u>Manufactured Goods</u>		
Cloth	34.50	24.31
Yarn	239.87	186.76
Calendar Bowls	6.55	-
<u>Traded Goods</u>		
Cloth	11.74	8.37
Refilling of Calendar Bowls	0.98	0.34
Total Opening Stock of WIP	293.64	219.78
<u>Closing Stock of WIP</u>		
<u>Manufactured Goods</u>		
Cloth	20.65	34.50
Yarn	336.66	239.87
Calendar Bowls	1.95	6.55
<u>Traded Goods</u>		
Cloth	1.76	11.74
Refilling of Calendar Bowls	3.45	0.98
Total Closing Stock of WIP	364.47	293.64
XII Other Disclosures		
A C.I.F. Value of Imports in respect of :		
Raw Materials	110.61	134.84
Stores & Spares & Components	110.32	116.10
Capital Goods	1,951.24	1,104.27
TOTAL	2,172.17	1,355.21
B Expenditure in Foreign Currency on account of		
Commission	4.99	2.66
Foreign Travel	21.52	10.02
TOTAL	26.51	12.68



HINDOOSTAN MILLS LIMITED

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

₹ in lakhs

XII. Other Disclosures (Contd.) :	Current Year		Previous Year	
	Percentage to Total Consumption %	₹ in lakhs	Percentage to Total Consumption %	₹ in lakhs
C Value of Raw Materials consumed				
Imported	1.55%	109.22	1.82%	106.42
Indigenous	98.45%	6,951.03	98.18%	5,728.57
TOTAL	100.00%	7,060.25	100.00%	5,834.99

D Value of Stores and Spares consumed	Current Year		Previous Year	
	Percentage to Total Consumption %	₹ in lakhs	Percentage to Total Consumption %	₹ in lakhs
Imported	18.26%	94.57	25.26%	121.62
Indigenous	81.74%	423.26	74.74%	359.94
TOTAL	100.00%	517.83	100.00%	481.56

₹ in lakhs

E Earnings in Foreign Exchange on account of Export of goods on F.O.B. Basis	Current Year	Previous Year
		536.80

XIII Leases : In Subsidiary Company

The Company has entered into non-cancellable lease agreement for its factory building. The future minimum rentals payable under the lease are as follows:

₹ in lakhs

	Current Year	Previous Year
	Within one year	0.84
After one year but not more than five years	3.36	3.36
More than five years	2.94	3.78
XIV Earnings per Share		
(Loss) / Profit after taxation as per Statement of Profit & Loss - ₹ in lakhs	(184.35)	794.62
No. of Equity Shares	16,64,548	16,64,548
Earnings per Share (of ₹ 10/- each)	(11.07)	47.74

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

		₹ in lakhs	
		Current Year	Previous Year
XV	Employee Benefits		
(I)	For Holding Company		
A	<u>Gratuity</u>		
	Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
	Present value of Defined Benefit Obligation as on 1st April, 2011	114.03	78.76
	Interest cost	9.47	5.83
	Current Service Cost	14.55	7.79
	Past Service Cost	-	0.44
	Benefits paid	(3.11)	(3.26)
	Net Actuarial Loss	16.34	28.29
	Present value of Defined Benefit Obligation as on 31st March, 2012	151.28	118.30
	Fair value of plan assets	(3.79)	3.79
	Net liability recognised in balance sheet	147.49	114.06
	Expenses recognised during the year		
	Current Service Cost	14.55	7.79
	Interest Cost	9.47	5.83
	Expected return on Plan Assets	(0.30)	(0.60)
	Actuarial Loss	16.64	25.09
	Past Service Cost	-	0.44
	Net Cost	40.36	38.55
	Actuarial Assumptions		
	Mortality Table	LIC(1994-96)	LIC(1994-96)
	Discount Rate (per annum)	8.75%	8.30%
	Expected rate of return on Plan Assets	8.60%	8.00%
	Salary Escalation	8% for First 3 Years and 6% thereafter	

(a) The estimates of rate escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in employment market. The above information is certified by the actuary.

(b) The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

B Leave Encashment

The liability towards leave encashment for the year ended 31st March, 2012 as per actuarial valuation is ₹ 49.59 lakhs (P.Y. ₹ 48.89 lakhs), which has been duly provided for.

(II) For Subsidiary Company

There were 4 employees on the rolls as on 31st March, 2012. The Company has valued its liability in respect of gratuity amounting to ₹ 0.49 lakh (P.Y. NIL) and leave encashment amounting to ₹ 0.68 lakh (P.Y. NIL) on actual basis instead of actuarial basis.



HINDOOSTAN MILLS LIMITED

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

XVI Segment Reporting

A. Primary Business Segment

₹ in lakhs

	Calendar Bowls	Textile	Carbon Fibre Fabric	Unallocable Corporate	Total
SEGMENT REVENUE					
External	683	9,512	8	-	10,203
Previous Year	(764)	(9,070)	-	-	(9,834)
Intersegment	-	-	-	-	-
Previous Year	-	-	-	-	-
TOTAL REVENUE	683	9,512	8	-	10,203
Previous Year	(764)	(9,070)	-	-	(9,834)
RESULT					
Segment Result	41	(355)	(66)	-	(380)
Previous Year	(209)	(963)	(16)	-	(1,156)
Unallocated Corporate Expense/Income (Net)	-	-	-	-	(40)
Previous Year	-	-	-	-	(356)
OPERATING PROFIT	-	-	-	-	(420)
Previous Year	-	-	-	-	(800)
Interest Expenses	-	-	-	-	(7)
Previous year	-	-	-	-	-
Interest / Dividend Income	-	-	-	-	127
Previous year	-	-	-	-	(182)
Exceptional Items	-	-	-	-	115
Previous Year	-	-	-	-	-
PROFIT BEFORE TAX	-	-	-	-	(185)
Previous Year	-	-	-	-	(982)
Income Taxes (Incl. Deferred Tax)	-	-	-	-	-
Previous year	-	-	-	-	(187)
Net Profit	-	-	-	-	(185)
Previous Year	-	-	-	-	(795)
Excess Provision for Earlier Year	-	-	-	-	-
Previous Year	-	-	-	-	(62)
Net Profit	-	-	-	-	(185)
Previous Year	-	-	-	-	(857)

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

₹ in lakhs

	Calendar Bowls	Textile	Carbon Fibre Fabric	Unallocable Corporate	Total
A. Primary Business Segment (Contd.)					
Other Information					
Segment Assets	1,398	7,867	302	1,302	10,869
Previous Year	(802)	(8,352)	(221)	(1,661)	(11,036)
Segment Liabilities	1,273	6,883	294	696	9,146
Previous Year	(169)	(936)	(8)	(497)	(1,610)
Capital Expenditure	1	2,216	101	4	2,322
Previous Year	(25)	(1,292)	(175)	-	(1,492)
Non Cash Expenditure other than Depreciation	-	-	-	-	-
Previous Year	-	(499)	-	-	(499)
Depreciation	47	331	11	34	423
Previous Year	(49)	(125)	(1)	(21)	(196)

B. Secondary Segment: Geographical Segment

₹ in lakhs

	Total	India	Rest of World
Revenue attributable to location of customers	10,203	9,666	537
	(9,834)	(9,420)	(414)
Segment assets based on their location	1,592	1,513	79
	(1,384)	(1,288)	(96)
Addition to Fixed Assets	2,322	2,322	-
	(1,469)	(1,469)	-

XVII. Related Party Information

(a)	Associates/Companies where control exists	Capricorn Realty Ltd., Bhisma Realty Ltd., Thackersey Moolji & Co., Delta Investments Ltd., Govindjee Madhowjee & Co. (Pvt) Ltd., Art Leather Ltd., Bintex Investments Co. Pvt. Ltd., Bhor Chemical and Plastics Pvt. Ltd., Binleath Investments Pvt. Ltd., Chandrali Investments Pvt. Ltd., Cosmos Estate Pvt. Ltd., Hrishikesh Investments Pvt. Ltd., Maharshi Trading Pvt. Ltd., Devaunshi Investments Pvt. Ltd., Cotton & Textile Traders, Paura Investments Pvt. Ltd., Fancy Nets Pvt. Ltd., Leathbind Investments Pvt. Ltd., Jagruk Investments Pvt. Ltd.
	Key Management Personnel (KMP)	Sudhir Thackersey Chandahas Thackersey Raoul Thackersey Hrishikesh Thackersey Abhimanyu Thackersey
	Relative of KMP	Jagdish Thackersey
	Subsidiary Company	Hindoostan Technical Fabrics Ltd.



HINDOOSTAN MILLS LIMITED

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

XVII. Related Party Information (Contd.)

(b) Transactions with Related Parties:

₹ in lakhs

Sr. No.	Nature of Transactions	Current Year	Previous Year
1.	Sale of Fixed Assets Capricon Realty Ltd.	3.16	-
2.	Purchase of Motor Car Jagdish Thackersey	-	51.00
3.	Rent & Maintenance charges paid Thackersey Moolji & Co.	8.64	8.64
4.	Directors Sitting Fees Sudhir Thackersey Chandahas Thackersey Raoul Thackersey Jagdish Thackersey Abhimanyu Thackersey	0.85 0.85 1.20 0.05 0.20	0.15 0.45 0.45 0.30 0.15
	TOTAL	3.15	1.50
5.	Interest Paid Art Leather Ltd. Bintex Investments Co. Pvt. Ltd. Delta Investments Ltd.	4.59 1.68 0.53	- - -
	TOTAL	6.80	-
6.	Expenditure incurred by related parties on behalf of the Company Govindjee Madhowjee & Co. (Pvt) Ltd.	0.43	-
7.	Reimbursement of Expenditure incurred by Company on behalf of related parties Govindjee Madhowjee & Co. (Pvt) Ltd.	0.53	0.06
8.	Unsecured Loan Received Balance as on 1st April, 2011 Loan Received during the year Art Leather Ltd. Bintex Investments Co. Pvt. Ltd. Delta Investments Ltd. Bhishma Realty Ltd.	- 185.00 80.00 25.05 30.00	- - - - -
	TOTAL	320.05	-
	Loan Repaid during the Year Art Leather Ltd. Delta Investments Ltd. Bintex Investments Co. Pvt. Ltd. Bhishma Realty Ltd.	95.00 25.05 80.00 30.00	- - - -
	TOTAL	230.05	-
	Balance as at 31st March, 2012 Art Leather Ltd.	90.00	-
	TOTAL	90.00	-

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

Sr. No.	Nature of Transactions	₹ in lakhs	
		Current Year	Previous Year
(b)	Transactions with Related Parties (Contd.):		
9.	Unsecured Loan to Subsidiary Company		
	Balance as on 1st April, 2011	222.78	-
	Loan given during the year	145.50	222.78
	Balance as at 31st March, 2012	368.28	222.78

- Note:
1. The above excludes payment of Dividend.
 2. Details of Remuneration to Directors are disclosed in Point No. VIII of Other Notes to Accounts.
 3. Related Party information is as identified by the Company and relied upon by the Auditors.

XVIII. Loans and advances in the nature of loans to Company in which Directors are interested.

Sr.No.	Name	Nature of transaction	Balance as on 31/03/2012 ₹ in lakhs	Maximum Amount outstanding during the year ₹ in lakhs	No. of shares of the Company held by the Loanee as at 31/03/2012
1.	Hindoostan Technical Fabrics Limited	Loan	368.28	371.97	50,000

XIX. Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for the preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year figures to conform to current year's classification.

XX. The amounts in Balance Sheet and Statement of Profit and Loss are rounded off to the nearest lakh and indicated in lakh of rupees.

Signatures to Notes "1" to "26"

As per our report of even date attached
For **M. A. Parikh & Co.**
Chartered Accountants
Firm Registration No.107556W

Mukul Patel
Partner
Membership No. : 32489
PLACE : MUMBAI
DATE : May 2, 2012

For and on behalf of the Board

Sudhir Thackersey
Chairman

Abhimanyu Thackersey
Executive Director

PLACE : MUMBAI
DATE : May 2, 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Hindoostan Mills Limited (HML) has a 100% wholly owned subsidiary namely Hindoostan Technical Fabrics Limited (HTFL). HML held the entire paid up Capital of ₹ 5 lakhs as at March 31, 2012 of HTFL.

HTFL was incorporated on July 8, 2010. Initially, HTFL was the 100% subsidiary of erstwhile 'The Hindoostan Spg. & Wvg. Mills Ltd. (HSWML)'. However, pursuant to the scheme of amalgamation of HSWML with the Company, duly approved by the Hon'ble Bombay High Court vide its order dated April 1, 2011 HTFL became the subsidiary of Hindoostan Mills Limited.

Hindoostan Technical Fabrics Limited has made a net loss of ₹ 65.19 lakhs during the financial year ended on March 31, 2012. The said net loss of the subsidiary has been adjusted in the Annual Accounts of the holding Company i.e. Hindoostan Mills Limited.

Sudhir Thackersey
Chairman

Abhimanyu Thackersey
Executive Director



HINDOOSTAN MILLS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I Registration Details

Registration No.	L51900MH1904PTC000195			State Code	11
Balance Sheet Date	31	3	2012		
	Date	Month	Year		

II Capital Raised during the year (₹ in Thousand)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III Position of Mobilisation and Deployment of Funds (₹ in Thousands)

Total Liabilities	1086975	Total Assets	1086975
-------------------	---------	--------------	---------

Sources of Funds:

Paid-up Capital	16645	Reserves & Surplus	897869
Secured Loans	NIL	Unsecured Loans	9000

Application of Funds:

Net Fixed Assets	544124	Investments	10521
Net Current Assets	368869	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (₹ in Thousands)

Turnover	1077963	Total Expenditure	1108042
Loss Before Tax	18593	Loss After Tax	18435
Earning per Share in ₹	(11.07)	Dividend Rate %	50%

(Refer Note No. 26B Point No. XIV of Other Notes to Accounts)

V. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)	520800	Product Description	Cotton Woven Fabrics
Item Code No. (ITC Code)	551400	Product Description	Synthetic Blended Fabrics
Item Code No. (ITC Code)	842000	Product Description	Elastic Calendar Bowls

For and on behalf of the Board
Sudhir Thackersey
 Chairman

Abhimanyu Thackersey
 Executive Director

Mumbai Date : May 2, 2012



HINDOOSTAN MILLS LIMITED

Folio No. :

*DP ID :

*Client ID :

PROXY FORM

I / We
ofbeing a Member(s) of the above named Company
hereby appoint of
or failing him / her) of
(or failing him / her) of
as my / our proxy to attend and vote for me / us on my / our behalf at the 108th Annual General Meeting of the Company to be held on Thursday, August 9, 2012 at 10.30 a.m. and at any adjournment thereof.

Signed this day of 2012

Signed by the said

Affix Re.1 Revenue Stamp

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting.

-----✂-----PLEASE CUT ALONG THIS LINE-----✂-----

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

Hindoostan Mills Ltd.,
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.

I hereby record my presence at the 108th Annual General meeting of the Company at Rama Watumull Auditorium, K. C. College, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 on Thursday, August 9, 2012 at 10.30 a.m.

Name of the Member : _____
(in block letters)

Member's Folio No./
DP ID / Client ID* : _____

Signature of Member : _____

If Proxy, Name of Proxy : _____

Signature of Proxy : _____

*Applicable to Shareholders holding shares in Demat Form.

+

+

+

+

BOOK - POST



If undelivered, please return to :

**HINDOOSTAN MILLS LIMITED,
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.**

ONLOOKER PRESS 2218 2939 / 3544
E-mail : onlookerpress@gmail.com



July 17, 2012

Dear Shareholder,

We are enclosing herewith the Directors' Report along with Audited Standalone Accounts of Hindoostan Mills Limited for the financial year ended March 31, 2012, which were inadvertently not enclosed with the 108th Annual Report of the Company, already dispatched to you.

We are sorry for the inconvenience caused to you.

Thanking you.

For Hindoostan Mills Limited

A handwritten signature in black ink, appearing to read 'Pravin N. Patil'.

Pravin N. Patil
Company Secretary

STANDALONE RESULT OF HINDOOSTAN MILLS LIMITED

108TH ANNUAL REPORT

BOARD OF DIRECTORS

SUDHIR THACKERSEY
Chairman

CHANDRAHAS THACKERSEY
Vice Chairman

RAOUL THACKERSEY
Vice Chairman

HRISHIKESH THACKERSEY
Executive Director

ABHIMANYU THACKERSEY
Executive Director

KRISHNADAS D. VORA
NARESH R. KARA
D.M. POPAT
R.N. BANSAL
P.B. DESAI
SUJAL A. SHAH
BHAVESH V. PANJUANI
NITIN P. SHINGALA (appointed on 3.2.2012)

SOLICITORS

- 1) MULLA & MULLA AND
CRAIGIE BLUNT & CAROE
- 2) FEDERAL & RASHMIKANT
- 3) HARIANI & CO.

AUDITORS

M.A. PARIKH & CO.,
Chartered Accountants

BANKERS

HDFC BANK LTD.
UCO BANK

REGISTERED OFFICE

SIR VITHALDAS CHAMBERS,
16, MUMBAI SAMACHAR MARG,
MUMBAI – 400 001.

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108TH ANNUAL GENERAL MEETING ON THURSDAY,
9TH AUGUST, 2012 AT 10.30 A.M. AT "RAMA
WATUMULL AUDITORIUM", DINSHAW WACHHA
ROAD, CHURCHGATE, MUMBAI –400 020.

Shareholders are requested to bring their copies of the
Annual Report along with them at the Annual General
Meeting.

Plant Locations:

- i) Textiles Unit
Plot No.D-1, MIDC Industrial Area,
Village – Taswade, Tal – Karad,
Dist. – Satara – 415 110, Maharashtra
- ii) Calender Bowls Unit
Plot No.B-24, Anand Nagar, MIDC Industrial Area,
Addl. Ambernath – 421 506
Dist. : Thane, Maharashtra

DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors have pleasure in presenting the 108th Annual Report together with the Audited Standalone Statements of Accounts for the year ended March 31, 2012.

SUMMARISED FINANCIAL RESULTS	Current Year Ended 31.03.2012	(` in lakhs) Previous Year Ended 31.03.2011
Gross Profit before Interest, Depreciation and Tax	299.86	1192.23
<i>Less:</i> Finance Cost	7.04	0.13
Gross Profit after interest but before Depreciation	292.82	1192.10
<i>Less:</i> Depreciation	411.97	195.32
(Loss) before Taxation	(119.15)	996.78
<i>Less:</i> Provision for Taxation	--	188.00
<i>Add:</i> Excess Provision Written Back	--	62.05
Balance brought forward from last year	727.03	90.00
<i>Add:</i> Profit transferred pursuant to Scheme of amalgamation	--	44.65
Profit after Tax / Amount available for appropriation	607.88	1005.48
<i>Less:</i> Transferred to General Reserve	72.70	85.00
<i>Less:</i> Proposed Dividend	83.23	166.45
<i>Less:</i> Tax on proposed Dividend	13.50	27.00
Balance carried to Balance Sheet	438.45	727.03

WORKING RESULTS

The revenue from operations of the Company for the financial year 2011-12 is ` 10,272.13 lakhs. The Loss before tax is ` 119.15 lakhs. The performance and overall view of the Textile as well as the Roll manufacturing business has been covered in the Management Discussion and Analysis which forms part of this Directors' Report.

DIVIDEND

The Directors recommend a dividend of ` 5/- per share for the financial year ended on March 31, 2012 amounting ` 83.23 lakhs. The total dividend payout for the year 2011-12 inclusive of dividend tax would aggregate to ` 96.73 lakhs.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year under review. There are no outstanding deposits remaining unpaid / unclaimed as on March 31, 2012.

DIRECTORS

During the year under review the Company has received an approval from the Central Government under section 259 of the Companies Act, 1956, to increase the total number of Directors of the Company from 12 to 16.

Mr. Nitin P. Shingala was appointed as an Additional Director of the Company on February 3, 2012 to hold the office upto the conclusion of ensuing Annual General Meeting and being eligible, offers himself as a Director liable to retire by rotation. Notice under Section 257 of the Companies Act, 1956 has been received from the member proposing the name of Mr. Nitin P. Shingala as Director of the Company. In accordance with Article 99 of the Articles of Association of the Company, Mr. Hrishikesh Thackersey, Mr. Chandrahas Thackersey and Mr. Abhimanyu Thackersey, retire by rotation and they, being eligible, offer themselves for re-appointment.

Mr. D.M. Papat, a Director of the Company since June 8, 2011, who retire by rotation at the forthcoming Annual General Meeting has conveyed his decision not to offer himself for re-appointment. He is also the Chairman of the Remuneration Committee. The Directors place on record their appreciation for the valuable contribution made by him.

SUBSIDIARY

The Company has a 100% wholly owned subsidiary namely Hindoostan Technical Fabrics Limited (HTFL). The revenue from operations of the subsidiary for the second financial year 2011-12 is `7.93 lakhs. The Loss before tax is `66.77 lakhs.

The Ministry of Corporate Affairs, Government of India vide Circular No.2/2011 dated February 8, 2011 has granted a general exemption, subject to fulfillment of certain conditions, from attaching the Annual Accounts of the Subsidiary of the Company without making an application for exemption. Accordingly, the Balance Sheet, Statement of Profit & Loss and other documents of the Subsidiary Company are not attached herewith. Financial information of the Subsidiary Company is disclosed in the Annual Report. The Annual Accounts of the Subsidiary and related information will be made available to any member and also available for inspection by any member at the registered office of the Company.

PARTICULARS OF EMPLOYEES

There were no employees during the year covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CASH FLOW STATEMENT

In conformity with the Accounting Standard 3 issued by the Institute of Chartered Accountant of India and the provisions of Clause 32 of the Listing Agreement with the Bombay Stock Exchange Limited, the Cash Flow Statement for the year ended March 31, 2012 is annexed to the accounts.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has been making continuous efforts to conserve energy and upgrade/absorb technology. A statement containing information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is enclosed herewith as Annexure - I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, a separate report on Corporate Governance is enclosed herewith as Annexure – II, together with a certificate from the Company’s Auditors confirming compliance of conditions on Corporate Governance.

INSURANCE

Adequate insurance cover has been taken for all the properties and insurable interests of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as “the Act”), your Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss for the year ended March 31, 2012;
- (iii) They have taken proper and sufficient care 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;
- (iv) They have prepared the Annual Accounts on a “going concern” basis.

AUDITORS

The retiring Auditors, M/s. M.A. Parikh & Co., Chartered Accountants, being eligible, offer themselves for reappointment. You are requested to appoint the Auditors to hold office from the conclusion of the meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

APPRECIATION

Your Directors place on record their appreciation for continued support extended to the Company by Shareholders during the year under review. The Board also thanks the employees for their dedicated and sincere services at all levels.

For and on behalf of the Board of Directors,
SUDHIR THACKERSEY
Chairman

Place: Mumbai
Date : May 2, 2012

AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **HINDOOSTAN MILLS LIMITED** as at 31st March, 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts with notes thereon read with Significant Accounting Policies and Other Notes to Accounts, while giving the information required by the Companies Act, 1956,

in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For M. A. Parikh & Co.
Chartered Accountants
Firm Reg. No. 107556W

MUKUL M. PATEL
Partner
Membership No. 32489

Place: Mumbai
Date : 2nd May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- i. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) We are informed that the physical verification of fixed assets was carried out by the management at year end. According to the information and explanations given to us, discrepancies noticed on such verification were not material and have been dealt with appropriately in the books of accounts.
 - (c) There has not been any substantial disposal of fixed assets during the year and hence the question of the disposal of fixed assets affecting the going concern status of the Company does not arise.
- ii. In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals except cloth lying with third party processors as on 31st March, 2012 aggregating to Rs 9.12 lakhs (previous year Rs. 34.20 lakhs) for which confirmations have been obtained.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii.
 - (a) According to information and explanations given to us, Company has granted interest free unsecured loan repayable on demand to its Subsidiary which is covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs. 145.50 lakhs. The maximum amount involved during the year and the outstanding balance of such loan as at the year end are Rs. 371.97 lakhs and Rs. 368.28 lakhs respectively.

Since the loan to subsidiary is interest free unsecured loan repayable on demand in our opinion:
 - (b) the terms and condition are not prima facie prejudicial to the interest of the company.

- (c) The question of its regular payment of principal and interest does not arise.
 - (d) Since the loan is repayable on demand, the question of their overdue amounts being more than Rs. 1 lakh, does not arise and hence clause 4(iii)(d) of the Order is not applicable.
 - (e) According to information and explanations given to us, Company has received unsecured loans repayable on demand from 4 parties, covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs. 320 lakhs of which Rs. 230 lakhs have been repaid to 3 parties during the year. The maximum amount involved during the year and the outstanding balance of such loans as at the year end are Rs. 320 lakhs and Rs. 90 lakhs respectively.
 - (f) The rate of interest and other terms and conditions of such unsecured loans, in our opinion, are not prima facie prejudicial to the interest of the Company.
 - (g) Since the loans are repaid/repayable on demand, the question of its regular payment of principal and interest does not arise and hence clause 4(iii)(g) of the Order is not applicable..
- iv In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not noticed any major weaknesses in the internal control system during the course of audit.
- v. In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in section 301 that needed to be entered in the register, maintained under the said section have been so entered.
 - (b) There is no such transaction (excluding loans reported under paragraph (iii) above), which is in excess of Rs. 5 lakhs in respect of any party.
- vi. The Company has not accepted any deposits from the public and hence, the provisions of section 58A, 58AA and its rules, and also the directions of the Reserve Bank of India, or any other relevant provisions of the Act and the rules framed there under not are applicable. Hence clause 4 (vi) of the Order is not applicable.
- vii. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management are commensurate with the size of the Company and nature of its business.

viii. We have broadly reviewed the books of accounts and records maintained by the Company relating to the manufacture of textiles pursuant to the order made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

ix. In respect of statutory dues:

(a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable with the appropriate authorities during the year. Further, there are no disputed amounts payable in respect of statutory dues *except for Sales Tax arrears aggregating to Rs. 1.84 lacs which were outstanding as at 31st March, 2012 for a period more than six months from the date they became payable*

(b) According to the information and explanations given to us, Income tax, Excise duty and Property Tax dues which have not been deposited as on March 31, 2012 on account of disputes are given below:

Name Of Statute	Nature of dues	Amount (Rs. in lakhs) (Gross)	Period to which the dues relate	Forum Where dispute is pending
Income Tax Act, 1961	Income Tax dues	3.12	A.Y. 2007-08	Commissioner of Income Tax.
Central Excise Act	Excise Duty	4.06	1977-2002	Asst./Dy. Commissioner of Central Excise.
		2.49		Joint Commissioner of Central Excise
		38.04		Commissioner (Appeals) of Central Excise
		71.07	1996-2003	CESTAT
		44.93	1994-1999	Supreme Court
Maharashtra Sales Tax and Central Sales Tax	Sales Tax & Central Sales Tax	86.97	2000-01 to 2004-05	Dy. Commissioner of sales-tax (Appeal)-I
Maharashtra Sales Tax on the transfer of property in goods involved in the execution of the work contract (Reenacted) Act, 1989	Work contract Tax	59.03	1990-91 to 2000-01	Dy. Commissioner of sales-tax (Appeal)-I

- x. The Company does not have accumulated losses as at the end of the financial year and hence the question of accumulated losses being more than fifty per cent of its net worth does not arise. The Company has not incurred cash losses in the current financial year and the immediate preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company is not indebted to any bank and hence the question of default in repayment does not arise.
- xii. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, and hence, the question of maintenance of adequate records for this purpose does not arise.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The investments in shares and units of mutual funds have been held by the Company in its name.
- xv. According to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi. To the best of our knowledge and belief and according to the explanations given to us, in our opinion, no term loans have been availed by the Company. Therefore, the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, it has not raised funds on short-term basis, which have been used for long-term investment.
- xviii. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the question as to whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- xix. According to the information and explanation given to us, the Company has not issued any debentures during the year and hence the question, of creation of security or charge in respect of debentures issued, does not arise.

- xx. According to the information and explanation given to us, the Company has not raised funds by way of public issue during the year. Therefore, the provision of clause 4 (xx) of the Order is not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For M. A. Parikh & Co.
Chartered Accountants
Firm Reg. No. 107556W

Mukul M. Patel
Partner
Membership No. 32489

Place: Mumbai
Date: 2nd May, 2012

Hindoostan Mills Limited

Balance Sheet as at 31st March, 2012

` in lakhs

Particulars	Note No.	As at 31/3/2012	As at 31/3/2011
<u>I. EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	1	166.45	166.45
Reserves and Surplus	2	9,058.05	9,273.93
Non-Current Liabilities			
Long Term Provisions	3	168.04	157.95
Current Liabilities			
Short-Term Borrowings	4	90.00	-
Trade Payables	5	670.76	448.26
Other Current Liabilities	6	642.08	776.03
Short-Term Provisions	7	145.42	216.15
Total		10,940.80	11,038.77
<u>II. ASSETS</u>			
Non-Current Assets			
Fixed Assets	8		
Tangible Assets		4,395.51	2,634.24
Intangible Assets		6.00	6.00
Capital Work in Progress		815.99	303.46
Non-Current Investments	9	43.01	48.56
Long Term Loans and Advances	10	196.74	526.21
Other Non-Current Assets	11	8.38	-
Current Assets			
Current Investments	12	67.20	1,127.63
Inventories	13	2,067.71	2,090.76
Trade Receivables	14	1,583.16	1,383.91
Cash and Cash Equivalents	15	173.86	1,472.62
Short-Term Loans and Advances	16	1,579.23	1,422.16
Other Current Assets	17	4.01	23.22
Total		10,940.80	11,038.77

ACCOUNTING POLICIES AND ADDITIONAL NOTES TO ACCOUNTS

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Notes referred to above and notes attached thereto form an integral part of Balance Sheet

**As per our report of even date attached
FOR M.A.Parikh & Co**
Chartered Accountants
Firm Reg.No.107556W

For and on behalf of the Board

Sudhir Thackersey
Chairman

Mukul Patel
Partner
Membership No. : 32489

Abhimanyu Thackersey
Executive Director

PLACE : MUMBAI
DATE : May 2, 2012

PLACE : MUMBAI
DATE : May 2, 2012

Hindoostan Mills Limited

Statement of Profit and Loss for the year ended 31st March, 2012

` in lakhs

Particulars	Note No	Current Year	Previous Year
I. Revenue from Operations	18	10,272.13	9,836.32
II. Other Income	19	201.01	807.22
III Provision for Diminution in Investment Written Back		14.63	-
IV. Total Revenue (I +II+ III)		10,487.77	10,643.54
V. Expenses:			
Cost of Materials Consumed	20	7,047.37	5,834.51
Purchase of Stock-in-Trade		613.33	830.68
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	(278.93)	(202.73)
Employee Benefits Expense	22	782.60	628.21
Finance costs	23	7.04	0.13
Depreciation and Amortization Expenses	24	411.97	195.32
Other Expenses	25	2,138.40	1,861.64
Total Expenses		10,721.78	9,147.76
VI. (Loss) / Profit before Exceptional and Extraordinary Items and Tax	(IV - V)	(234.01)	1,495.78
VII. Exceptional Items			
Profit on sale of Fixed Assets (Net)		117.51	-
Fixed Assets written off		(2.65)	-
VIII. (Loss)/ Profit before Extraordinary Items and Tax	(VI - VII)	(119.15)	1,495.78
IX. Extraordinary Items		-	499.00
X. (Loss) / Profit Before Tax	(VIII - IX)	(119.15)	996.78
XI. Tax Expense:			
Current Tax		-	188.00
Deferred Tax		-	-
XII. (Loss) / Profit for the year	(X-XI)	(119.15)	808.78
XIII. Earning per Equity Share of ` 10/- each Basic and Diluted		(7.16)	48.59

Notes referred to above and notes attached thereto form an integral part of Profit & Loss Account

As per our report of even date attached

FOR M.A.Parikh & Co
Chartered Accountants
Firm Reg.No.107556W

For and on behalf of the Board

Sudhir Thackersey
Chairman

Mukul Patel
Partner
Membership No. : 32489

Abhimanyu Thackersey
Executive Director

PLACE : MUMBAI
DATE : May 2, 2012

PLACE : MUMBAI
DATE : May 2, 2012

Hindoostan Mills Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2012

in lakhs

		Current Year	Previous Year
A.	CASHFLOW FROM OPERATING ACTIVITIES		
	Net Profit after Taxation	(119.15)	808.78
	Adjustment for :		
	Depreciation	411.97	195.32
	Finance Cost	7.04	0.13
	Fixed Assets Written off	2.65	-
	Inventory Written Down During the Year	-	499.00
	Provision for Doubtful Debts	9.82	-
	Bad Debts and Debit balances Written Off	5.15	5.68
	Dividend Income	(12.55)	(96.46)
	Lease Income	(50.34)	(74.82)
	Profit on Sale of Investments (Net)	(24.10)	(552.59)
	(Profit) / Loss on sale of Fixed Assets (Net)	(117.51)	5.14
	Provision for Diminution in Value of Investment	2.55	14.63
	Sundry Credit Balance / Excess Provision Written Back	(106.47)	(5.43)
	Interest Income	(114.02)	(83.35)
	Provision for Diminution in Investment Written Back	(14.63)	-
	Provision for Doubtful Debts no longer required	-	(6.02)
		(0.44)	(98.77)
	Operating Profit before Working Capital Changes	(119.59)	710.01
	Changes in :		
	Inventories	23.05	(925.14)
	Trade and Other Receivables	177.05	(948.17)
	Trade and other Payables	193.16	146.80
	Provisions	7.03	(187.77)
		400.29	(1914.28)
	Cash Generated from Operations	280.70	(1204.27)
	Direct Taxed paid (Net of Refunds)	(62.54)	(126.55)
	Net Cash From Operating Activities	218.16	(1330.82)
B.	CASHFLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(2733.02)	(1659.98)
	Sale of Fixed Assets	162.11	4.85
	Interest received	114.02	83.35
	Dividend received	12.55	96.46
	Lease Income received	50.34	74.82
	Investments purchased and sold (Net)	1102.16	3332.94
	Net cash used in Investing Activities	(1291.84)	1932.44
C.	CASHFLOW FROM FINANCING ACTIVITIES		
	Dividend paid	(164.40)	(41.15)
	Interest paid	(5.19)	(0.13)
	Short Term Borrowing	90.00	-
	Loan given to Subsidiary	(145.50)	(227.78)
	Net Cash used in Financing Activities	(225.09)	(269.06)
	Net Increase in Cash and Cash Equivalents	(1298.76)	332.56
	Cash and Cash Equivalents at the beginning of the year		
	Cash and Cash Equivalents	160.20	304.17
	Other Bank Balances	1312.42	835.89
		1472.62	1140.06
	Cash and Cash Equivalents at the end of the year		
	Cash and Cash Equivalents	160.77	160.20
	Other Bank Balances	13.09	1312.42
		173.86	1472.62

Notes :

- 1 Cash and Cash equivalents denote cash and Bank balances at the year end.
- 2 Direct Taxes paid (Net of refunds) is treated as arising from operating activities and is not bifurcated between investing and financing activities.
- 3 Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached

For M.A.Parikh & Co

Chartered Accountants

Firm Registration No.107556W

For and on behalf of the Board

Sudhir Thackersey
Chairman

Mukul Patel
Partner
Membership No. : 32489
PLACE : MUMBAI
DATE : May 2, 2012

Abhimanyu Thackersey
Executive Director
PLACE : MUMBAI
DATE : May 2, 2012

Hindoostan Mills Limited

Notes to Accounts for the Year ended March 31, 2012

` in lakhs

Note : 1 Share Capital

Particulars	As at 31/3/2012	As at 31/3/2011
AUTHORISED CAPITAL		
2,27,67,500 (P. Y. 2,27,67,500) Equity Shares of `10/- each	2,276.75	2,276.75
2,500 (P. Y. 2,500) 5% Redeemable Cumulative "A" Preference Shares of `10/- each	0.25	0.25
7,80,000 (P.Y. 7,80,000) 15% Non Convertible Redeemable Non Cumulative Preference Shares of `10/- each	78.00	78.00
1,00,00,000 (P. Y. 1,00,00,000) Preference Shares of `10/- each	1,000.00	1,000.00
	3,355.00	3,355.00
ISSUED , SUBSCRIBED AND PAID UP CAPITAL		
16,64,548 (P. Y. 16,64,548) Equity Shares of `10 /- each fully paid up	166.45	166.45
Total	166.45	166.45

The Company has issued only one class of shares referred to as equity shares having a par value of `10/-. Each holder of equity shares is entitled to one vote per share.

9,58,708, Equity Shares of `10 /- each are allotted on 27th June 2011 as fully paid up without payment being received in cash pursuant to the scheme of Amalgamation Sanctioned by the High Court of Bombay dated 1st April 2011.

Reconciliation of No. of Shares outstanding at the beginning and at the end of the year

	As at 31/3/2012	As at 31/3/2011
70,584 Equity Shares at the beginning of the year of `100/- each fully paid up	-	70.58
Less : Cancellation of 70,584 Equity shares of `100/- each	-	70.58
Add : 705,840 Equity Shares of `10 paid up issued in lieu of cancelled shares `100/- each		70.58
Add:- 958,708 Equity Shares issued to shareholders of Hindoostan Spinning and Weaving Mills Ltd on amalgamation.	-	95.87
1,664,548 Equity Shares at the beginning `10/- fully paid up	166.45	-
	166.45	166.45

Details of the Shareholders holding more than 5% of Shares in the Company

Name of Equity Shareholders	No. of Shares Held	Percentage of Holding
Chandrali Investments Private Limited		
Current year	83,396	5.01%
Previous year	83,396	5.01%
Jagdish U. Thackersey		
Current year	180,386	10.85%
Previous year	175,556	10.55%
Raoul S. Thackersey		
Current year	104,690	6.29%
Previous year	104,690	6.29%

Hindoostan Mills Limited

Note : 2 Reserves And Surplus

in lakhs

Particulars	As at 31/3/2012	As at 31/3/2011
Capital Reserve		
Balance as per last Financial Statement	1,076.11	0.10
Add : Transferred on Amalgamation	-	1,076.01
Closing balance	1,076.11	1,076.11
Capital Redemption Reserve		
Balance as per last Financial Statement	83.63	62.63
Add : Transferred on Amalgamation	-	21.00
Closing balance	83.63	83.63
Securities Premium Account		
Balance as per last Financial Statement	587.78	95.00
Add : Transferred on Amalgamation	-	492.78
Closing balance	587.78	587.78
Other Reserve		
Reserve under Section 45-IC of Reserve Bank of India Act	48.47	48.47
General Reserve		
Balance as per last Financial Statement	6,750.91	2,068.58
Add : Transferred on Amalgamation	-	4,597.33
Add: Transfer from Profit and Loss Account	72.70	85.00
Balance transferred to Balance Sheet	6,823.61	6,750.91
Surplus		
Balance as per last Financial Statement	727.03	90.00
Add : Profit transferred pursuant to the Scheme of Amalgamation	-	44.65
Add: Net (Loss) / Profit after tax transferred from Statement of Profit & Loss	(119.15)	808.78
	607.88	943.43
Add : Excess Provision of earlier year	-	62.05
Amount available for Appropriation (A)	607.88	1,005.48
Appropriations:		
Proposed Dividend	83.23	166.45
Tax on Proposed Dividend	13.50	27.00
Transfer to General Reserve	72.70	85.00
Total of Appropriations (B)	169.43	278.45
Balance in Profit & Loss (A-B)	438.45	727.03
Total	9,058.05	9,273.93

Hindoostan Mills Limited

Note : 3 Long Term Provisions

in lakhs

Particulars	As at 31/3/2012	As at 31/3/2011
Provision for Employees Benefits		
Provision for Leave Salary	37.23	47.03
Provision for Gratuity	130.81	110.92
Total	168.04	157.95

Note :4 Short Term Borrowings (Repayable on Demand)

Particulars	As at 31/3/2012	As at 31/3/2011
12 % Unsecured Loan from Related Party	90.00	-
Total	90.00	-

Note : 5 Trade Payables

Particulars	As at 31/3/2012	As at 31/3/2011
Trade Payables (Refer Note 26B point no. VII of Other Notes to Accounts)	670.76	448.26
Total	670.76	448.26

Note : 6 Other Current Liabilities

Particulars	As at 31/3/2012	As at 31/3/2011
Interest accrued but not due on Borrowing	1.94	-
Unclaimed Dividend	4.25	2.20
Other Liabilities	579.91	676.88
Advances from Customers	39.99	81.31
Sales Tax & Withholding Taxes Payable	15.99	15.64
Total	642.08	776.03

Note : 7 Short Term Provisions

Particulars	As at 31/3/2012	As at 31/3/2011
Provision For Employee Benefits		
Provision for Leave Salary	12.36	1.86
Provision for Gratuity	16.68	3.10
Provision for Bonus	19.65	17.74
	48.69	22.70
Others		
Proposed Dividend	83.23	166.45
Corporate Dividend Tax on Proposed Dividend	13.50	27.00
	96.73	193.45
Total	145.42	216.15

HINDOOSTAN MILLS LTD.

Note : 8 Fixed Assets

in lakhs

Description	Gross Block					Depreciation Block / Amortisation					Net Block	
	Opening Block as at 01/04/2011	Addition during the year	Deduction during the year	Write off during the year	Closing Block as at 31/3/2012	Opening Block as at 01/04/2011	Addition during the year	Deduction during the year	Write off during the year	Closing Block as at 31/3/2012	As at 31/3/2012	As at 31/3/2011
Tangible Assets												
<u>Land</u>												
Freehold Land	5.90	-	-	-	5.90	-	-	-	-	-	5.90	5.90
Leasehold Land	118.97	-	-	1.85	117.12	22.25	1.23	-	1.83	21.65	95.47	96.72
<u>Building</u>	1,625.41	142.99	-	-	1,768.40	1,116.89	40.72	-	-	1,157.61	610.79	508.52
<u>Plant and Equipment</u>												
Plant and Machinery	9,042.87	2,070.89	834.28	0.30	10,279.18	7,249.40	320.72	792.57	0.17	6,777.38	3,501.80	1,793.47
Asset under lease	5.82	-	-	5.82	-	4.98	-	-	4.98	-	-	0.84
Office equipments	51.83	2.97	4.47	6.27	44.06	21.94	4.28	1.68	5.19	19.35	24.71	29.89
Electrical Instalations	282.61	-	-	0.07	282.54	229.11	7.75	-	0.03	236.83	45.71	53.50
<u>Furnitures & Fixtures</u>	55.13	0.62	0.12	2.45	53.18	27.17	5.30	0.03	2.26	30.18	23.00	27.96
<u>Vehicles</u>	138.40	-	-	-	138.40	30.49	27.94	-	-	58.43	79.97	107.91
<u>Computers</u>	44.45	3.02	0.84	7.56	39.07	34.92	4.03	0.83	7.21	30.91	8.16	9.53
	11,371.39	2,220.49	839.71	24.32	12,727.85	8,737.15	411.97	795.11	21.67	8,332.34	4,395.51	2,634.24
Capital Work in Progress	303.46	815.99	303.46		815.99	-	-	-	-	-	815.99	303.46
Total Tangible Asset	11,674.85	3,036.48	1,143.17	24.32	13,543.84	8,737.15	411.97	795.11	21.67	8,332.34	5,211.50	2,937.70
Intangible Assets												
<u>Tenancy Right</u>	6.00	-	-	-	6.00	-	-	-	-	-	6.00	6.00
Total Intangible Asset	6.00	-	-	-	6.00	-	-	-	-	-	6.00	6.00
Total (Current Year)	11,680.85	3,036.48	1,143.17	24.32	13,549.84	8,737.15	411.97	795.11	21.67	8,332.34	5,217.50	2,943.70
(Previous Year)	(10,209.44)	(1,660.62)	(189.21)		(11,680.85)	(8,721.05)	(195.32)	(179.22)		(8,737.15)	(2,943.70)	

Hindustan Mills Limited

` in lakhs

Note : 9 Non Current Investments (At Cost unless otherwise stated)

Particulars	As at 31/3/2012	As at 31/3/2011
Trade Investments		
50,000 Equity shares of Hindoostan Technical Fabrics of ` 10 each fully paid up (A wholly owned subsidiary of Hindoostan Mills Limited) (Refer Note no.26B . Point no IV A of Other Notes to Accounts)	5.00	5.00
Other Investments		
Investment in Property 5/8 th share (P.Y.5/8 th) in Bruce street Property	35.34	35.34
Investments in Equity Instruments		
Nil (P.Y.12,300) Equity shares of ` 10/- each fully paid up in Bank of India	-	5.54
60 (P.Y.60) Equity shares of ` 2/- each fully paid up in Siemens Ltd.	0.01	0.01
Unquoted		
42 (P.Y.42)Shares of ` .5000/- each in Yashwant Sahakari Sakhar Karkhana Ltd Less : Provision for diminution in value (Refer Note no.26B . Point no IV B of other Notes to Accounts)	2.10 (2.10)	2.10 (2.10)
Investments in Preference shares 13334 (P.Y.13334) Shares of ` 10 each fully paid up in Bishma Realty Limited	1.33	1.33
13334 (P.Y.13334) Shares of ` 10 each fully paid up in Capricon Realty Limited	1.33	1.33
Investment in Government Securities 3% Conversion loan of the face value of ` 1000 each fully paid up (Deposited with Central Excise)	-	0.01
Total	43.01	48.56

Aggregate amount of Quoted Investments and Market Value

Particulars	As at 31/3/2012	As at 31/3/2011
Quoted Investments (Market Value as on 31.3.2012 ` 0.45 lakh (P.Y.`0.53. lakh))	0.01	5.55
Total	0.01	5.55

Unquoted Investments

Particulars	As at 31/3/2012	As at 31/3/2011
Traded	5.00	5.00
Other	38.00	38.01
Total	43.00	43.01

Note : 10 Long Term Loans and Advances

Particulars	As at 31/3/2012	As at 31/3/2011
Unsecured, Considered Good		
Capital Advances	117.81	462.95
Security Deposit	78.93	63.26
Total	196.74	526.21

Note : 11 Other Non Current Assets

Particulars	As at 31/3/2012	As at 31/3/2011
Long Term Trade Receivables		
Unsecured, Considered Good	8.38	-
Doubtful	0.26	0.26
Less : Provision for Doubtful Debts	(0.26)	(0.26)
Total	8.38	-

Hindustan Mills Limited

Note :12 Current Investments

` in lakhs

Particulars	As at 31/3/2012	As at 31/3/2011
Quoted :		
Investments in Equity Instruments (At cost unless otherwise stated)		
C.Y 550 (P.Y. 550) Larsen and Toubro Ltd	9.74	9.74
C.Y. Nil (P.Y.3) Agro Tech Foods Ltd	-	0.01
C.Y. Nil (P.Y. 314) Axis Bank Ltd	-	3.21
C.Y.Nil (P.Y 379) Fulford India Ltd	-	2.46
C.Y Nil (P.Y 700) Gujrat Gas Company Ltd	-	1.96
C.Y Nil (P.Y. 467) ICRA Ltd	-	3.70
C.Y Nil (P.Y. 2,144) Indraprastha Gas Ltd	-	3.50
C.Y Nil (P.Y.59,327) IL & FS Invest Managers Ltd	-	26.64
C.Y Nil (P.Y. 4,192) Maharashtra Scooter Ltd	-	14.43
C.Y Nil (P.Y.2,668) Mphasis Ltd	-	16.47
C.Y Nil (P.Y 214) NESCO Ltd	-	1.19
C.Y Nil (P.Y.56,906) Noida Toll Bridge Ltd	-	17.92
C. Y Nil(P.Y.532) Novarties India Ltd	-	2.78
C.Y Nil (P.Y. 11,662) Petronet LNG Ltd	-	8.87
C.Y Nil (P.Y.3,718) Piramal Healthcare Ltd	-	18.09
C.Y. Nil (P.Y.14,000) Standard Chartered PLC (IDR)	-	16.84
C.Y. Nil (P.Y. 354) Wyeth Ltd	-	2.48
C.Y. Nil (P.Y.393) Zenotech Lab Ltd	-	0.45
C.Y. Nil (P.Y.2,458) Zicom Electronic Security Systems Ltd	-	3.23
C.Y.Nil (P.Y.2,200) Benchmark Goldees	-	34.62
	9.74	188.59
Less : Provision for diminution in value of Investment (Refer Note 26B point no. IV C of Other Notes to Accounts)	2.55	14.63
	7.19	173.96
Unquoted :		
Investments in Debentures & Bonds		
C.Y. Nil (P.Y. 1) ABK Consultants Pvt.Ltd	-	10.40
C.Y. Nil (P.Y.250) NIFTY Linked Series 2010/C	-	253.75
	-	264.15
Investments in Mutual Funds		
C.Y. Nil (P.Y. 175,267.443) Biirla Sun Life Savings Fund Inst.	-	17.54
C.Y. Nil (P.Y. 43,019,4491) Birla Sunlife Cash Management Fund - Growth	-	10.00
C.Y Nil (P.Y.121,511.532) DSP Blackrock World Gold Fund	-	17.12
C.Y. Nil (P.Y. 197,201 .374) HDFC Prudence Fund	-	75.00
C.Y. 5,98,235.182 (P.Y. 4,039,488 .547) HDFC Cash Management Fund - TAP Daily Dividend	60.01	405.22
C.Y. Nil (P.Y. 1,277,268.028) HDFC Cash Management Fund - TAP	-	138.89
C.Y. Nil (P.Y. 292.810) Reliance Liquid Plus Fund	-	2.94
C.Y. Nil (P.Y.178,103.290) Reliance Quarterly Interval Fund	-	17.81
C.Y. Nil (P.Y.27,657.621) Standard Chartered Premier Equity Fund	-	5.00
	60.01	689.52
Total	67.20	1,127.63

Aggregate amount of Quoted Investments and Market Value

Particulars	As at 31/3/2012	As at 31/3/2011
(Market Value as on 31.3.2012 ` 7.19 lakh (P.Y. `430.04 lakhs))	7.19	173.96
Total	7.19	173.96

Aggregate amount of Unquoted Investments

Particulars	As at 31/3/2012	As at 31/3/2011
Other Unquoted Investments	60.01	953.67
Total	60.01	953.67

Hindoostan Mills Limited

Note : 13 Inventories (Lower of Cost or Net Realisable Value)

in lakhs

Particulars	As at 31/3/2012	As at 31/3/2011
Raw Materials	978.31	1,292.21
Work-in-Process	364.47	293.64
Finished Goods	550.74	294.61
Stock-in-Trade	38.62	86.65
Stores ,Spares and Loose tools	134.57	122.65
Property under Development	1.00	1.00
(Refer Note 26B point no. V of Other Notes to Accounts)		
Total	2,067.71	2,090.76

Note : 14 Trade Receivables (Current)

Particulars	As at 31/3/2012	As at 31/3/2011
Outstanding for a period exceeding six months		
Unsecured, Considered Good	24.57	7.49
Doubtful	9.82	-
Less : Provision for Doubtful Debts	(9.82)	
	24.57	7.49
Others		
Unsecured, Considered Good	1,558.59	1,376.42
Total	1,583.16	1,383.91

Note : 15 Cash and Cash Equivalents

Particulars	As at 31/3/2012	As at 31/3/2011
Balances with Banks		
In Current Accounts	154.27	114.19
In Current Account (Unpaid Dividend)	4.25	2.20
In Deposit Accounts with Bank	5.00	33.03
	163.52	149.42
Cheques on Hand	-	1.77
Cash On Hand	1.50	11.21
Others		
Margin Money Deposit	8.84	1,310.22
Total	173.86	1,472.62

Note :16 Short Terms Loans and Advances

Particulars	As at 31/3/2012	As at 31/3/2011
Unsecured , Considered Good		
Loans & Advances		
To Subsidiary Company	368.28	222.78
Others		
Advances to Employees	0.80	3.34
Advances to Suppliers	4.33	10.81
Balance with Central Excise	6.05	4.67
Input Vat Receivable	159.27	107.09
Advance Tax (Net of Provisions)	966.63	1,029.17
Other advances	122.80	93.23
Less : Provision	(48.93)	(48.93)
	73.87	44.30
Total	1,579.23	1,422.16

Note : 17 Other Current Assets

Particulars	As at 31/3/2012	As at 31/3/2011
Interest Receivable	4.01	23.22
Total	4.01	23.22

Hindustan Mills Limited

Notes Forming Part of statement of Profit and Loss

₹ in lakhs

Note : 18 Revenue from Operations

Particulars	Current Year	Previous Year
Sale of Products	9,782.17	9,571.13
Sale of Services	264.55	177.15
Less: Excise duty	36.76	51.58
	10,009.96	9,696.70
Other Operating Revenues		
Sundry Credit Balance / Excess Provision no longer required written back	106.47	5.43
Others	155.70	134.19
(Includes sales tax set off ₹ 61.10 lakhs (P.Y. ₹ 42.23 lakhs))		
	262.17	139.62
Total	10,272.13	9,836.32

Note : 19 Other Income

Particulars	Current Year	Previous Year
Interest Income	114.02	83.35
(Including Tax Deducted at Source ₹ 4.84 lakh (P.Y. ₹ 4.20 lakh))		
Dividend Income		96.46
Net Gain on sale of Investments	24.10	552.59
Lease Income (Net)	50.34	74.82
(Including Tax Deducted at Source ₹ 5.64 lakh (P.Y. ₹ 7.82 lakh))		
Total	201.01	807.22

Note : 20 Cost of Materials Consumed

Particulars	Current Year	Previous Year
Opening Stock	1,292.21	583.43
Add : Purchase of Raw Materials	6,733.47	6,543.29
Less : Closing Stock	978.31	1,292.21
Total	7,047.37	5,834.51

Hindoostan Mills Limited

Note : 21 Change in Inventories

in lakhs

Particulars	Current Year	Previous Year
Opening Stock		
Work-in-Process	293.64	219.78
Finished Goods	294.61	206.03
Traded Goods	86.65	46.36
TOTAL	674.90	472.17
Less : Closing stock		
Work-in-Process	364.47	293.64
Finished Goods	550.74	294.61
Traded Goods	38.62	86.65
TOTAL	953.83	674.90
Total	(278.93)	(202.73)

Note : 22 Employee Benefits Expense

Particulars	Current Year	Previous Year
<u>Salaries & Wages</u>		
Salaries & Wages	634.16	470.16
Bonus	19.95	18.52
Leave Encashment	2.86	14.73
Compensation	-	6.00
<u>Contribution to provident and other funds</u>		
Contribution to PF	55.57	35.78
Contribution to ESIC	1.57	1.45
Contribution to Labour Welfare funds	0.35	0.28
Contribution to Gratuity	36.57	50.55
Contribution to SuperAnnuation fund	8.92	6.08
<u>Staff welfare expense</u>	22.65	24.66
Total	782.60	628.21

Note :23 Finance Cost

Particulars	Current Year	Previous Year
Interest Expense	7.04	0.13
Total	7.04	0.13

Hindoostan Mills Limited

Note : 24 Depreciation and Amortised Cost

in lakhs

Particulars	Current Year	Previous Year
Depreciation	411.97	195.32
Total	411.97	195.32

Note : 25 Other Expenses

Particulars	Current Year	Previous Year
Consumption of Stores and Spares	514.90	480.95
Power and Fuel	808.21	599.31
Processing Charges	92.69	110.09
Rent	18.87	21.62
Rates and Taxes	37.44	29.62
Repairs to Buildings	30.81	27.48
Repairs to Machinery	20.66	34.93
Other Repairs	42.13	31.80
Insurance	21.51	16.31
Freight, Forwarding and Clearing Charges	54.36	46.17
Commission, Brokerage and Incentives	150.21	144.36
Net Gain/Loss on Foreign Currency Transactions	13.54	0.02
Miscellaneous Expenses	288.30	254.16
Bruce Street Property Expenses	5.25	0.58
Auditors Remuneration	9.34	8.33
Directors Fees	7.15	4.00
Expenses for Amalgamation	2.93	12.08
Advisory, Custodian and Management Fees	1.40	8.51
Loss on sale of Fixed Assets	-	5.14
Provision for Diminution in Value of Investment	2.55	14.63
Donations	-	4.99
Sundry Debit Balance Written off	5.15	-
Provision for Doubtful Debts	9.82	-
Bad Debts	-	5.66
Wealth Tax	1.18	0.90
Total	2,138.40	1,861.64

HINDOOSTAN MILLS LIMITED

NOTE 26: ADDITIONAL NOTES TO ACCOUNTS

NOTE 26A: Significant Accounting Policies

1. Basis of Preparation of Financial Statements:

The accompanying financial statements have been prepared on going concern basis under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the provisions of the Companies Act, 1956 and the applicable Accounting Standards issued by The Institute of Chartered Accountants of India.

2. Use of Estimates:

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results materialize/ are known.

3. Fixed assets:

a. Tangible Fixed Assets

Tangible Fixed Assets are recorded at cost of acquisition or construction. They are stated at historical cost.

b. Intangible Fixed Assets

Intangible Fixed Assets are recorded as stated in Accounting Policy No.17.

c. Assets taken on Lease:

i. Finance Lease

Assets taken on finance lease after April 1, 2001 are accounted for as fixed assets in accordance with the Accounting Standard (AS 19) "Lease" issued by The Institute of Chartered Accountants of India. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

ii. Operating Lease

Assets taken on lease under which all the risks and rewards of ownership effectively retained by the Lessor are classified as operating lease. Lease payments under operating lease are recognized as expenses on accrual basis in accordance with the respective lease agreements.

4. Depreciation:

- i. Depreciation on Fixed Assets is provided on the Straight Line method/written down value method in accordance with the Companies Act, 1956.
- ii. Cost of Leasehold Land is written off over the period of Lease.
- iii. Depreciation on intangible assets is dealt with as stated in Accounting Policy No.17.

5. Investments:

Long term investments are stated at cost less diminution in the value of investments, if any. Further, current investments are stated at cost or market value whichever is lower.

6. Inventories:

a. Ambernath Unit:

Stock of raw materials, Stores & Other Consumables and semi finished goods are valued at lower of cost or net realisable value and for this purpose cost is determined on following basis:

- i. Raw Materials
At cost or net realizable value whichever is lower. Cost includes incidental expenses like freight, transport, custom duty etc.
- ii. Process stock
Cost comprises of Raw Material cost and processing cost.
- iii. Stores & Other Consumables
Stores & Other Consumables are valued at cost. Cost is considered on First In First Out Basis.
- iv. Finished goods
Finished Goods are valued at lower of cost or net realizable value.

b. Karad Unit:

- i. Stores and Spares
At cost or net realizable value whichever is lower.
- ii. Raw Materials
At monthly average cost or net realizable value whichever is lower. Cost includes incidental expenses like freight, transport etc.
- iii. Process Stock and Finished Goods
At quarterly average cost or net realizable value whichever is lower.

Cost comprises of cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

7. Employee Benefits:

Contributions payable to the Company's Superannuation Scheme of L.I.C and Provident Fund are charged to revenue. The provision for leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard (AS-15) as per Companies (Accounting Standards) Rules, 2006.

8. Foreign currency transactions:

Transactions in Foreign Currency are recorded at the original rate of exchange in force at the time the transactions are effected. Exchange differences arising on repayment / restatement of foreign currency liabilities incurred for the purpose of acquiring fixed assets from a country outside India, are adjusted in carrying amount of the respective fixed assets. Exchange differences arising on settlement of other transactions are recognized in the Profit and Loss Account.

Monetary items (other than those related to acquisition of imported fixed assets) denominated in foreign currency and not covered by forward contracts are restated using the exchange rate prevailing at the date of the Balance Sheet and the resulting net exchange difference is recognised in the Profit and Loss Account.

Monetary items covered by forward contracts are translated at the rate on the date of transaction. Premium / discount arising on such forward exchange contract is amortised as income / expense over the life of the contract. Any profit / loss arising on cancellation of such forward exchange contract is recognized as income or expense.

9. Research and Development:

Research and Development expenses are charged to revenue under the respective heads of accounts during the year in which they are incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets.

10. Revenue Recognition:

- a. Revenue from domestic sale is recognized on transfer of significant risks and rewards of ownership which is based on the dispatch of goods.
- b. Revenue from Export sale (including duty drawback) is recognized on transfer of significant risks and rewards of ownership which is based on Bill of lading date.
- c. Dividend income is recognized when the right to receive dividend is established.
- d. Profit on property development is accounted on pro-rata basis taking into consideration amount receivable for property development, number of flats sold and construction work completed so far. Final settlement of accounts between the company and developers would be made on resolution of the matter under arbitration.
- e. Revenue in respect of other income/claims, etc is recognized only when it is reasonably certain that ultimate collection will be made.

11. Taxes on income:

Income Taxes are accounted for in accordance with Accounting Standard – 22 on “ Accounting for Taxes on Income” (AS-22) issued by the Institute of Chartered Accountants of India. Tax expenses comprise both current tax and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

12. Accounting of value added tax :

VAT input credit is accounted on accrual basis on purchase of materials. Major input credit is processed for claiming refund and balance appropriated against payment of VAT on sale of taxable goods.

13. Government Grants:

Grants are accounted for when it is reasonably certain that ultimate collection will be made. Government Grants specifically related to Fixed Assets are recognized in the Profit and Loss Account in the year of receipt.

14. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

15. Provision, Contingent liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the Financial Statement.

16. Impairment of Fixed Assets:

At the end of the each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with the Accounting Standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

17. Intangible Assets:

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less depreciation /amortization and accumulated impairment losses, if any.

HINDOOSTAN MILLS LTD.

Note 26B: Other Notes to Accounts

			` in lakhs	
			Current Year	Previous Year
I.	A	Estimated amount of contracts remaining to be executed on capital account and not provided for	114.19	1962.84
	B	Estimated amount of contracts remaining to be executed on other than capital account and not provided for	551.10	387.99
II.		Contingent Liabilities in respect of :		
	A	The Income-Tax demands in respect of earlier years under dispute are pending in appeal before higher authorities. In respect of some of the assessment years, the higher authorities have decided the matters fully/partially in favour of the company and are pending before the assessing officer for giving effect thereto.	3.12	210.01
	B	Claims against the Company not acknowledged as debts [including disputed demands of Central Excise for ` 116.07 lakhs (P.Y. ` 136.44 lakhs), Sales Tax ` 79.30 lakhs(P.Y ` 74.97 lakhs) and Works Contract Tax ` 36.03 lakhs (P.Y. ` 36.03 lakhs)	748.85	763.76
	C	Duty saved on Machinery Imported for which, export obligation is to be fulfilled for EPCG license availed by the Company.	715.40	307.74
	D	Demand for payment of electricity duty by Government of Maharashtra matter resting with Supreme Court	228.20	228.20
III.		The Board of Directors has recommended a dividend of ` 5/- per share on 1,664,548 Equity shares of ` 10/- each aggregating to ` 96.73 lakhs (Inclusive of Dividend Distribution Tax of ` 13.50 lakhs)		
IV.	A	The investments in unquoted shares of Hindoostan Technical Fabrics Ltd., (Wholly owned subsidiary) have been acquired at par. Though their present book values are lower than their cost of acquisition, keeping in view their long term business synergies and potential, the management is of the opinion that no provision for fall in their values is required to be made.		
	B	The Investment of 42 Shares in Yeshwant Sahakari Sakhar Karkhana Ltd.(Society), are held in the names of two Directors of the Company, being its nominees, as required by the bye-laws of the Society.		
	C	Provision for diminution in value of other Current Investments as stated below:	` In lakhs	
			Current Year	Previous Year
		Cost of Investments	9.74	188.58
		Less: Provision for diminution in value of Investment	2.55	14.63
			7.19	173.95

V.	<p>The Property under Development reflected as stock in trade was written down to ₹ 1 lakh in the previous year as a measure of prudence.</p> <p>The settlement of account is a matter of dispute between the company (owner) and developer and there are claims and counter claims. The matter has been referred to arbitration, pending resolution since 2002.</p> <p>Accordingly, surplus if any will be accounted in the year in which the arbitration award is finalised.</p>		
VI	<p>During the year 2003-04, in terms of Sanctioned Scheme, the secured lenders dues were transferred to the SPVs in full settlement of their dues from the company. All secured lenders except Union Bank of India (UBI) have released their charge on the assets of Karad unit. In respect of UBI, the SPV is yet to settle their dues and hence, they continue to hold the charge on the assets of the Karad Unit by way of equitable mortgage.</p>		
VII.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006		
			₹ in lakhs
	Particulars	Current Year	Previous Year
	A Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	NIL	NIL
	B Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	N.A.	N.A.
	C Payment made to suppliers (Other than interest) beyond the appointed date, during the year	N.A.	N.A.
	D Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	N.A.	N.A.
	E Interest paid to suppliers under MSMED Act, 2006 (Section 16)	N.A.	N.A.
	F Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	N.A.	N.A.
	G Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	N.A.	N.A.
			₹ in lakhs
VIII.	Managerial Remuneration under Section 198 of the Companies Act, 1956. (Minimum Remuneration)	Current Year	Previous Year
	Salary and Perquisites	20.18	12.00
	Contribution to Provident Fund and Superannuation Funds	4.12	3.41
	TOTAL	24.30	15.41
			₹ in lakhs
IX.	Payments to Auditor:*	Current Year	Previous Year
	Audit Fee	5.02	5.51
	Tax Audit Fees	1.11	0.22
	For other services i.e. limited review, certification etc.	3.21	2.53
	Reimbursement of expenses	-	0.07
	TOTAL	9.34	8.33
*Above figures are inclusive of Service Tax			
X.	<p>A Deferred Tax : In accordance with Accounting Standard (AS - 22) on Accounting for Tax on Income notified by the Companies (Accounting Standards) Rules,2006 , Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, the Deferred Tax Assets have not been recognized as a measure of abundant caution.</p>		

	B	Since the company has incurred a loss during the year, provision for tax has not been made.
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XI. Additional information:

		in lakhs	
		Current Year	Previous Year
A	<u>SALES</u>		
	<u>Sale of Goods</u>		
(a)	<u>Manufactured Goods</u>		
	Cloth	8421.37	7831.92
	Yarn	76.96	95.46
	Elastic Calendar Bowls	346.60	560.67
	Waste	107.06	99.02
	Total Sale of Manufactured Goods (i)	8951.99	8587.07
(b)	<u>Traded Goods</u>		
	Cloth	778.27	923.91
	Mangle Machines	15.15	8.57
	Total Sale of Traded Goods (ii)	793.42	932.48
	<u>Services</u>		
	Refilling of Calendar Bowls	233.06	149.06
	Job Work	31.49	28.09
	Total (iii)	264.55	177.15
	GRAND TOTAL (i + ii + iii)	10009.96	9696.70
B	<u>Consumption of Raw Materials :</u>		
	Cotton and Fiber	3071.23	2326.32
	Yarn	3768.41	3248.17
	Others	207.73	260.02
	Total	7047.37	5834.51
C	<u>Purchase Traded Goods</u>		
	Cloth	604.07	824.60
	Mangle Machines	9.26	6.08
	Total	613.33	830.68
D(i)	<u>Stock of Finished Goods:</u>		
	<u>Opening Stock of Finished Goods:</u>		
	<u>Manufactured Goods</u>		
	Cloth	285.27	200.21
	Elastic Calendar Bowl	2.80	0.59
	Waste	6.63	5.23
	<u>Traded Goods</u>		
	Cloth	84.02	44.86
	Mangle Machines	2.54	1.50
	Total opening Stock of Finished Goods	381.26	252.39
	<u>Closing Stock of Finished Goods:</u>		
	<u>Manufactured Goods</u>		
	Cloth	534.15	285.27
	Elastic Calendar Bowl	7.40	2.80
	Waste	5.77	6.63
	<u>Traded Goods</u>		
	Cloth	36.27	84.02

	Mangle Machines		2.36	2.54
	Refilling of Calendar Bowls		3.41	-
	Total Closing Stock of Finished Goods		589.36	381.26
(ii)	Stock of WIP:			
	<u>Opening Stock of WIP</u>			
	<u>Manufactured Goods</u>			
	Cloth		34.50	24.31
	Yarn		239.87	186.76
	Calendar Bowl		6.55	-
	<u>Traded Goods</u>			
	Cloth		11.74	8.37
	Refilling of Calendar Bowls		0.98	0.34
	Total Opening Stock of WIP		293.64	219.78
	<u>Closing Stock of WIP</u>			
	<u>Manufactured Goods</u>			
	Cloth		20.65	34.50
	Yarn		336.66	239.87
	Calendar Bowl		1.95	6.55
	<u>Traded Goods</u>			
	Cloth		1.76	11.74
	Refilling of Calendar Bowls		3.45	0.98
	Total Closing Stock of WIP		364.47	293.64
XII	Other Disclosures			in lakhs
A	C.I.F. Value of Imports in respect of :		Current Year	Previous Year
	Raw Material		88.72	133.06
	Stores & Spares & Components		110.32	116.10
	Capital Goods		1,938.31	980.04
	Total		2,137.35	1,229.20
B	Expenditure in Foreign Currency on account of			
	Commission		4.99	2.66
	Foreign Travel		16.72	9.76
	Total		21.71	12.42
C			Current Year	Previous Year
	Value of Raw Materials consumed	Percentage to Total Consumption %	in lakhs	Percentage to Total Consumption %
	Imported	1.37%	96.36	1.82%
	Indigenous	98.63%	6,951.01	98.18%
	Total	100.00%	7,047.37	5,834.51
D			Current Year	Previous Year
	Value of Stores and Spares consumed	Percentage to Total Consumption %	in lakhs	Percentage to Total Consumption %
	Imported	18.33%	94.36	25.29%
	Indigenous	81.67%	420.54	74.71%
	Total	100.00%	514.90	480.95

		` in lakhs	
		Current Year	Previous Year
E	Earnings in Foreign Exchange on account of Export of goods on F.O.B. Basis	536.80	406.30
XIII Earnings per Share			
	(Loss) / Profit after taxation as per Statement of Profit & Loss - ` in lakhs	(119.15)	808.78
	No. of Equity Shares	16,64,548	16,64,548
	Previous Year Earnings per Share (of ` 10/- each)	(7.16)	48.59
XIV Employee Benefits			
A	Gratuity		
	Reconciliation of opening and closing balances of Defined Benefit Obligation		
	Present value of Defined Benefit Obligation as on 1 st April, 2011	114.03	78.76
	Interest cost	9.47	5.83
	Current Service Cost	14.55	7.79
	Past Service Cost	-	0.44
	Benefits paid	(3.11)	(3.26)
	Net Actuarial Loss	16.34	28.29
	Present value of Defined Benefit Obligation as on 31 st March, 2012	151.28	118.30
	Fair value of plan assets	3.79	3.79
	Net liability recognized in balance sheet	147.49	114.06
	Expenses recognized during the year		
	Current Service Cost	14.55	7.79
	Interest Cost	9.47	5.83
	Expected return on Plan Assets	(0.30)	(0.60)
	Actuarial Loss	16.64	25.09
	Past Service Cost	-	0.44
	Net Cost	40.36	38.55
	Actuarial Assumptions		
	Mortality Table	LIC(1994-96)	LIC(1994-96)
	Discount Rate (per annum)	8.75%	8.30%
	Expected rate of return on Plan Assets	8.60%	8.00%
	Salary Escalation	8% for First 3 Years and 6% thereafter	
i.	The estimates of rate escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in employment market. The above information is certified by the actuary.		
ii.	The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.		
B	Leave Encashment		
	The liability towards leave encashment for the year ended 31 st March, 2012 as per actuarial valuation is ` 49.59 lakhs (P.Y. ` 48.89 lakhs), which has been duly provided for.		

XV.	Segment Reporting:				in lakhs
a.	Primary Business Segment				
	Calendar Bows	Textile	Unallocable Corporate	Total	
SEGMENT REVENUE					
External	683	9512	-	10195	
Previous Year	(764)	(9070)	-	(9834)	
Intersegment	-	-	-	-	
Previous Year	-	-	-	-	
TOTAL REVENUE	683	9512	-	10195	
Previous Year	(764)	(9070)	-	(9834)	
RESULT					
Segment Result	41	(355)	-	(314)	
Previous Year	(209)	(963)	-	(1172)	
Unallocated Corporate Expense/Income (Net)	-	-	-	(40)	
Previous Year	-	-	-	(356)	
OPERATING PROFIT	-	-	-	(354)	
Previous Year	-	-	-	(816)	
Interest Expenses	-	-	-	(7)	
Previous Year	-	-	-	-	
Interest / Dividend Income	-	-	-	127	
Previous Year	-	-	-	(182)	
Exceptional Items	-	-	-	115	
Previous Year	-	-	-	-	
PROFIT BEFORE TAX	-	-	-	(119)	
Previous Year	-	-	-	(998)	
Income Taxes (Incl. Deferred Tax)	-	-	-	-	
Previous Year	-	-	-	(189)	
Net Profit	-	-	-	(119)	
Previous Year	-	-	-	(809)	
Excess Provision for Earlier Year	-	-	-	-	
Previous Year	-	-	-	(62)	
Net Profit	-	-	-	(119)	
Previous Year	-	-	-	(857)	
Other Information					
Segment Assets	1398	7867	1676	10941	
Previous Year	(802)	(8576)	(1661)	(11039)	
Segment Liabilities	1273	6883	1069	9225	
Previous Year	(169)	(932)	(497)	(1598)	
Capital Expenditure	1	2216	4	2221	

Previous Year	(25)	(1332)	-	(1357)
Non Cash Expenditure other than Depreciation	-	-	-	-
Previous Year	-	(499)	-	(499)
Depreciation	47	331	34	412
Previous Year	(49)	(125)	(21)	(195)

b. Secondary Segment: Geographical Segment

in lakhs

	Total	India	Rest of World
Revenue attributable to location of customers	10195	9658	537
	(9834)	(9,428)	(406)
Segment assets based on their location	1592	1513	79
	(1,384)	(1,288)	(96)
Addition to Fixed Assets	2221	2221	-
	(1,357)	(1,357)	-

XVI. Related Party Information			
a.	Associates/Companies where control exists	Capricon Realty Ltd., Bhishma Realty Ltd., Thackersey Moolji & Co., Delta Investments Ltd., Govindjee Madhowjee & Co. (Pvt) Ltd., Art Leather Ltd., Bintex Investments Co. Pvt. Ltd., Bhor Chemical and Plastics Pvt. Ltd., Binleath Investments Private Ltd., Chandrali Investments Pvt. Ltd., Cosmos Estate Pvt. Ltd., Hrishikesh Investments Pvt. Ltd., Maharshi Trading Pvt. Ltd., Devaunshi Investments Pvt. Ltd., Cotton & Textile Traders, Paura Investments Pvt. Ltd., Fancy Nets Pvt. Ltd., Leathbind Investments Pvt. Ltd., Jagruk Investments Pvt. Ltd.,	
	Key Management Personnel (KMP)	Sudhir Thackersey Chandrasah Thackersey Raoul Thackersey Hrishikesh Thackersey Abhimanyu Thackersey	
	Relative of KMP	Jagdish Thackersey	
	Subsidiary Company	Hindoostan Technical Fabrics Ltd.	
b.	Transactions with Related Parties:		
		in lakhs	
Sr.No.	Nature of Transactions	Current Year	Previous Year
1	Sale of Fixed Assets		
	Capricon Realty Ltd	3.16	-
2	Purchase of Motor Car		
	Jagdish Thackersey	-	51.00
3	Rent & Maintenance charges paid		
	Thackersey Moolji & Co.	8.64	8.64
4	Directors Sitting Fees		
	Sudhir Thackersey	0.65	-
	Chandrasah Thackersey	0.65	0.30
	Raoul Thackersey	1.00	0.30
	Jagdish Thackersey	0.05	0.30
	Total	2.35	0.90
5	Interest Paid		
	Art Leather Ltd	4.59	-
	Bintex Investments Ltd	1.68	-
	Delta Investments Ltd	0.53	
	Total	6.80	-
6	Rent Received		
	Hindoostan Technical Fabrics Limited	0.83	0.42
7	Expenditure incurred by related parties on behalf of the Company		
	Hindoostan Technical Fabrics Limited	3.90	4.91
	Govindjee Madhowjee & Co. (Pvt) Ltd	0.43	-
	Total	4.33	4.91

8	Reimbursement of Expenditure incurred by Company on behalf of related parties		
	Hindoostan Technical Fabrics Limited	10.62	14.24
	Govindjee Madhowjee & Co. (Pvt) Ltd	0.53	0.06
	Total	11.15	14.30
9	Unsecured Loans Given		
	Hindoostan Technical Fabrics Limited		
	Balance as on 1st April, 2011	222.78	-
	Loan given during the year	145.50	222.78
	Balance as at 31st March, 2012	368.28	222.78
10	Unsecured Loan Received		
	Balance as on 1st April, 2011	-	-
	Loan Received during the year		
	Art Leather Ltd	185.00	-
	Bintex Investments Co. Pvt. Ltd	80.00	-
	Delta Investments Ltd.	25.05	-
	Bhishma Realty Ltd	30.00	-
	Total	320.05	-
	Loan Repaid during the Year		
	Art Leather Ltd	95.00	-
	Delta Investments Ltd.	25.05	-
	Bintex Investments Co. Pvt. Ltd	80.00	-
	Bhishma Realty Ltd	30.00	-
	Total	230.05	-
	Balance as at 31st March, 2012		
	Art Leather Ltd	90.00	-
	Total	90.00	

- Note:
1. The above excludes payment of Dividend.
 2. Details of Remuneration to Directors are disclosed in note no. VIII of Other Notes to Accounts.
 3. Related Party information is as identified by the Company and relied upon by the Auditors.

XVII.	Loans and advances in the nature of loans to Company in which Directors are interested.				
Sr.No.	Name	Nature of transaction	Balance as on 31/03/2012 in lakhs	Maximum Amount outstanding during the year in lakhs	No. of shares of the company held by the Loanee as at 31/03/2012
1.	Hindoostan Technical Fabrics Limited	Loan	368.28	371.97	50,000

XVIII.	Till the year ended 31 st March, 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for the preparation and presentation of its financial statements. During the year ended 31 st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year figures to conform to current year's classification.
XIX.	The amounts in Balance Sheet and Profit and Loss Account are rounded off to the nearest lakh and indicated in lakh of Rupees.

Signatures to Notes "1" to "26"

As per our attached Report of even date
For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No.:107556W

For and on behalf of the Board

Sudhir Thackersey
Chairman

Mukul Patel
Partner
Membership No.:32489

Abhimanyu Thackersey
Executive Director

Mumbai
Dated: May 2, 2012

Mumbai
Dated: May 2, 2012