



HINDOOSTAN MILLS LIMITED

113th
Annual Report
2016-2017

A THACKERSEY GROUP COMPANY



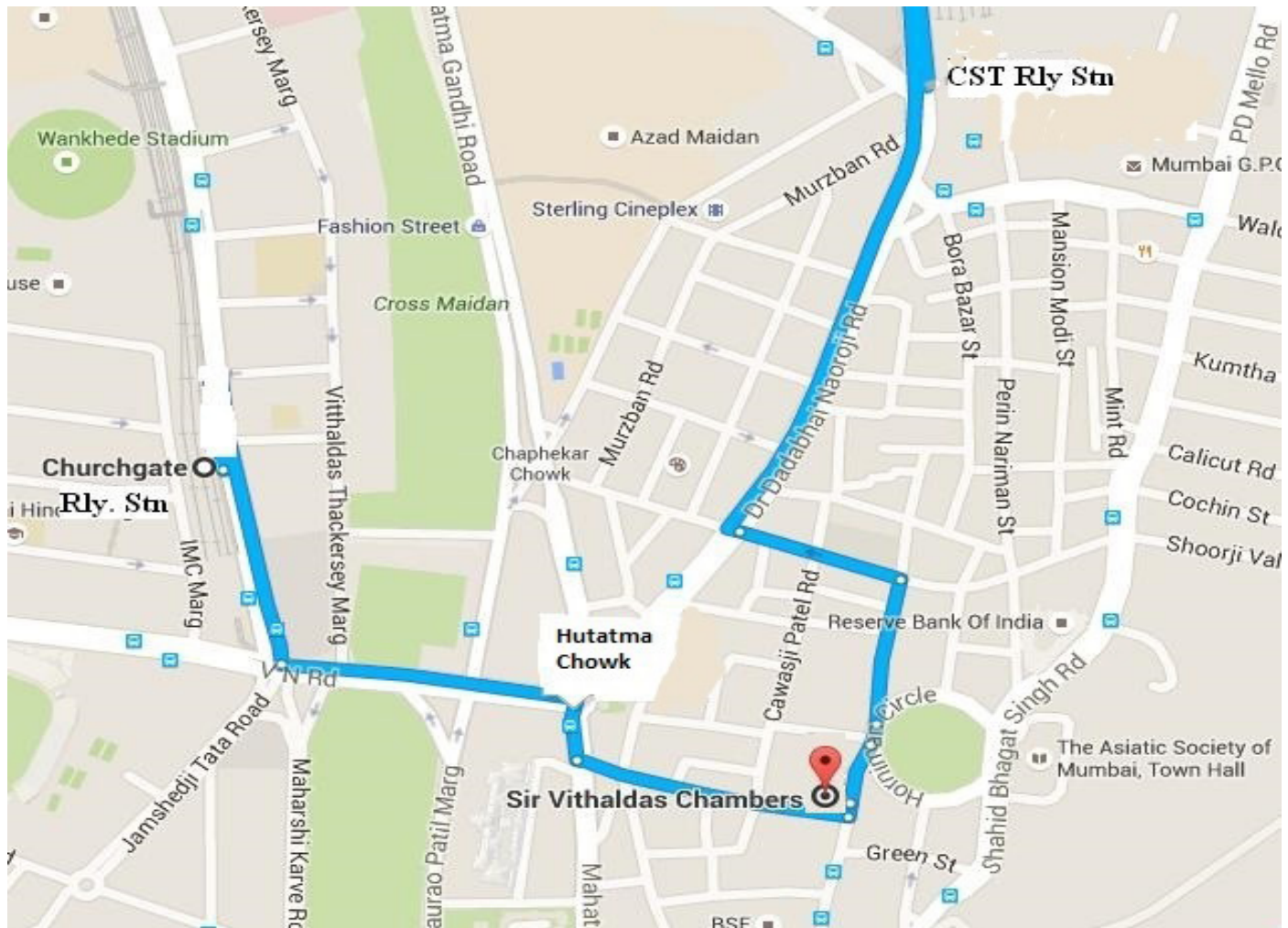
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**113th Annual General Meeting on Tuesday, August 08, 2017
at 11:00 AM at Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai – 400 001.**

ROUTE MAP OF THE VENUE OF THE ANNUAL GENERAL MEETING

Venue : Sir Vithaldas Chambers, 6th floor, 16, Mumbai Samachar Marg, Fort, Mumbai- 400 001



Landmark : Next to Bombay Stock Exchange

Distance from Churchgate Station : 1 km

Distance from Chhatrapati Shivaji Terminus : 1.3 km

Sudhir Thackersey

Chairman Emeritus

BOARD OF DIRECTORS

Chandrabhas Thackersey

Chairman (appointed on 09.08.2016)

Raoul Thackersey

(Chairman Upto 09.08.2016)

Non-Executive Director

Hrishikesh Thackersey

Executive Director

Abhimanyu Thackersey

Executive Director

Khushaal Thackersey

Executive Director (appointed on 09.11.2016)

Naresh R. Kara

Non-Executive Director (Upto 03.10.2016)

Independent Directors

Krishnadas D. Vora

Sujal A. Shah

Bhaves V. Panjwani

Vishwadhara Dahanukar

Ashok N. Desai (appointed on 09.08.2016)

R.N. Bansal (Upto 09.08.2016)

P.B. Desai (Upto 09.08.2016)

Chief Financial Officer

K. Nandakumar

Company Secretary & President

Jagat Reshamwala

Registered Office

Sir Vithaldas Chambers,

16, Mumbai Samachar Marg,

Mumbai – 400 001.

CIN: L17121MH1904PLC000195

Auditors

M.A. Parikh & Co.,

Chartered Accountants

Solicitors

Mulla & Mulla and Craigie Blunt & Caroe.

Hariani & Co.

Bankers

HDFC Bank Ltd.

Axis Bank Ltd.

Plant Location

Textiles Unit / Engineering Unit / Composite Unit

Plot No.D-1, MIDC Industrial Area, Village – Taswade,

Tal – Karad, Dist. – Satara – 415 109, Maharashtra

Plot No.B-24 (Additional Ambarnath

MIDC Industrial Area), Village – Anandnagar,

Dist.- Thane – 421506, Maharashtra

Registrar & Transfer Agents

Computech Sharecap Limited

147, Mahatma Gandhi Road,

Opp. Jehangir Art Gallery,

Mumbai - 400 023.

Tel : 022 – 22635000/1/2/3/4

Fax : 022 – 22635005

helpdesk@compuetechsharecap.com

www.compuetechsharecap.com

NOTICE

Notice is hereby given that the 113th Annual General Meeting (AGM) of the Members of Hindoostan Mills Limited will be held on Tuesday, August 08, 2017 at 11.00 a.m. at “Sir Vithaldas Chambers”, 6th Floor, 16, Mumbai Samachar Marg, Fort, Mumbai- 400 001 to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. Raoul Thackersey (DIN: 00332211) who retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-appointment.
3. To ratify the appointment of M/s. M.A. Parikh & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2017-18 and to fix their remuneration.

“**RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the Audit Committee and the Board of Directors, and pursuant to the Resolution passed by the Members at the AGM held on December 12, 2014, the appointment of M/s. M.A. Parikh & Co., Chartered Accountants (Registration No. 107556W) as the Auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2019 be and is hereby ratified and that the Board of Directors be and is hereby authorised to fix the remuneration and reimbursement of actual out of pocket expenses incurred by them for the purpose of audit for the financial year ending March 31, 2018.”

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and such other approvals as may be necessary under the provisions of the said Act, the Company hereby accords its approval to the appointment of Mr. Khushaal Thackersey (DIN: 02416251) as the Wholtime Director of the Company designated as

“Executive Director” for a period of 5 years with effect from November 09, 2016 upon the following terms and conditions including the remuneration with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed to between the Board and Mr. Khushaal Thackersey.

- (i) Period of appointment: 5 years from November 09, 2016 to November 08, 2021.
- (ii) Duties and powers: Mr. Khushaal Thackersey shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him subject to superintendence, control and direction of the Board of Directors of the Company.
- (iii) Remuneration: The remuneration to Mr. Khushaal Thackersey during his tenure as an Executive Director of the Company is as follows:

A. Salary:

Salary of ₹70,000/- per month, in the scale of ₹70,000 - ₹2,00,000 per month, with liberty to the Board of Directors to grant such increments as it may in its absolute discretion deem fit and as may be recommended by Nomination & Remuneration Committee within the limits specified under Schedule V to the Companies Act, 2013.

B. Perquisites:

- a) Mr. Khushaal Thackersey shall be entitled to such benefits, perquisites and allowances including furnished accommodation or house rent allowance, provision of gas, electricity, water, furnishings and maintenance in respect of such accommodation, medical re-imbursement for self and family, two club fees and such other perquisites and allowances and on such terms and conditions as the Board of Directors may in its absolute discretion determine from time to time.

- b) Company's contribution to Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act as applicable from time to time. Gratuity payable shall not exceed half a month's salary for each completed year of service and shall not be included in the computation for the ceiling on remuneration.
 - c) Car facility primarily for the purpose of the business of the Company.
- C. In the event of loss or inadequate profits during the currency of his tenure, Mr. Khushaal Thackersey shall be paid such remuneration by way of salary and perquisites as may be determined by the Board of Directors on recommendation of the Nomination & Remuneration Committee, subject to the ceiling as specified in Para (A) of Section II of Part II of Schedule V to the Companies Act, 2013 (as amended from time to time).
- (iv) Other conditions:
- a) Mr. Khushaal Thackersey shall be liable to retire by rotation as a Director.
 - b) Mr. Khushaal Thackersey shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committee thereof.
 - c) Mr. Khushaal Thackersey shall be reimbursed all expenses actually and properly incurred by him for the business of the Company.
 - d) The appointment may be terminated by either the Company or Mr. Khushaal Thackersey by giving three months' written notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

"RESOLVED THAT, Dr. Ashok Desai (DIN: 03609419), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act,

2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Dr. Ashok Desai (DIN: 03609419), be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years from the date of this Annual General Meeting till the conclusion of the 118th Annual General Meeting of the Company to be held in the calendar year 2022, not liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of earlier Resolution passed by the Members at the General Meeting held on August 09, 2016 and pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2015 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and subject to such guidelines and approval as may be required from the Central Government, the Cost Auditors, appointed by the Board of Directors of the Company viz. Mr. Pranav J. Taralekar, Cost Accountants (Regn. No. 101896), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017 be paid a remuneration of ₹1,05,000/- (Rupees One Lakh Five Thousand Only) plus applicable taxes.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2015 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and subject to such guidelines and approval as may be required from the Central Government, the Cost Auditors, re-appointed by the Board of Directors of the Company viz. Mr. Pranav J. Taralekar, Cost Accountants (Regn. No. 101896), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 be paid a remuneration of ₹1,05,000/- (Rupees One Lakh Five Thousand Only) plus applicable taxes.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

By Order of the Board of Directors,

Jagat Reshamwala
Company Secretary

May 09, 2017

Registered Office:
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.
CIN: L17121MH1904PLC000195
email: complaint@hindoostan.com

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a Member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In terms of Section 152 of the Companies Act, 2013, Mr. Raoul Thackersey (DIN: 00332211), Director, retire by rotation at the Meeting and being eligible, offer himself for reappointment. The Board of Directors of the Company commends his re-appointment. Brief resume of Director including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2) are provided in Annexure to the Notice.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

8. The Company has notified closure of Register of Members and Share Transfer Books from August 2, 2017 to August 08, 2017 (both days inclusive).
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Computech Sharecap Ltd.
10. Member holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risk associated with physical shares and for ease of portfolio management. Members can contact Company or Computech for assistance in these regards.
11. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unclaimed or un-encashed dividends paid up to the year 2009 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend to IEPF after the expiry of seven years from the date of transfer to unpaid dividend account.

Members who have valid claim to any unclaimed dividends which are not yet transferred may claim the same from the Company immediately. The detailed dividend history and due dates for transfer to IEPF are available on website of the Company, www.hindoostan.com and is also published in this Annual Report under the section titled 'Report on Corporate Governance'. Further pursuant to provision of Investor Education and Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amount lying with the Company as on August 09, 2016, i.e., the date of last AGM, in respect of dividends paid since the year 2010 up to the year 2015, on the website of the Company and also filed the same with the Ministry of Corporate Affairs.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialized form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Computech.
13. Pursuant to the provision of Section 72 of the Act, the facility for making nomination is available for the Members in respect of shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said Form can be downloaded from the Company's website, www.hindoostan.com. Members holding shares in physical form may submit the same to Computech. Members holding shares in dematerialized form may submit the same to their respective depository participant.
14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Computech, for consolidation into a single folio.
15. Non-Resident Indian Members are requested to inform Computech, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
16. **Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.**
17. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, companies can serve Annual Report and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant. Members holding shares in physical form, who have not registered their email address with the Company, are requested to submit their request with their valid email address to Computech. Members holding shares in dematerialised form are requested to register/update their email address with their Depository Participant directly. Members of the Company, who have registered their email address, are entitled to receive such communication in physical form upon request.

Accordingly, electronic copy of the Annual Report for the financial year 2016-17 and Notice of the 113th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email address are registered with the Company / Depository for communication purposes unless any Member has requested for a hard copy of the same. Even after registering for e-communication, Members are entitled to receive the same in physical form, upon making a request in this regard, by post at free of cost. For this purpose, the Members may also send requests to the designated email address i.e. complaint@hindoostan.com.

For Members who have not registered their email address with the Company / Depository, the physical copy of the Annual Report for the financial year 2016-17 and Notice of the 113th Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent through the permitted mode.

18. Members may also note that the Annual Report for the financial year 2016-17 and the Notice of the 113th Annual General Meeting will also be available on the Company's website i.e. www.hindoostan.com.
19. The route map showing directions to reach the venue of the 113th AGM is annexed.
20. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.

PROCESS FOR MEMBERS OPTING FOR E-VOTING

21. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting.

The instructions for Members to exercise their vote through e-voting are as under:

- (i) The voting period begins on Friday, August 4, 2017 at 9.00 a.m. and ends on Monday, August 7, 2017 at 5.00 p.m. During this period Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, August 1, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders".

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

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote,

provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant “Hindoostan Mills Ltd.” on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non - Individual Shareholders and Custodians**

- Non - Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - (xx) In case you have any queries or issues regarding e-voting, ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
22. The voting rights of the Members for the purpose of e-voting shall be reckoned in proportion to the paid-up value of the equity shares registered in their name as on Tuesday, August 1, 2017.
 23. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 24. Mr. Narayan Parekh, Partner of M/s. PRS Associates, Practicing Company Secretaries has been appointed as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 25. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 26. The Results shall be declared on or after the Annual General Meeting of the Company and the Resolutions shall be deemed to be passed on the date of the Annual General Meeting subject to receipt of the requisite numbers of votes in favour of the Resolutions.
 27. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website i.e. www.hindoostan.com and on the website of CDSL within two (2) days of passing of the Resolutions at the Annual General Meeting of the Company. The Results will also be communicated to the Stock Exchange where the shares of the Company are listed.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

Item No.4

The Nomination and Remuneration Committee at its Meeting held on November 09, 2016 and the Board at its Meeting held on the same day had, subject to the Members' approval and pursuant to the provisions of the Articles of Association of the Company appointed Mr. Khushaal Thackersey (DIN: 02416251) as the Whole-time Director designated as Executive Director of the Company for a period of 5 (five) years from November 09, 2016 to November 08, 2021 on the remuneration and terms and conditions of the employment recommended by the Nomination and Remuneration Committee of the Board.

The terms of appointment of the Executive Director, inter alia, provide for payment of Salary with the authority to the Board or a Committee thereof to fix the salary and annual increments, based on merit and taking into account the Company's performance, incentive remuneration based on certain performance criteria, benefits, perquisites and allowances and other benefits as per the policy of the Company as may be determined by the Board from time to time.

Pursuant to recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on May 09, 2017 revised the remuneration payable to Mr. Khushaal Thackersey w.e.f. April 01, 2017 i.e. Salary from ₹70,000/- p.m. to ₹80,000/- p.m. and perquisites not exceeding ₹20,000/- p.m. All other terms and conditions of his appointment will remain same.

Further, pursuant to the provisions of Section 197 read with Schedule V of the Act, in respect of the payment of managerial remuneration in case of no profits or inadequacy of profits as calculated under Section 198 of the Act, the Company may pay such remuneration upto the ceiling limits as specified in Schedule V subject to the Members' approval by way of an Ordinary Resolution.

Taking into consideration the above and the terms of appointment and remuneration agreed with Mr. Khushaal Thackersey, it is proposed to obtain Members approval by way of an Ordinary Resolution to appoint Mr. Khushaal Thackersey as the Wholetime Director.

The Board and the Nomination and Remuneration Committee of the Board have accorded their approvals to the above and in the interest of the Company have recommended the aforesaid Resolution as set out in this Notice for approval of the Members.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is in any way concerned or interested in the said Resolution, except for Mr. Khushaal Thackersey and Mr. Chandahas Thackersey, in Resolution at Item No. 4 of the Notice to the extent of their shareholding interest in the Company.

The Statement Containing Additional Information as required in Schedule V of the Act.

I. General Information:

- (1) Nature of industry: The Company is mainly engaged in Textile Business, which includes manufacturing of Greige fabrics and fine fabrics. The Company also owned a Calendar Roll manufacturing facility. It has set-up Technical Textile manufacturing facilities and moving towards manufacturing of Composite Reinforcement Fabrics.
- (2) Date or expected date of commencement of commercial production: The Company was incorporated on May 12, 1904 and is in business since then.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NA.
- (4) Financial performance based on given indicators-
As per audited financial results for the accounting year ended March 31, 2017

Particulars	(₹in lakhs)
Revenue from operations	15,915.26
Net (Loss) as per statement of Profit and Loss	(1334.68)
Reserves and Surplus	6,860.45

- (5) Export performance and net foreign exchange collaborations, Foreign Exchange Earnings for the financial year ended March 31, 2017 was: ₹2,498.36 lakhs
- (6) Foreign investments or collaborators, if any: Nil

II. Information about the appointees - Mr. Khushaal Thackersey:

(1) Background details:

Mr. Khushaal Thackersey, aged 28, holds degree in Commerce from Mumbai University and have also studied abroad. He has been associated with the Company since last more than 4 years and presently actively involved in all activities related to Engineering Division and Loomshed initiatives of the Company.

(2) Past remuneration for the Financial Year 2016-17:

Mr. Khushaal Thackersey has drawn ₹9.41 lakhs remuneration including perquisites, superannuation and contribution to provident fund.

(3) Recognition or awards: Nil.

(4) Job profile and suitability:

Mr. Khushaal Thackersey is responsible for the day to day management, subject to the direction and control of the Board of Directors of Engineering Division and Loomshed initiatives. He is also responsible to perform such duties as may from time to time be entrusted by the Board.

The Board of Directors considers that services and in depth experience of Mr. Khushaal Thackersey will be useful and beneficial to the Company in its overall development and growth.

(5) Remuneration proposed to Mr. Khushaal Thackersey: As stated in the proposed Resolution.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).

Taking into consideration the size of the Company, the profile of Mr. Khushaal Thackersey, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration package paid to similar level appointees in other companies.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Besides the remuneration paid / payable to Mr. Khushaal Thackersey, he does not have any other pecuniary relationship with the Company. The pecuniary relationship with his relatives is stated in the point no. XVIII, Note 27B to the Accounts forming part of this Annual Report.

III. Other information:

Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

As at March 31, 2017 the Company has incurred a loss of ₹1,334.68 lakhs and in the coming and subsequent years, though it is likely that owing to the nature of the industry, there may be inadequate profits, the Company shall take effective steps for improvement of output and profit.

This may be treated as an abstract of the terms of appointment and remuneration payable to Mr. Khushaal Thackersey with effect from November 09, 2016.

In the event of loss or inadequacy of profits in any year during the aforesaid tenure, Mr. Khushaal Thackersey shall be paid the remuneration, subject to the provisions of the Companies Act, 2013 and subject to the restrictions, and amendment thereto, from time to time.

Item No.5

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Dr. Ashok Desai as an Additional Director of the Company with effect from August 09, 2016 and will hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Dr. Ashok Desai for the office of Director of the Company.

Dr. Ashok Desai is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Dr. Ashok Desai that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Dr. Ashok Desai possesses appropriate skills, experience and knowledge, inter alia, in the field of Textile Technology.

In the opinion of the Board, Dr. Ashok Desai fulfills the conditions for his appointment as an Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Dr. Ashok Desai is independent of the management.

Brief resume of Dr. Ashok Desai, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is annexed to the Annual General Meeting Notice forming part of the Annual Report.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Dr. Ashok Desai be appointed as an Independent Director.

Copy of the draft letter for appointment of Dr. Ashok Desai as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Dr. Ashok Desai may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of his shareholding interest, if any, in the Company.

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

The Board commends the Ordinary Resolutions set out at Item No. 5 of the Notice for approval by the shareholders.

Item No.6 and 7

The Members at their General Meeting held on August 09, 2016 has ratified the payment of remuneration of ₹1,05,000/- plus taxes as applicable to M/s. Anant Ashok Katyare & Co., Cost Accountants (Regn. No. 31470) for FY 2016-17.

Due to sudden sad demise of Mr. Anant Ashok Katyare, proprietor of M/s. Anant Ashok Katyare & Co. on April 24, 2017 the Audit Committee at its Meeting held on May 09, 2017 appointed Mr. Pranav J. Taralekar, Cost Auditor to conduct Cost Audit of the cost records of the Company for FY 2016-17 & FY 2017-18 and recommended payment of ₹1,05,000/- p.a. plus taxes as applicable subject to ratification by the Members of the Company.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2015, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing Ordinary Resolutions as set out at Item No. 6 & 7 of the Notice for ratification of the remuneration payable to the Cost Auditor for FY 2016-17 and FY 2017-18.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 & 7 of the Notice.

The Board commends the Ordinary Resolutions set out at Item No.6 & 7 of the Notice for approval by the Members.

By Order of the Board of Directors,

Jagat Reshamwala
Company Secretary

May 09, 2017

Registered Office:

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

CIN: L17121MH1904PLC000195

email: complaint@hindoostan.com

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are as follows:

Name of the Director	Raoul Thackersey	Ashok Desai	Khushaal Thackersey
Date of Birth	08.05.1971	13.01.1953	18.10.1988
Date of appointment	31.10.2006	09.08.2016	09.11.2016
Qualifications	B.Com.	Ph.D (Tech) in Textile Technology, Fellow of Institute of Engineers.	B.Com.
Expertise in specific functional areas	Industrialist having business experience	Textile Technology	Experience in Engineering industry and in commercial aspects of production, marketing, finance and accounts
Directorship held in other Public Companies	- Capricon Realty Ltd. - Bhishma Realty Ltd.	Nil	Nil
Membership / Chairmanship of Committees of other Public Companies	Nil	Nil	Nil
Number of shares held in the Company	1,04,706 Equity Shares	Nil	31,638 Equity Shares
Relationship between directors inter-se	--	--	Son of Chandrahas Thackersey

DIRECTORS' REPORT

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 113th Annual Report together with the Audited Financial Statements for the year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarized below:

(₹ in lakhs)

	Current Year Ended 31.03.2017	Previous Year Ended 31.03.2016
Gross Profit before Interest, Depreciation and Tax	241.87	1,084.27
Less: Finance Cost	258.50	331.34
Gross Profit after interest but before Depreciation	(16.63)	752.93
Less: Depreciation	1240.23	1181.82
Profit before Exceptional and Extraordinary Items and Tax	(1256.86)	(428.89)
Add: Exceptional Items	(68.50)	222.54
Add: Extraordinary Items	(9.32)	--
Profit/(Loss) before Taxation	(1334.68)	(206.35)
Less: (Excess) / Short Provision of Tax of earlier year	--	19.03
Profit / (Loss) after Tax	(1334.68)	(225.38)
Balance brought forward from last year	--	2.96
Add: Transfer from General Reserve	--	312.81
Amount available for appropriation	(1334.68)	90.39
Less: Proposed Dividend	--	74.90
Less: Tax on proposed Dividend	--	15.25
Less: Short provision of Tax on proposed Dividend for the year 2015-16	--	0.24
Balance carried to Balance Sheet	(1334.68)	--

REVIEW OF OPERATIONS:

The revenue from operations of the Company for the financial year 2016-17 is ₹15,915.26 lakhs. The Loss before tax is ₹1,334.68 lakhs. The performance and overall view of the Textile, Engineering and Composite business has been covered in the Management Discussion and Analysis which forms part of this Annual Report.

DIVIDEND:

In view of loss incurred during the year under review, the Directors regret their inability to declare any dividend for the period ended March 31, 2017.

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, 2017.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

DIRECTORS:

All the Independent Directors have given declarations that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

Mr. Raoul Thackersey, Chairman resigned from the Chairmanship of the Company effective August 09, 2016. The Board placed on record its deep appreciation for leadership, assistance and guidance provided by him during his tenure as a Chairman of the Company. Mr. Chandrahas Thackersey, Vice Chairman was appointed as Chairman of the Company effective August 09, 2016.

Mr. R.N. Bansal and Mr. P.B. Desai, Independent Directors completed their term of 2 years on the Board of the Company and retired due to advanced age effective August 09, 2016. Mr. Naresh Kara, Non-Executive Director resigned from the Board of the Company due to advanced age effective October 03, 2016. The Board placed on record its appreciation for the contribution made by them during their tenure as Director of the Company.

Dr. Ashok N. Desai was appointed as an Independent Director effective August 09, 2016.

The Board of Directors had on the recommendation of the Nomination & Remuneration Committee appointed Mr. Khushaal Thackersey as Whole-time Director of the Company designated as "Executive Director" for a term of 5(Five) years with effect from November 09, 2016 upto November 08, 2021 subject to approval of the Members in the ensuing AGM.

Mr. Raoul Thackersey, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offered himself for re-appointment as Non - Executive Director of the Company.

Brief profiles of the Directors as required under SEBI (Listing Obligations and Requirements) Regulations 2015, are part of the Notice convening the Annual General Meeting.

(a) Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Requirements) Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees.

(b) Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

(c) Meetings:

During the year four Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

(d) Committees of the Board:

Details of all the Committees, their composition and Meetings held during the year are provided in the report on Corporate Governance Report, a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provision of Section 134(3)(c) and 134(5) of the Companies Act 2013, the Directors confirms to the best of their knowledge and belief:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) that 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 at the end of the financial year and of the loss of the Company for that period;
- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that they have prepared the annual accounts on a going concern basis;
- (e) that they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSONNEL:

The Board of Directors at their Meeting held on May 04, 2016 accepted the resignation of Ms. Heena Shah, Chief Financial Officer effective May 16, 2016 and appointed Mr. K. Nandakumar as President (Finance and Accounts) effective May 04, 2016 to be designated as Chief Financial Officer effective May 17, 2016.

INDUSTRIAL RELATIONS:

The industrial relations continued to be generally peaceful and cordial during the year.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Your Company has, during the year under review, transferred a sum of ₹32,670/- to Investor Education and Protection Fund, in compliance with the provisions of Section 125 of the Companies Act, 2013. The said amount remained unclaimed by the Members of the Company for a period exceeding 7 years from its due date of payment.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

All Related Party Transactions were placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions, which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

CASH FLOW STATEMENT:

In conformity with the Accounting Standard 3 issued by the Institute of Chartered Accountants of India and the provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Cash Flow Statement for the year ended March 31, 2017 is annexed to the accounts.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

i) **The ratio of the remuneration of Directors to the median remuneration of the employees of the company for the financial year.**

Mr. Hrishikesh Thackersey	: 16.93
Mr. Abhimanyu Thackersey	: 30.24
Mr. Khushaal Thackersey	: 2.77
(w.e.f. November 09, 2016)	

ii) **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.**

Directors, Chief Executive Officer, Company Secretary or Manager	% increase in remuneration in the financial year
Mr. Hrishikesh Thackersey, Executive Director	13.48
Mr. Abhimanyu Thackersey, Executive Director	11.22
Mr. Khushaal Thackersey (appointed on November 09, 2016)	N.A.
Mr. Jagat Reshamwala, Company Secretary	N.A.
Ms. Heena Shah, CFO (upto May 16, 2016)	N.A.
Mr. K. Nandakumar, CFO (appointed on May 04, 2016)	N.A.

iii) **The percentage increase in the median remuneration of employees in the financial year.**

4.10%

iv) **The number of permanent employees on rolls of the Company.**

486 employees as on March 31, 2017 on rolls of the Company.

v) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

Average Salary Increase for KMP's : 15.34%

Average Salary Increase for non-KMP's : 13.41%

vi) **Affirmation that the remuneration is as per the Remuneration policy of the company.**

The remuneration paid to employees of the Company is as per the remuneration policy of the Company.

- vii) The Statment containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197 (12) of the Act read with Rules 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate Annexure forming part of this Report and the accounts are being sent to the Members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Anexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company has been making continuous efforts to conserve energy and upgrade / absorb technology to optimize the energy cost. Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) (A) & (B) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms part of this Report. However, as per the provisions of Section 136 (1), the report and accounts are being sent to all the Members of the Company excluding the information relating to conservation of energy and technology absorption. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

Foreign Exchange Earnings & Outgo:

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Foreign exchange earned	2498.36	2739.36
Foreign exchange used	616.13	631.92

CORPORATE GOVERNANCE:

The Company is maintaining the standards of corporate governance and adheres to the corporate governance requirements set out by SEBI. The Report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 is an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the Report on Corporate Governance.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form MGT- 9 of Rules prescribed under

Chapter VII relating to Management and Administration under Companies Act, 2013 is enclosed herewith as **Annexure - I**.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

In terms of the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility (CSR) Committee which is chaired by Mr. Chandrahas Thackersey. The other Members of the Committee are Mr. K.D.Vora and Mr. Sujal Shah. The Committee has formulated and recommended to the Board a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board and the same is available on your Company's website, www.hindoostan.com.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities is enclosed herewith as **Annexure -II**.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS, IF ANY:

There is no significant material order passed by the Regulators / Courts which would impact the going concern status of your Company and its future operations.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work perform by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by the Management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2016-17.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The Vigil Mechanism Policy is available on your Company's website, www.hindoostan.com.

AUDITORS:

(a) Statutory Auditors:

M/s. M.A. Parikh & Co., Chartered Accountants, Mumbai (Firm Registration No. 107556W) were appointed as statutory auditors of the Company to hold office till the conclusion of 115th Annual General Meeting (AGM) to be held in the calendar year 2019 at the AGM held on December 12, 2014. In terms of the provision of Section 139(1) of the

Companies Act, 2013, the appointment shall be placed for ratification at every AGM. Accordingly, the appointment of M/s. M.A. Parikh & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the Members. In this regard, the Company has received a certificate from the Auditors confirming to the effect that if they are re-appointed, it would be in accordance with provisions of Section 141 of the Companies Act, 2013.

The Board has duly reviewed the Statutory Auditors' Report on the Accounts. The observations and comments appearing in the Auditors' Report are self-explanatory and do not call for any further explanation / clarification by the Board.

(b) **Cost Auditors:**

Due to sudden sad demise of Mr. Anant Ashok Katyare, proprietor of M/s. Anant Ashok Katyare & Co. on April 24, 2017 the Board on recommendation of the Audit Committee at its Meeting held on May 09, 2017 appointed Mr. Pranav J. Taralekar, Cost Auditor to conduct Cost audit of the cost records of the Company for FY 2016-17 & FY 2017-18 and recommended payment of ₹1,05,000/- p.a. plus taxes as applicable and requested the Members to ratify the remuneration as recommended above.

(c) **Secretarial Audit:**

The Board has appointed M/s. PRS & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure-III**.

SEXUAL HARASSMENT:

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors,

Chandrabhas Thackersey
Chairman

Mumbai, May 09, 2017

ANNEXURE-I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017
[Pursuant to section 92(3) of the Companies Act, 2013
and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L17121MH1904PLC000195
Registration Date	May 12, 1904
Name of the Company	Hindoostan Mills Limited
Category / Sub-Category of the Company	Company limited by shares / Indian Non-Government Company
Address of the Registered office and contact details	Sir Vithaldas Chambers, 16, Mumbai Samachar Marg, Fort, Mumbai – 400001 Tel. No.: 022-2204 0846
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Computech Sharecap Limited, 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai - 400 023. Tel: 022 – 22635000/1/2/3/4 e-mail – helpdesk@computechsharecap.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Textiles	13111, 13121, 13124	86.90%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Not Applicable					

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

(₹ in lakhs)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	555976	--	555976	33.40	555976	--	555976	33.40	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corporate	447526	--	447526	26.89	453035	--	453035	27.22	0.33
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (1):	1003502	--	1003502	60.29	1009011	--	1009011	60.62	0.33
(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other – Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1003502	--	1003502	60.29	1009011	--	1009011	60.62	0.33
B. Public Shareholding									
I. Institutions									
a) Mutual Funds	--	8	8	--	--	8	8	--	--
b) Banks / FI	408	1712	2120	0.13	408	1876	2284	0.14	0.01
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt (s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	408	1720	2128	0.13	408	1884	2292	0.14	0.01

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	10879	1335	12214	0.73	10249	1171	11420	0.69	-0.04
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	325211	64084	389295	23.39	303379	63171	366502	22.02	-1.37
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	236521	--	236521	14.21	255454	--	255454	15.35	1.14
c) Others (specify) (NRI & OCB)	16893	3995	20888	1.25	15874	3995	19869	1.19	-0.06
Sub-total (B)(2):	589504	69414	658918	39.58	584956	68289	653245	39.25	-0.34
Total Public Shareholding (B)=(B)(1)+(B)(2)	589912	71134	661046	39.71	585364	70173	655537	39.38	-0.33
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	1593414	71134	1664548	100.00	1594375	70173	1664548	100.00	

(ii) Shareholding of Promoters

(₹ in lakhs)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Abhimanyu Investments Pvt Ltd	21977	1.32	--	21977	1.32	--	--
2	Abhimanyu J Thackersey	34573	2.08	--	34573	2.08	--	--
3	Ameeta J Thackersey	25148	1.51	--	25148	1.51	--	--
4	Bhavika Nimish Sonawala	3720	0.22	--	3720	0.22	--	--
5	Chandrabhas K Thackersey	71184	4.28	--	71184	4.28	--	--

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
6	Chandrali Investment Pvt Ltd	87266	5.24	--	87266	5.24	--	--
7	Delta Investments Limited	104698	6.29	--	110207	6.62	--	0.33
8	Devaunshi A Mehta	2814	0.17	--	2814	0.17	--	--
9	Devaunshi Investments Pvt Ltd	59374	3.57	--	59374	3.57	--	--
10	Ellora Investment Private Limited	57545	3.46	--	57545	3.46	--	--
11	Hrishikesh Investments Pvt Ltd	28937	1.74	--	28937	1.74	--	--
12	Hrishikesh J Thackersey	26621	1.60	--	26621	1.60	--	--
13	Jagdish U Thackersey	180586	10.85	--	180586	10.85	--	--
14	Khushaal C Thackersey	31638	1.90	--	31638	1.90	--	--
15	Leena C Thackersey	6474	0.39	--	6474	0.39	--	--
16	Mitika C Thackersey	5987	0.36	--	5987	0.36	--	--
17	Nina S Thackersey	40024	2.40	--	40024	2.40	--	--
18	Paulomi B Jain	4580	0.28	--	4580	0.28	--	--
19	Paura Investments Private Ltd	22639	1.36	--	22639	1.36	--	--
20	Pushya Trading Pvt Ltd	16067	0.97	--	16067	0.97	--	--
21	Raoul S Thackersey	104706	6.29	--	104706	6.29	--	--
22	Sudhir K Thackersey	17921	1.08	--	17921	1.08	--	--
23	The Bhore Chemicals & Plastics Pvt Ltd.	37334	2.24	--	37334	2.24	--	--
24	Uranus Trading Private Ltd	11689	0.70	--	11689	0.70	--	--

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

(₹ in lakhs)

Name of shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Cumulative Share-holding during the year	
	No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
Delta Investments Ltd	104698	6.29	01.04.2016			
			27.05.2016	700	105398	6.33
			17.06.2016	100	105498	6.34
			30.06.2016	500	105998	6.37
			08.07.2016	459	106457	6.40
			29.07.2016	250	106707	6.41
			19.08.2016	298	107005	6.43
			26.08.2016	1702	108707	6.53
			02.12.2016	1000	109707	6.59
			06.01.2017	500	110207	6.62
			31.03.2017		110207	6.62

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

(₹ in lakhs)

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Yogesh Uttamlal Mehta	51515	3.09	01.04.16				
				15.04.16	500	Transfer	52015	3.12
				20.05.16	730	Transfer	52745	3.17
				27.05.16	80	Transfer	52825	3.17
				03.06.16	175	Transfer	53000	3.18
				29.07.16	622	Transfer	53622	3.22
				02.08.16	378	Transfer	54000	3.24
				12.08.16	588	Transfer	54588	3.28
				16.09.16	412	Transfer	55000	3.30
				23.09.16	239	Transfer	55239	3.32
				07.10.16	500	Transfer	55739	3.35
				10.02.17	1387	Transfer	57126	3.43
				17.02.17	413	Transfer	57539	3.46
				31.03.17			57539	3.46
2	Hiren Naresh Kara	112036	6.73	01.04.16				
				08.07.16	810	Transfer	112846	6.78
				31.03.17	800	Transfer	113646	6.83
				31.03.17			113646	6.83
3	Hitesh Ramji Javeri	23800	1.43	01.04.16				
				26.08.16	1200	Transfer	25000	1.50
				31.03.17			25000	1.50
4	Harsha Hitesh Javeri	21100	1.27	01.04.16				
				31.03.17			21100	1.27
5	Kapila Manhar Mehta	15330	0.92	01.04.16				
				31.03.17			15330	0.92
6	Bijal Hiren Kara	12748	0.77	01.04.16				
				31.03.17			12748	0.77
7	Chirayush Pravin Vakil	9899	0.59	01.04.16				
				10.02.17	100	Sale	9799	0.59
				17.02.17	300	Transfer	10099	0.61
				31.03.17			10099	0.61
8	Pradeep. G. Vora	8874	0.53	01.04.16				
				31.03.17			8874	0.53
9	M Vijayakumar	6891	0.41	01.04.16				
				31.03.17			6891	0.41
10	Shilpa Sachin Morakhia	6000	0.36	01.04.16				
				31.03.17			6000	0.36

(v) Shareholding of Directors and Key Managerial Personnel:

(₹ in lakhs)

Sr. No.	Name	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Directors						
1	Mr. Chandrahas Thackersey	01.04.2016		71,184	4.28		
		31.03.2017				71,184	4.28
2	Mr. Raoul Thackersey	01.04.2016		1,04,706	6.29		
		31.03.2017				1,04,706	6.29
3	Mr. Hrishikesh Thackersey	01.04.2016		26,621	1.60		
		31.03.2017				26,621	1.60
4	Mr. Abhimanyu Thackersey	01.04.2016		34,573	2.08		
		31.03.2017				34,573	2.08
5	Mr. Khushaal Thackersey	09.11.2016		31,638	1.90		
		31.03.2017				31,638	1.90
6	Mr. K. D. Vora	01.04.2016		100	0.00		
		31.03.2017				100	0.00
7	Mr. R.N. Bansal	01.04.2016		Nil	0.00		
		09.08.2016				Nil	0.00
8	Mr. P.B. Desai	01.04.2016		Nil	0.00		
		09.08.2016				Nil	0.00
9	Mr. Sujal A. Shah	01.04.2016		Nil	0.00		
		31.03.2017				Nil	0.00
10	Mr. Bhavesh V. Panjuani	01.04.2016		Nil	0.00		
		31.03.2017				Nil	0.00
11	Ms. Vishwadhara Dahanukar	01.04.2016		Nil	0.00		
		31.03.2017				Nil	0.001
12	Mr. Naresh R. Kara	01.04.2016		Nil	0.00		
		03.10.2016				Nil	0.00
13	Dr. Ashok N. Desai	09.08.2016		Nil	0.00		
		31.03.2017				Nil	0.00
Key Managerial Personnel							
1	Mr. K. Nandakumar Chief Financial Officer	04.05.2016		Nil	0.00		
		31.03.2017				Nil	0.00
2	Mr. Jagat Reshamwala Company Secretary	01.04.2016		Nil	0.00		
		31.03.2017				Nil	0.00
3	Ms. Heena Shah Chief Financial Officer	01.04.2016		50	0.003		
		31.03.2017				50	0.003

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2680.20	---	---	2680.20
ii) Interest due but not paid	19.59	---	---	19.59
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	2699.79	---	---	2699.79
Change in Indebtedness during the financial year				
Addition	88.89	--	---	88.89
Reduction	530.40	---	---	530.40
Indebtedness at the end of the financial year				
i) Principal Amount	2238.69	---	---	2238.69
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	2238.69	---	---	2238.69

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Hrishikesh Thackersey	Abhimanyu Thackersey	Khushaal Thackersey	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.20	33.00	3.31	52.51
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.80	4.80	--	9.60
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--		--
2	Stock Options	--	--		--
3	Sweat Equity	--	--		--
4	Commission	--	--		--
	- as % of profit	--	--		--
	- others, specify				
5	Others, please specify				
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	2.94	4.96	0.40	8.30
	ii. Retirals (Superannuation & PF)				
	Total (A)	23.94	42.76	3.71	70.41

B. Remuneration to other Directors:**1. Independent Directors**

(₹ in lakhs)

Particulars of Remuneration	Mr. K.D. Vora	Mr. R.N. Bansal	Mr. P. B. Desai	Mr. S.A. Shah	Mr. B.V. Panjuani	Ms. V. Dahanukar	Dr. A.N. Desai	Total Amount
- Fee for attending Board Committee Meetings	1.45	0.00	0.20	1.65	1.50	0.95	0.60	6.35
- Commission	--	--	--	--	--	--	--	--
- Others, please specify	--	--	--	--	--	--	--	--
Total (B)(1)	1.45	0.00	0.20	1.65	1.50	0.95	0.60	6.35

2. Other Non Executive Directors

(₹ in lakhs)

Particulars of Remuneration	Mr. Raoul S. Thackersey	Mr. Chandrahas K. Thackersey	Mr. Naresh R. Kara	Total Amount
- Fee for attending Board/Committee Meetings	1.05	1.20	0.30	2.55
-Commission	--	--	--	
- Others, please Specify	--	--	--	
Total (B)(2)	1.05	1.20	0.30	2.55
Total (B)= (B)(1)+B(2)				8.90

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTM

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Ms. Heena Shah – Chief Financial Officer#	Mr. K. Nandakumar – Chief Financial Officer*	Mr. Jagat Reshamwala - Company Secretary	Total Amount
1	Gross salary	2.92	35.41	22.85	61.18
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--		--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--		--
2	Stock Options	--	--		--
3	Sweat Equity	--	--		--
4	Commission	--	--		--
	- as % of profit	--	--		--
	-others, specify..				
5	Others, please specify				
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	0.12	--	--	0.12
	ii. Retirement benefits (Superannuation & PF)				
	Total (C)	3.04	35.41	22.85	61.30

* With effect from May 04, 2016.

Upto May 16, 2016.

VII. **PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:** There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

ANNEXURE-II

ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company's CSR Policy is available on Weblink <http://www.hindoostan.com>

2. **The Composition of the CSR Committee.**

Mr. Chandrahas Thackersey - Chairman

Mr. K. D. Vora - Member

Mr. Sujal A. Shah - Member

3. **Average net profit/loss of the Company for last three financial years : (₹125.70) lakhs**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Nil.**

5. **Details of CSR spent during the financial year 2016-17:**

(i) Total amount to be spent for the financial year: - **Not Applicable**

(ii) Amount unspent , if any: **Not Applicable**

Abhimanyu Thackersey
Executive Director

Chandrahas Thackersey
CSR Committee Chairman

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

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

To,

The Members

Hindustan Mills Limited

Sir Vithaldas Chambers,

16, Mumbai Samachar Marg,

Fort, Mumbai – 400 001

Dear Sirs,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **Hindustan Mills Limited** (hereinafter called “the company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has during the financial year ended on 31st March, 2017 (Audit Period 01.04.2016 to 31.03.2017) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the company during the audit period).

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015.
- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the company during the audit period).
- e. The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014 (Not applicable to the company during the audit period).
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the company during the audit period).
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the company during the audit period).
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the company during the audit period).

(vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The other applicable laws specifically to the Company namely:

1. Textiles Committee Act, 1963.
2. Hank Yarn Packing Notification issued under the Essential Commodities Act, 1955.
3. Indian Boilers Act 1923 and Indian Boiler Regulations, 1950.

4. New Textile Policy, 2012 of Government of Maharashtra.
5. Factories Act, 1960.
6. Industrial (Development & Regulation) Act, 1951.
7. Labour laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, bonus, gratuity, provident fund, ESIC, Compensation etc.
8. Acts prescribed under prevention and control of pollution.
9. Acts prescribed under Environmental Protection.
10. Acts as prescribed under Direct Tax and Indirect Tax.
11. Land Revenue Laws of Maharashtra State.
12. Labour Welfare Act relating to Maharashtra State.
13. Local laws as applicable to various offices and plants.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with the Stock Exchange (BSE Limited).

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

We further report that:

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

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

Majority decision is carried through and are captured and recorded as part of the minutes. There are no dissenting views.

We further report that based on review of compliance mechanism established by the company and on the basis of the Compliance Certificate(s) issued by the Executive Director and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes

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

We further report that during the audit period the company has not undertaken any specific event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **PRS Associates**
Company Secretaries

(**Narayan Parekh**)
Partner

Date: 9th May, 2017

Place: Mumbai

C.P. NO.: 6448

ACS No.: 8059

Note: This report is to be read with our letter of even date which is annexed as **ANNEXURE I** and forms an integral part of this Report.

ANNEXURE I TO SECRETARIAL AUDIT REPORT

To,
The Members
Hindustan Mills Limited
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Fort, Mumbai – 400 001

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations and standards applicable to **Hindustan Mills Limited** (the Company) is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produce to us. We believe that the process and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Whenever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For PRS Associates
Company Secretaries

Date: 9th May, 2017

Place: Mumbai

(Narayan Parekh)
Partner

C.P. NO.: 6448
ACS No.: 8059

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

In accordance with the Listing Agreement under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with BSE Limited, the Report containing the details of Corporate Governance systems and process at Hindoostan Mills Limited is as under:

1. Company's Philosophy on Code of Governance:

Your Company is committed towards compliance 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 stakeholder's viz. shareholders, Government Departments, Banks, Consumers, and Employees and in its accounting practices and procedures. Your Company has laid down a Code of Conduct, which binds all the Board Members and Senior Management of the Company. A declaration by the Executive Directors of the Company to this effect is appended to this Report.

2. Board of Directors:

- The Company's Board of Directors comprises of 10 Directors including 5 Independent Directors as on March 31, 2017. 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 Non-Executive Chairman of the Company is the Promoter and the number of Non Executive Directors is more than half of the total number of Directors. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- The composition of Board of Directors during the year, their names and the category of position held, number of Directorships and Committee positions held by them and the details of attendance of each Director at the Board Meetings and Annual General Meeting (AGM) are as under:

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 Directorship held	No. of Board Committees of other Companies in which a member#
Mr. Chandrahas Thackersey	Chairman - Non-Executive Director – Promoter	4	Yes	3	--
Mr. Hrishikesh Thackersey	Executive Director – Promoter	4	Yes	--	--
Mr. Abhimanyu Thackersey	Executive Director – Promoter	4	Yes	--	--
Mr. Khushaal Thackersey (appointed on 09.11.2016)	Executive Director – Promoter	1	No	--	--
Mr. Raoul Thackersey	Non-Executive Director – Promoter	4	Yes	2	--
Mr. K. D. Vora	Non-Executive Director – Independent	4	Yes	2	--
Mr. N. R. Kara (upto 03.10.2016)	Non-Executive Director – Non Independent	1	Yes	1	--
Mr. R.N. Bansal (upto 09.08.2016)	Non-Executive Director – Independent	--	No	1	--
Mr. P.B. Desai (upto 09.08.2016)	Non-Executive Director – Independent	1	Yes	2	--
Mr. Sujal A. Shah	Non-Executive Director – Independent	4	Yes	8	6 (Chairman of 1)
Mr. Bhavesh V. Panjuani	Non-Executive Director – Independent	4	Yes	2	1
Ms. Vishwadhara Dahanukar	Non-Executive Director – Independent	4	Yes	--	--
Dr. Ashok N. Desai (appointed on 09.08.2016)	Non-Executive Director – Independent	2	No	--	--

* Excludes Private Limited Companies.

Excludes 1) Committees other than Audit Committee and Stakeholders Relationship / Shareholders' / Investors' Grievance Committee and 2) Committee Membership/Chairmanship in Companies other than Public Limited Companies.

(iii) Board Meetings and Annual General Meeting:

During the year under review, four Board Meetings were held, the dates being May 04, 2016, August 09, 2016, November 09, 2016 and February 09, 2017. The gap between two consecutive Meetings does not exceeded one hundred and twenty days.

The last Annual General Meeting was held on August 09, 2016.

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

The Shareholding of the Non-Executive Directors in the Company as on 31.3.2017:

Name of Directors	Category	No. of Shares held
Mr. Chandrahas Thackersey	Promoter	71,184
Mr. Raoul Thackersey	Promoter	1,04,706
Mr. K.D. Vora	Independent	100
Mr. N.R. Kara (upto 03.10.2016)	Non-Independent	Nil
Mr. R.N. Bansal (upto 09.08.2016)	Independent	Nil
Mr. P.B. Desai (upto 09.08.2016)	Independent	Nil
Mr. Sujal A. Shah	Independent	Nil
Mr. Bhavesh V. Panjuani	Independent	Nil
Ms. Vishwadhara Dahanukar	Independent	Nil
Dr. Ashok N. Desai (appointed on 09.08.2016)	Independent	Nil

(v) Disclosure of relationships between Director inter-se:

Table given below shows the relationship between the Directors:

Name of the Directors	Designation	*Relationship between Directors Inter-se
Mr. Chandrahas Thackersey	Chairman	Father of Mr. Khushaal Thackersey
Mr. Hrishikesh Thackersey	Executive Director	Brother of Mr. Abhimanyu Thackersey
Mr. Abhimanyu Thackersey	Executive Director	Brother of Mr. Hrishikesh Thackersey

Name of the Directors	Designation	*Relationship between Directors Inter-se
Mr. Khushaal Thackersey	Executive Director	Son of Mr. Chandrahas Thackersey
Mr. Raoul Thackersey	Director	Not related to any other Director
Mr. K.D. Vora	Director	Not related to any other Director
Mr. N.R. Kara (upto 03.10.2016)	Director	Not related to any other Director
Mr. R.N. Bansal (upto 09.08.2016)	Director	Not related to any other Director
Mr. P.B. Desai (upto 09.08.2016)	Director	Not related to any other Director
Mr. Sujal A. Shah	Director	Not related to any other Director
Mr. Bhavesh V. Panjuani	Director	Not related to any other Director
Ms. Vishwadhara Dahanukar	Director	Not related to any other Director
Dr. Ashok N. Desai (appointed on 09.08.2016)	Director	Not related to any other Director

* As per definition of Relative under Section 2(77) read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014 of the Companies Act, 2013.

(vi) Familiarisation programmes for Independent Directors:

Independent Directors are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board Meetings on the business and performance updates of the Company, business strategy and risks involved.

The details of the Policy for the familiarisation programmes for Independent Directors are hosted on the Website of the Company can be accessed at the link: <http://www.hindoostan.com>.

3. Board Committees:

The Board has constituted the following Committees of Directors:

A) Audit Committee:**(i) Terms of Reference of the Audit Committee:**

The terms of reference of Audit Committee are in accordance with the requirements as per Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI

(Listing Obligations and Disclosure Requirements) Regulations 2015. 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, Statutory Auditor's Report on financial statements, to generally interact with Internal Auditors to review their finding, suggestions and other related matter and with Statutory Auditors, to review Quarterly Financial Statements before submission to the Board for approval, discuss the financial performance, transactions with related parties etc.

At a special invitation, Statutory Auditors, Internal Auditors, Chief Financial Officer, the Executive Directors attend the Audit Committee Meetings to clarify points raised by the Committee.

The Chairman of the Audit Committee Mr. Sujal A. Shah was present at the last Annual General Meeting of the Company held on August 09, 2016, to address the shareholders' queries, pertaining to the Annual Accounts of the Company.

- (ii) The Audit Committee comprised of 3 Independent Directors and 1 Non-Executive Promoter Director. The Independent Directors are eminent professionals having experience in Industry, Corporate Finance, Accounts and Corporate Law. Composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Rules made there under alongwith the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Four Meetings of the Audit Committee were held during the year ended March 31, 2017 on the following dates: May 05, 2016, August 09, 2016, November 09, 2016 and February 09, 2017. The attendance of each Member at the Meetings was as under:

Name of Members	Designation / Category	Number of Meetings attended
Mr. Sujal A. Shah	Chairman	4
Mr. K.D. Vora (appointed on 09.08.2016)	Member	3
Mr. Bhavesh Panjuani (appointed on 09.08.2016)	Member	3
Mr. Chandrahas Thackersey (appointed on 09.11.2016)	Member	2
Mr. Raoul Thackersey (upto 09.08.2016)	Member	2
Mr. R.N. Bansal (upto 09.08.2016)	Member	--
Mr. P.B. Desai (upto 09.08.2016)	Member	1

B) Nomination and Remuneration Committee:

- (i) Terms of Reference of the Nomination and Remuneration Committee:

The terms of reference of Nomination and Remuneration Committee are in accordance with the requirements of Section 178 of the Companies Act 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The brief description of the terms of reference of the Nomination and Remuneration Committee is as under:

The Committee is vested with the responsibility to function as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and recommends to the Board the specific compensation package for the Executive Directors and fees payable to Non-Executive Directors besides framing guidelines for overall compensation packages of Directors / Key Managerial Personnel (KMP).

- (ii) The Nomination and Remuneration Committee comprised of 3 Independent Directors. Composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Rules made there under alongwith the Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Three Meetings of the Nomination and Remuneration Committee were held during the year ended March 31, 2017 on May 04, 2016; August 09, 2016 and November 09, 2016. The attendance of each Member at the Meetings was as under:

Name of Members	Designation / Category	Number of Meetings attended
Mr. Bhavesh V. Panjuani	Chairman	3
Mr. K.D. Vora (appointed on 09.08.2016)	Member	1
Mr. Sujal A. Shah	Member	3
Mr. P.B. Desai (upto 09.08.2016)	Member	1

- (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 ended March 31, 2017:

(₹ in lakhs)

Name	Salary	Bene-fits*	Contribution to P.F. & S.A.	Total
Mr. Hrishikesh Thackersey	16.20	4.80	2.94	23.94
Mr. Abhimanyu Thackersey	33.00	4.80	4.96	42.76
Mr. Khushaal Thackersey (w.e.f. November 09, 2016)	3.31	0.00	0.40	3.71

* Benefits include House Rent Allowance, Gas & Electricity, Furnishings, Reimbursement of Medical Expenses and Leave Travel Expenses, Subscription to Club Fees, Personal Accident Insurance Premium, if any.

- (v) Details of Sitting fees paid to Non-Executive Directors during the year ended March 31, 2017 are given below:

Name of Directors	Sitting Fees in ₹		Total
	Board Meeting	Committee Meetings	
Mr. Raoul Thackersey	85,000	20,000	1,05,000
Mr. Chandrahas Thackersey	85,000	35,000	1,20,000
Mr. K.D. Vora	85,000	60,000	1,45,000
Mr. N.R. Kara (upto 03.10.2016)	25,000	5,000	30,000
Mr. R.N. Bansal (upto 09.08.2016)	--	--	--
Mr. P.B. Desai (upto 09.08.2016)	10,000	10,000	20,000
Mr. Sujal A. Shah	85,000	80,000	1,65,000
Mr. Bhavesh V. Panjuani	85,000	65,000	1,50,000
Ms. Vishwadhara Dahanukar	85,000	10,000	95,000
Dr. Ashok N. Desai (appointed on 09.08.2016)	50,000	10,000	60,000

C) Stakeholders Relationship Committee:

- (i) The terms of reference of Stakeholders Relationship Committee are in accordance with requirements of Section 178 of the Companies Act 2013 and Regulation 20 of SEBI (Listing Obligations and

Disclosure Requirements) Regulations 2015. The brief description of the terms of reference of the Stakeholders Relationship Committee is as under:

The scope and role of the Committee is to consider and resolve the grievances of Shareholders of the Company.

The main object of the Committee is the satisfactory redressal of investors' complaints and providing quality services to the shareholders of the Company.

- (ii) The Stakeholders Relationship Committee comprised of 2 Non-Executive Directors and 1 Executive Director.

Name of Members	Designation / Category	Number of Meetings attended
Mr. K.D. Vora (appointed on 09.08.2016)	Chairman	1
Mr. Chandrahas Thackersey	Member	1
Mr. Abhimanyu Thackersey	Member	1
Mr. Naresh Kara (upto 03.10.2016)	Chairman	--

One Meeting of the Stakeholders Relationship Committee was held on April 13, 2017. There were no queries / complaints during the year and no shareholder / investor complaint is pending as on March 31, 2017.

Share Transfer system:

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, transmission etc., to a Committee which meets twice 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 are normally processed at the earliest and within 15 days from the date of its receipt provided the documents are complete in all respects. There were no share transfers pending for more than 15 days as on March 31, 2017.

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

D) Corporate Social Responsibility (CSR) Committee:

- (i) The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:
- To frame CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

- To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

- (ii) The CSR Committee comprised of 2 Independent Directors and 1 Non-Executive Director.

One Meeting of the CSR Committee was held during the year ended March 31, 2017 on February 09, 2017. The attendance of each member at the Meeting was as under:

Name of Members	Designation / Category	Number of Meetings attended
Mr. Chandrahas Thackersey (appointed w.e.f. 09.08.2016)	Chairman	1
Mr. K. D. Vora	Member	1
Mr. Sujal A. Shah	Member	1
Mr. Raoul Thackersey (upto 09.08.2016)	Chairman	--

E) Independent Directors Meeting:

The terms of reference of the Independent Directors Meeting broadly comprises:

- Evaluation of performance of Non Independent Directors and the Board of Directors as a whole.
- Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

One Meeting of the Independent Directors was held during the year ended March 31, 2017 on February 09, 2017. All the Independent Directors were present at the Meeting.

F) (i) General Body Meetings held in last three years:

Year	Date	Time	Venue
2013-14	December 12, 2014	11.00 a.m.	Sir Vithaldas Chambers, Mumbai
2014-15	August 11, 2015		
2015-16	August 09, 2016		

(ii) Special Resolution passed in previous three AGMs:

AGM Date	Special Resolutions passed
December 12, 2014	- Borrowing money(ies) for the business of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013. - Creation of security on the properties of the Company both present and future pursuant to Section 180(1)(a) of the Companies Act, 2013.
August 11, 2015	- NIL
August 09, 2016	- Mr. K.D. Vora re-appointed as an Independent Director of the Company for a term of 2 consecutive years from 112 th AGM till conclusion of 114 th AGM.

- (iii) Whether Special Resolution were put through postal ballot last year : N.A.

- (iv) Any special resolution proposed to be conducted through postal ballot this year : No

4. Means of Communication:

All important information relating to the Company, its financial performance, shareholding pattern, business, quarterly results, press releases are published in Free Press Journal (English) and Navshakti (Marathi). The financial results of the Company are also available on the websites of the Company and BSE Limited. A Management Discussion and Analysis Report is a part of the Company's Annual Report.

5. General Shareholder information:

(i) Annual General Meeting for financial year 2016-17

Date : August 08, 2017

Time : 11.00 a.m.

Venue : Sir Vithaldas Chambers, 6th Floor,
16, Mumbai Samachar Marg,
Fort, Mumbai- 400 001.

(ii) Financial Calendar 2017-18 (Tentative):

First Quarterly Results : July/August, 2017

Second Quarterly Results : October/November, 2017

Third Quarterly Results : January/February, 2018

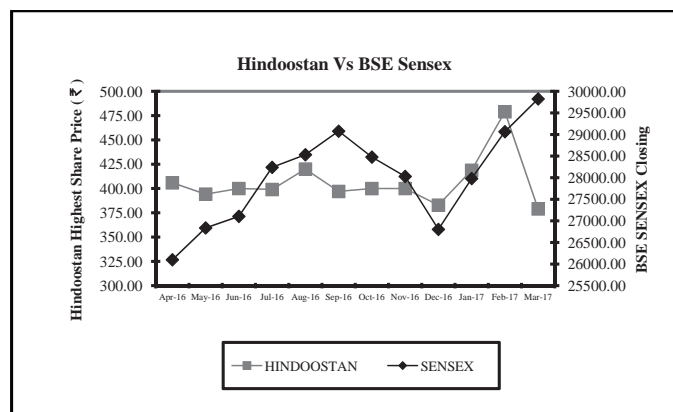
Fourth Quarterly Results : May, 2018

- (iii) **Date of Book Closure** : August 02, 2017 to August 08, 2017 (both days inclusive)
- (iv) **Dividend** : Dividend is not proposed
payment date
- (v) **Listing on Stock Exchange** : BSE Limited
P J Towers, Dalal Street,
Mumbai – 400 001
Listing Fee for the financial year 2017-18 has been paid
- (vi) **Stock Code**
Scrip ID : HINDMILLS
Scrip Code : 509895
ISIN No. : INE 832D01020
CIN : L17121MH1904PLC000195

(vii) **Stock Market Price Data:**

Month	Quotation at BSE Ltd.	
	High (₹)	Low (₹)
April, 2016	405.90	360.00
May, 2016	394.20	301.00
June, 2016	400.00	334.00
July, 2016	399.00	350.00
August, 2016	420.00	352.35
September, 2016	397.00	351.00
October, 2016	399.95	350.00
November, 2016	400.00	330.00
December, 2016	382.90	331.00
January, 2017	418.80	345.05
February, 2017	479.00	355.00
March, 2017	379.00	325.05

(viii) **Performance of the share price of the Company in comparison to the BSE SENSEX:**



(ix) **Registrar and Transfer Agent:**

The Company has engaged the services of 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. Members 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. Members 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.

Name and Address : Computech Sharecap Limited,
147, Mahatma Gandhi Road,
Opp. Jehangir Art Gallery,
Mumbai - 400 023.

Telephone : 022 – 22635000/1/2/3/4

Fax : 022 - 22635005

E-mail : helpdesk@computechsharecap.com

Website : www.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 95.78% shares are held under dematerialised mode as on March 31, 2017.

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

(xii) **Distribution of Shareholding as on March 31, 2017:**

Group of Shares	No. of Shareholders	No. of shares held	% to Total Shares
1 to 50	8,006	1,05,621	6.35
51 to 100	670	49,781	2.99
101 to 250	430	68,583	4.12
251 to 500	113	40,007	2.40
501 to 1000	63	43,961	2.64
1001 to 5000	48	84,625	5.08
5001 and above	43	12,71,970	76.42
TOTAL	9,373	16,64,548	100.00

(xiii) Shareholding Pattern as on March 31, 2017:

	No. of Shares held	%
Promoters and Persons Acting in Concert	10,09,011	60.62
Banks, Financial institutions, Mutual Funds, Insurance companies	2,292	0.14
Private Corporate Bodies	11,420	0.69
Indian Public	6,22,400	37.39
NRI's / OCBs	19,425	1.17
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 - 415 109, Maharashtra

b) Engineering Unit

Plot No.D-1, MIDC Industrial Area,
Village - Taswade, Tal - Karad,
Dist. - Satara - 415 109, Maharashtra

c) Composite Unit

- Plot No.D-1, MIDC Industrial Area,
Village - Taswade, Tal - Karad,
Dist. - Satara - 415 109, Maharashtra
- Plot No.B-24 (Additional Ambarnath MIDC Industrial Area),
Village - Anandnagar,
Dist.- Thane - 421506, Maharashtra

d) The Loomshed Unit

C Block,
The Bombay Textile Research Association,
LBS Road, Ghatkopar West,
Mumbai - 400086

(xv) Address for correspondence:

Registered Office & Head Office:

Hindoostan Mills Limited
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.
Tel. No.: 022 - 2204 0846
Fax No.: 022 - 2283 3841
Email:complaint@hindoostan.com

Other Disclosures:

- There is no materially significant related party transaction that may have potential conflict with the interests of Company at large;
- There was no non-compliance by the Company. There was no penalty, stricture imposed on the Company by Stock Exchange or the Board or any statutory authority, on any matter related to capital markets, during the last three years;
- The Company has established vigil mechanism/whistle blower policy, and also affirm that no personnel has been denied access to the Audit Committee;
- The Company has also adopted policies on Preservation of Documents and Archival of Documents and Determination of Materiality of Events.

Details of compliance with the non-mandatory requirements:-

- 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.
 - The Company has an open-door policy where employees have access to their Head of Departments who participate in monthly forum Meetings with the Management and any concern or instances of unethical behaviour or non-adherence to the Code of Conduct or any issue concerning the business of the Company, is brought up to the notice of Management and resolved from time to time while adequately safeguarding the employee who has availed this mechanism.
- (v) Reconciliation of Share Capital Audit:

A qualified Practicing Company Secretary / Chartered Accountant carries 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.

(vi) Transfer of Unclaimed / Unpaid Dividend to the Investor Education and Protection Fund (IEPF):

Pursuant to Sections 205A and 205C of the Companies Act, 1956 and Other applicable provisions, if any of the Act, all Unclaimed / Unpaid Dividend remaining Unclaimed / Unpaid for a period of Seven years from the date they became due for payment in relation to the Company and erstwhile The Sirdar Carbonic Gas Company Limited have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amount so transferred prior to March 31, 2017 nor shall any payment be made in respect of such claims.

Members who have not yet encashed their dividend warrants pertaining to the dividend for the financial year 2009-10 and onwards are requested to make their claims without any delay to the Company.

The following table gives the information relating to outstanding dividend accounts and the dates by which they can be claimed by the Members:

Sr. No	Financial Year	Dividend Per Share (₹)	Date of Declaration	Due Date for Transfer to IEPF
1	2009-10	50.00	September 30, 2010	December 02, 2017
2	2010-11	10.00	September 15, 2011	November 18, 2018
3	2011-12	5.00	August 09, 2012	October 02, 2019
4	2012-13	7.50	July 26, 2013	September 28, 2020
5	2013-14	10.00	December 12, 2014	February 13, 2022
6	2014-15	4.00	August 11, 2015	October 12, 2022
7	2015-16	4.50	August 09, 2016	October 14, 2023

(vii) The Company has no material subsidiary.

(viii) Web link for policy on dealing with related party transactions is <http://www.hindoostan.com>.

(ix) Disclosure of commodity price risks and commodity hedging activities: - N.A.



DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

HRISHIKESH THACKERSEY

Executive Director

ABHIMANYU THACKERSEY

Executive Director

KHUSHAAL THACKERSEY

Executive Director

Mumbai, May 09, 2017

CEO / CFO CERTIFICATION

We, Hrishikesh Thackersey, Abhimanyu Thackersey, Khushaal Thackersey, Executive Directors and K. Nandakumar, Chief Financial Officer of the Company, to the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements and the Cash flow statement for the year and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Companys' 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 Companys' Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
 - (1) that there are no significant changes in internal control over financial reporting during the year;
 - (2) that there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) that there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

HRISHIKESH THACKERSEY
Executive Director

ABHIMANYU THACKERSEY
Executive Director

KHUSHAAL THACKERSEY
Executive Director

K. NANDAKUMAR
Chief Financial Officer

Mumbai, May 09, 2017

AUDITOR'S CERTIFICATE

To the Members

Hindustan Mills Limited

We have examined the compliance of conditions of Corporate Governance by **Hindustan Mills Limited ("the Company")**, for the year ended on March 31, 2017, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulation.

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 above-mentioned Listing Regulations.

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
(Firm Reg. No. 107556W)

Mukul Patel
Partner
Membership No. 032489

Place: Mumbai

Date: 9th May, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

A. BUSINESS SEGMENT –TEXTILES:

Industry Structure & Development:

There has been a major slowdown in global demand of cotton fabric, and heavy pricing pressure due to the increased production from new low cost manufacturing hubs in Vietnam and Bangladesh, in addition to the established players in China and Pakistan. The textile industry as a whole and fabric markets in particular, have seen prices drop considerably over the year. Due to a slight reduction in the cotton crop, the price of Indian cotton increased inspite of the weak demand from domestic consumers. The demonetization exercise undertaken by the government added to the already reeling domestic market of fabrics. Most of the Industry had to suffer due to partial capacity closures or heavy stock accumulation and subsequent liquidation at lower prices.

The surplus capacity put up by industry players in the previous years has increased the gap between demand and supply. Greater availability of the same products has prevented prices from rising at par with the increasing cost of inputs such as cotton, power, labour and other resources. In general the textile business is cyclical in nature. The dull cycle this year has been one of the longest and has just started to revive towards the last quarter.

The Company's diversification initiative is ongoing, and we have been striving to develop innovative products, but the poor market conditions have delayed its success. The strategy is to create a niche for existing products and also focus on new product development. This will help us survive tough markets and improve the long-term profitability of the Company.

Opportunities and Threats:

The Company has commercially established several niche products for the home textile market and a few products using value added fibers and yarns for the apparel market. The ability to create a wide range of products for varied applications has been strength and continued effort will allow the Company to enter unexplored territories. The

addition of more finished fabrics to our product basket has helped us increase our brand value bring us closer to the end customer.

Since the Company's operations are centered in Maharashtra, the increasing cost of inputs such as power, labour and fuel remain its greatest threats. Despite continuous efforts towards efficient manufacturing, and the initiative of purchasing open-access power, policy changes by government agencies in favour of state suppliers have had a large negative impact on our power costs.

Risks and Concerns:

The growth of low cost manufacturing hubs worldwide and competition from the unorganized sector, coupled with slowdown in fabric demand and poor liquidity, continues to pose a serious concern. The Company has been working on strengthening its financial and inventory controls to mitigate this effects. The poor condition of International markets is directly affecting India's manufacturing industry and will continue to be a governing factor of sales and pricing.

The policy support from the government towards the organized textile industry has been fairly lackluster in recent years. There have been talks of reform recently, and there is hope for some dynamic changes in the time to come.

Retaining a skilled and talented workforce in a very mature industry like textiles is also a major challenge for any Company.

Outlook:

The future outlook for our textile business hinges upon value addition and innovation, as basic products will continue to see lower margins. Maintaining strong relations with all stakeholders, and developing unique and value added products with higher capacity utilizations with best efficiencies, remain the major focus areas for the Company. The emphasis on R&D and product development will help the Company establish niche product segments in nascent markets.

B. BUSINESS SEGMENT – ENGINEERING:**Industry Structure and Development:**

The engineering business has seen a strong year as we have successfully increased our present share in existing segments and have seen reasonable success in the international market. The reliance of the roll manufacturing operation on the textile industry is reducing as we find more value added applications for our products. The steel industry has seen increased activity in the year, and we continue to develop relationships with new and existing customers. Our customers base in the paper industry has deteriorated due to competition from Chinese imports, leading to a reduction in demand for our paper rolls.

Opportunities and Threats:

Our strong brand value has allowed us to gain traction in developing and assembling machines that incorporate our rolls for customers that need them for specialized applications. This allows us to better serve them and become a more integral part of their operations, resulting in better, long-term relationships.

The Company has introduced a premium hybrid roll that offers many advantages over existing cotton rolls. The product has been very well received, and many customers are opting for this new product. Being a better value proposition for the customer, we see this product as a good opportunity for this segment.

We have also emphasized importance on research and development activities to provide the steel industry with some complementary products, which should add to the bottom line in the future.

Risks and Concerns:

We pride ourselves in the high quality products that our engineering division manufactures. Customers are willing to pay for tailored products but there quality control requires constant vigilance. There are risks associated with creating and supplying such customized products since a standardized quality control process cannot be applied.

Since a majority of our product range consists of replacement parts for processing lines, our customers often

need just in time delivery which poses a challenge with regard to holding of inventory. Payment cycles in the textile industry seem to have deteriorated which is a concern and we are trying to manage our receivables effectively.

Outlook:

The outlook for the engineering business seems full of opportunities. With many potential markets to focus on, we are trying to carve out dominant positions in areas which we find most beneficial. Our focus on new product development and high quality should help to strengthen our competitive advantage in future. With a steady increased penetration in the international market, we hope to increase our sales at a good pace in the years to come.

C. BUSINESS SEGMENT – COMPOSITES:**Industry Structure & Development:**

The last financial year was one of consolidation of our core business areas and diversification into new and exciting business areas. The core desesene/aerospace and infrastructure businesses remained strong and continued to grow. The addition of new technology platforms have also allowed us to improve our product mix and profitability.

Other emerging areas such as wind energy, automotive and mass transportation have been seeing a steady uptick in activity related to composites. We attempt to be in sync with most of these emerging trends and we expect the future growth to come from niche market high potential projects in these key market segments.

India has managed to make the move from being a silent follower to active developer of composites solutions. Largely, the market dynamics have shifted due to select government policy mandates, and the emergence of alternate fuel generation/ fuel savings technologies that demand composites as an enabling material to succeed.

India's focus on indigenization of high technology products, coupled with active industry and PSU support to the Make in India and Skill India programs, present a great opportunity for the use of light weight materials in a broad range of industries.

Opportunities and Threats:

We continue to build on our promise of making composites product and solutions accessible to everyone. To further this cause we continue to build competence and capability through the composites value chain by further strengthening our R&D activities and by adding new technology platforms.

As the composites market is experiencing a strong growth phase there has been steady rise in the number of new entrants in this market. We continue to stay ahead of the competition by working closely with our customers and developing need based solutions. Our strong brand identity built over the past few years along with the delivery of quality products and cutting edge technologies, has allowed us to maintain our market position.

Risks and Concerns:

Volume manufacturing of high performance composites and commoditization of raw materials remains the biggest concern facing the composites Industry at the moment.

China and other Southeast Asian countries are now moving towards high value added product manufacturing and they will further challenge cost competitiveness of Indian

made composites products. While growth outlook for the composites market remains strong, India needs to grow exponentially in order to emerge as a global player in this market space. A large part of this growth depends on government mandates and support to industry.

Outlook:

Quality of life is increasingly becoming an issue of significant importance in India and globally. Current fossil fuel based technologies are being rapidly replaced by renewable energy sources. The internal combustion engine is also rapidly being replaced by fuel cell and electric driven motors. All of these technologies are highly sensitive to weight. In most cases efficiency of these technologies is driven by the weight to performance ratio.

Composites have now clearly emerged as a worthy engineering material that allows industries to tailor the performance of traditional engineering products to new levels. Composites have a role to play in almost every industry connected to either generating clean energy, saving energy or improving performance. Given this global shift of which India is a vital constituent the future of composites remain extremely promising.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of **HINDOOSTAN MILLS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **HINDOOSTAN MILLS LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;

- (e) On the basis of the written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure “B”**; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note No. 27B Point No. III(A), III(B) and III(C) of other notes to the financial statements.
 - (ii) The Company does not have any long-term contracts including derivative contracts for which there could be any material foreseeable losses and hence, the question of making provision for such losses does not arise.
 - (iii) There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosure in its financial statements as to holdings as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with the books of account maintained by the Company. Refer Note No. 15.1 of the financial statements.

For M. A. Parikh & Co.

Chartered Accountants

(Firm’s Registration No. 107556W)

MUKUL M. PATEL

Partner

Membership No. 032489

Place: Mumbai

Date: 9th May, 2017**Annexure – A to the Auditors’ Report****Annexure referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements of even date**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of Leasehold Land are held in the name of the company.
- (ii) As explained to us, inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification. Further, Inventory lying with third party processors as on 31st March, 2017 aggregating to Rs 70.04 lakhs (previous year Rs. 63.95 lakhs) were not verified for which confirmations have been obtained.
- (iii) The Company has not granted loans to parties covered in the register maintained under section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company:
 - (a) Has complied with the provisions of section 186 of the Act, with respect to the investments made.
 - (b) The provisions of section 185 of the Act are not applicable to it.
- (v) The Company has not accepted any deposits from the public. Thus, paragraph 3 (v) of the Order is not applicable.
- (vi) 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 Sub-Section 1 of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been so made and maintained. We have, however, not made a detailed examination of the accounts and records with a view to determining whether they are accurate or complete.

(vii) 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, Employees' State Insurance, Income-tax, Sales-Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues as applicable, with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, statutory dues aggregating to Rs. 159.14 lakhs which have not been deposited as on March 31, 2017 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.
		1.94	A.Y. 2010-11	Commissioner of Income Tax.
		3.94	A.Y. 2014-15	Commissioner of Income Tax.
Central Excise Act	Excise Duty	4.06	1977-2002	Dy. Commissioner of Central Excise.
		2.49		Joint Commissioner of Central Excise
		27.78		Asst. Commissioner of Central Excise
		51.87	1994-1998	Commissioner of Central Excise.
		20.10	1996-2003	CESTAT
Maharashtra Sales Tax and Central Sales Tax	Sales Tax & Central Sales Tax	22.69	2000-01 & 2002-03	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	21.15	1990-91 to 2000-01	Dy. Commissioner of sales-tax (Appeal)-I

- (viii) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to its banks.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company has paid/provided managerial remuneration which is in accordance with the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by Accounting Standard 18.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company it is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For M. A. Parikh & Co.

Chartered Accountants

(Firm's Registration No. 107556W)

MUKUL M. PATEL

Partner

Membership No. 032489

Place: Mumbai

Date: 9th May, 2017

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **HINDOOSTAN MILLS LIMITED** ("the Company") as of 31 March 2017, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For M. A. Parikh & Co.

Chartered Accountants

(Firm's Registration No. 107556W)

MUKUL M. PATEL

Partner

Membership No. 032489

Place: Mumbai

Date: 9th May, 2017

Balance Sheet as at 31st March, 2017

₹ in lakhs

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	166.45	166.45
Reserves And Surplus	2	6,860.45	8,195.13
Non-Current Liabilities			
Long Term Borrowings	3	831.83	1,321.43
Long Term Provisions	4	424.77	308.65
Current Liabilities			
Short Term Borrowings	5	917.26	828.37
Trade Payables	6		
i. Total outstanding dues of Micro Enterprises and Small Enterprises		21.47	2.98
ii. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		1,427.77	1,230.31
Other Current Liabilities	7	1,605.39	1,460.84
Short Term Provisions	8	66.06	195.42
TOTAL		12,321.45	13,709.58
II. ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		5,785.89	6,373.18
Intangible Assets		31.85	37.61
Capital Work in Progress		2.03	426.09
Non Current Investments	10	50.68	35.35
Long Term Loans and Advances	11	195.92	181.69
Current Assets			
Current Investments	12	47.16	300.24
Inventories	13	2,349.27	2,911.47
Trade Receivables	14	2,882.95	2,599.82
Cash and Cash Equivalents	15	102.85	211.28
Short Term Loans and Advances	16	589.25	501.75
Other Current Assets	17	283.60	131.10
TOTAL		12,321.45	13,709.58
Significant Accounting Policies	27 A		
Other Notes to Accounts	27 B		

Notes referred to above form an integral part of Balance Sheet

As per our report of even date attached

For and on behalf of the Board

For M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

Mukul M. Patel

Partner

Membership No. : 032489

Place : Mumbai

Date : May 9, 2017

Chandrabhas Thackersey

Chairman

Place : Mumbai

Abhimanyu Thackersey

Executive Director

Place : Mumbai

K. Nandakumar

Chief Financial Officer

Place : Chennai

Jagat Reshamwala

Company Secretary

Place : Mumbai

Date : May 9, 2017

Statement of Profit and Loss for the Year ended 31st March, 2017

₹ in lakhs

Particulars		Note No.	Year ended 31.03.2017	Year ended 31.03.2016
I	Revenue from Operations	18	15,915.26	15,925.53
II	Other Income	19	269.98	347.47
III	Total Revenue (I+II)		16,185.24	16,273.00
IV	Expenses:			
	Cost of Materials Consumed	20	9,782.54	9,814.60
	Purchase of Stock-in-Trade		639.47	659.45
	Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	368.97	(244.97)
	Employee Benefits Expenses	22	1,837.68	1,521.56
	Finance costs	23	258.50	331.34
	Depreciation and Amortisation Expenses	24	1,240.23	1,181.82
	Other Expenses	25	3,314.71	3,436.15
	CSR Expenses		-	1.94
	Total Expenses		17,442.10	16,701.89
V	Loss before Exceptional and Extraordinary Items and Tax (III- IV)		(1,256.86)	(428.89)
VI	Exceptional Items	26	(68.50)	222.54
VII	Loss before Extraordinary Items and Tax (V + VI)		(1,325.36)	(206.35)
VIII	Extraordinary Item			
	Loss due to fire		(9.32)	-
IX	Loss Before Tax (VII+VIII)		(1,334.68)	(206.35)
X	Tax Expense:			
	Short Provision of Tax for earlier year		-	19.03
XI	Loss for the Year (IX-X)		(1,334.68)	(225.38)
XII	Earning per Equity Share of ₹ 10/- each Basic and Diluted (₹)		(80.19)	(13.54)
(Refer Note 27B Point no. XV of Other Notes to Accounts)				

Notes referred to above form an integral part of Statement of Profit and Loss

As per our report of even date attached

For and on behalf of the Board

For M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

Mukul M. Patel

Partner

Membership No. : 032489

Place : Mumbai

Date : May 9, 2017

Chandrabhas Thackersey

Chairman

Place : Mumbai

K. Nandakumar

Chief Financial Officer

Place : Chennai

Abhimanyu Thackersey

Executive Director

Place : Mumbai

Jagat Reshamwala

Company Secretary

Place : Mumbai

Date : May 9, 2017

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

₹ in lakhs

	Current Year		Previous Year
A. CASHFLOW FROM OPERATING ACTIVITIES			
Loss for the year		(1,334.68)	(206.35)
Adjustment for :			
Depreciation	1,240.23		1,181.82
Finance Cost	258.50		331.34
Fixed Assets Written off	3.52		2.58
Inventory (Property under Development) write off	1.00		-
Property Arbitration Award (Net)	63.98		-
Loss by Fire - Extraordinary Item	9.32		-
Provision for Doubtful Debts and Advances	6.78		9.50
Bad Debts and Debit Balances Written Off	0.81		6.51
Dividend Income	(0.02)		(0.01)
Lease Income	(60.60)		(60.60)
Miscellaneous Income	(1.81)		-
Profit on Sale of Investments (Net)	(28.40)		(23.13)
Loss / (Profit) on Sale of Fixed Assets (Net)	0.02		(258.45)
Provision for Doubtful Advances no longer required written back	(36.46)		(33.33)
Excess provision no longer required written back	(4.70)		(19.38)
Sundry Credit Balance Written Back	(15.38)		(12.49)
Interest Income	(34.98)		(55.88)
		1,401.81	1,068.48
Operating Profit before Working Capital Changes		67.13	862.13
Changes in :			
Inventories	558.77		(308.10)
Trade and Other Receivables	(506.42)		88.00
Trade and other Payables	308.60		170.27
Provisions	76.92		50.91
		437.87	1.08
Cash Generated from Operations		505.00	863.21
Direct Taxes paid (Net of Refunds)		(0.26)	139.42
Net Cash Generated From Operating Activities		504.74	1,002.63
B. CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(226.88)		(569.90)
Sale of Fixed Assets	0.21		332.62
Interest Received	34.98		55.88
Dividend Received	0.02		0.01
Lease Income Received	60.60		60.60
Investments Purchased and Sold (Net)	266.15		20.05
Net Cash used in Investing Activities		135.08	(100.74)

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

₹ in lakhs

C. CASHFLOW FROM FINANCING ACTIVITIES	Current Year		Previous Year
Dividend Paid	(89.04)		(78.72)
Interest Paid	(258.50)		(331.34)
Long Term Borrowing	(489.60)		(488.14)
Short Term Borrowing	88.89		114.12
Net Cash used in Financing Activities		(748.25)	(784.08)
Net Increase in Cash and Cash Equivalents	(A+B+C)	(108.43)	117.81
Cash and Cash Equivalents at the beginning of the year			
Cash and Cash Equivalents	139.69		35.89
Other Bank Balances	71.59		57.58
Cash and Cash Equivalents at the end of the year		211.28	93.47
Cash and Bank Balance	52.39		139.69
<u>Other Bank Balances</u>			
Earmarked Balance with Banks	14.30		13.19
Margin Money Deposit	19.15		37.46
Other Bank Deposits	17.01		20.94
		102.85	211.28

Notes :

- 1 Cash and Cash equivalents denote Cash and Bank balances at the year end. Earmarked Balance with Banks includes Balance in Current Account for Unpaid Dividend & Employee Deposit.
- 2 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3- 'Cash Flow Statement' (AS -3) issued by the Institute of Chartered Accountants of India.
- 3 Direct Taxes paid (Net of refunds) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

As per our report of even date attached

For and on behalf of the Board

For M.A.Parikh & Co

Chartered Accountants.
Firm Registration No.107556W

Mukul M. Patel

Partner
Membership No. : 032489

Place : Mumbai
Date : May 9, 2017

Chandrabhas Thackersey

Chairman
Place : Mumbai

K. Nandakumar

Chief Financial Officer
Place : Chennai

Abhimanyu Thackersey

Executive Director
Place : Mumbai

Jagat Reshamwala

Company Secretary
Place : Mumbai
Date : May 9, 2017

Notes to Financial statements for the Year ended 31st March, 2017

Note 1 : Share Capital

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Authorised Capital		
2,77,67,500 (P. Y. 2,77,67,500) Equity Shares of ₹ 10/- each	2,776.75	2,776.75
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	3,855.00	3,855.00
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.

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

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

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
16,64,548 Equity Shares at the beginning and at the end of the year of ₹ 10/- each fully paid up	166.45	166.45
	166.45	166.45

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

₹ in lakhs

Name of Equity Shareholders	No. of Shares Held	Percentage of Holding
Chandrali Investments Private Limited		
Current Year	87,266	5.24%
Previous year	87,266	5.24%
Delta Investments Limited		
Current Year	1,10,207	6.62%
Previous year	1,04,698	6.29%
Mr. Jagdish Thackersey		
Current Year	1,80,586	10.85%
Previous year	1,80,586	10.85%
Mr. Raoul Thackersey		
Current Year	1,04,706	6.29%
Previous year	1,04,706	6.29%
Mr.Hiren Kara		
Current Year	1,13,646	6.83%
Previous year	1,12,028	6.73%

Notes to Financial statements for the Year ended 31st March, 2017

Note 2 : Reserves and Surplus

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Capital Reserve	1,076.11	1,076.11
Capital Redemption Reserve	83.63	83.63
Securities Premium Account	587.78	587.78
Other Reserve		
General Reserve		
Balance as at the beginning of the year	6,447.61	6,760.42
Less: Transfer to Surplus	-	(312.81)
Balance as at the end of the year	6,447.61	6,447.61
Surplus		
Balance as at the beginning of the year	-	2.96
Add. Transfer from General Reserve	-	312.81
	-	315.77
Less : Loss for the year	(1,334.68)	(225.38)
Amount available for Appropriation (A)	(1,334.68)	90.39
Appropriations:		
Proposed Dividend	-	74.90
Tax on Proposed Dividend	-	15.25
Short Provision of Tax on Proposed Dividend for the year 2014-15	-	0.24
Total of Appropriations (B)	-	90.39
Balance in Surplus (A-B)	(1,334.68)	-
TOTAL	6,860.45	8,195.13

Note 3 : Long Term Borrowings

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Secured		
Term Loan from a Bank	831.83	1,321.43
TOTAL	831.83	1,321.43

Note 3.1: Details of terms and conditions of repayment and security provided for in respect of the Long- Term Borrowings as follows:

- (a) Term Loan from Axis Bank is payable in 60 monthly installments of ₹ 40.80 Lakhs each commencing from 31st May, 2015. Interest rate is base rate + 2.75% i.e. 12.00%.
- (b) Security :
- Primary Security :
- (i) The above Term Loan is secured by first charge on Factory Land , Building & Other Structures and Plant & Machinery (Present & Future) of the company's Textile Unit at Plot no. D-1, MIDC Industrial Area, Village - Taswade, Tal-Karad, Satara
- Collateral Security:
- (ii) Second charge on all the Stocks, Book Debts (Present & Future) & Other Current Assets.

Notes to Financial statements for the Year ended 31st March, 2017

Note 4 : Long Term Provisions

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Employee Benefits		
Provision for Leave Salary	87.39	76.70
Provision for Gratuity	337.38	231.95
TOTAL	424.77	308.65

Note 5 : Short Term Borrowings

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Secured		
Working Capital Loan from a Bank	917.26	828.37
TOTAL	917.26	828.37

Note 5.1 : Details of terms and conditions of repayment and security provided for in respect of the Short- Term Borrowings as follows:

- (a) Secured Loan from HDFC Bank : Interest rate is base rate + 2% i.e. 11% for Cash Credit and 7.25% on packing credit
- (b) Security :
- Primary Security :
- (i) The above Loan is secured by first charge on all the Stocks, Book Debts (Present & Future) & Other Current Assets
- Collateral Security :
- (ii) Second Charge on Plant & Machinery (Present & Future) of the Company's Textile Unit at Plot no. D-1, MIDC Industrial Area, Village - Taswade, Tal-Karad, Satara.

Note 6 : Trade Payables

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
i. Total outstanding dues of Micro Enterprises and Small Enterprises	21.47	2.98
ii. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	1,427.77	1,230.31
(Refer Note 27B Point no. IX of Other Notes to Accounts)		
TOTAL	1,449.24	1,233.29

Notes to Financial statements for the Year ended 31st March, 2017

Note 7 : Other Current Liabilities

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Current maturities of Long Term Borrowing (Refer Note 3.1 for Terms & Conditions)	489.60	530.40
Interest accrued but not due on Long Term Borrowing	-	19.59
Unclaimed Dividend	12.98	11.87
Amount due to a Director	1.08	1.08
Other Liabilities (including ₹ 10.09 lakhs (P.Y. ₹ 2.66 lakhs) relating to MSMED vendors (Refer Note 27B Point no. IX of Other Notes to Accounts))	1,033.67	855.26
Advances from Customers	51.59	22.67
Withholding Taxes Payable	16.47	19.97
TOTAL	1,605.39	1,460.84

Note 8 : Short Term Provisions

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
<u>Provision For Employee Benefits</u>		
Provision for Leave Salary	9.46	9.86
Provision for Gratuity	19.13	62.66
Provision for Bonus/ Ex Gratia	37.47	32.75
	66.06	105.27
<u>Others</u>		
Proposed Dividend	-	74.90
Corporate Dividend Tax on Proposed Dividend	-	15.25
	-	90.15
TOTAL	66.06	195.42

Notes to Financial statements for the Year ended 31st March, 2017

Note 9: Fixed Assets

Description	GROSS BLOCK						DEPRECIATION / AMORTISATION				NET BLOCK		
	Opening Block As At 01.04.2016	Additions during the year	Deductions during the year	Adjustment	Write off during the year	Closing Block As At 31.03.2017	Opening Block As At 01.04.2016	For the Year	Deductions during the year	Write off during the year	Closing Block As At 31.03.2017	As At 31.03.2017	As At 31.03.2016
TANGIBLE ASSETS													
<u>Land</u>													
Leasehold Land	117.12	-	-	-	-	117.12	26.57	1.25	-	-	27.82	89.30	90.55
<u>Buildings</u>													
Road	5.22	-	-	-	-	5.22	4.96	-	-	-	4.96	0.26	0.26
Buildings	2,252.74	255.15	-	-	-	2,507.89	1,449.22	95.38	-	-	1,544.60	963.29	803.52
Leasehold Improvements	40.05	21.73	-	-	-	61.78	25.33	15.83	-	-	41.16	20.62	14.72
Leasehold improvement Electrical	-	3.01	-	-	-	3.01	-	0.92	-	-	0.92	2.09	-
<u>Plant & Equipments</u>													
Plant & Machinery	13,447.25	225.75	-	-	53.15	13,619.85	8,107.96	1,054.69	-	49.85	9,112.80	4,507.05	5,339.29
Office Equipments	60.11	27.47	-	-	1.97	85.61	50.69	12.64	-	1.80	61.53	24.08	9.42
Electrical Installations	295.39	43.46	-	-	-	338.85	254.82	18.01	-	-	272.83	66.02	40.57
<u>Furniture & Fixtures</u>													
Furniture	109.43	22.60	-	-	0.46	131.57	61.86	17.11	-	0.41	78.56	53.01	47.57
<u>Vehicle</u>													
Vehicle	66.07	-	4.79	-	-	61.28	55.61	3.43	4.55	-	54.49	6.79	10.46
<u>Computer</u>													
Computer	75.41	51.77	-	-	-	127.18	58.59	15.21	-	-	73.80	53.38	16.82
Total Tangible Assets	16,468.79	650.94	4.79	-	55.58	17,059.36	10,095.61	1,234.47	4.55	52.06	11,273.47	5,785.89	6,373.18
INTANGIBLE ASSETS													
Marketing Know How	51.59	-	-	-	-	51.59	15.48	5.16	-	-	20.64	30.95	36.11
Tenancy Right	6.00	-	-	-	-	6.00	4.50	0.60	-	-	5.10	0.90	1.50
Total Intangible Assets	57.59	-	-	-	-	57.59	19.98	5.76	-	-	25.74	31.85	37.61
CAPITAL WORK IN PROGRESS													
	426.09	2.03	-	(426.09)	-	2.03	-	-	-	-	-	2.03	426.09
TOTAL (CURRENT YEAR)	16,952.47	652.97	4.79	(426.09)	55.58	17,118.98	10,115.59	1,240.23	4.55	52.06	11,299.21	5,819.77	6,836.88
TOTAL (PREVIOUS YEAR)	16,839.57	806.44	409.58	(236.54)	47.42	16,952.47	9,313.34	1,181.82	334.73	44.84	10,115.59	6,836.88	-

Notes to Financial statements for the Year ended 31st March, 2017

Note 10: Non Current Investments (At Cost unless otherwise stated)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
<u>Other Investments</u>		
<u>Investment in Property</u>		
5/8 th share (P.Y.5/8 th) in Bruce Street Property	50.67	35.34
<u>Investments in Equity Instruments (Quoted)</u>		
60 (P.Y.60) Equity shares of ₹ 2/- each fully paid up in Siemens Ltd.	0.01	0.01
<u>Other Non- Current Investments</u>		
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	(2.10)	(2.10)
(Refer Note 27B Point no. VII of Other Notes to Accounts)	-	-
TOTAL	50.68	35.35
Aggregate amount of Quoted Investments and Market Value		
Quoted Investments		
(Market Value as on 31.03.2017 ₹ 0.75 lakhs (P.Y. ₹0.66 lakhs))	0.01	0.01
TOTAL	0.01	0.01
Aggregate amount of Unquoted Investments		
Unquoted Investments	52.77	37.44
TOTAL	52.77	37.44
Aggregate amount of Provision for Diminution in value of Investments		
Provision for Diminution in value of Investment in Shares of Yashwant Sahakari Sakhar Karkhana Ltd	2.10	2.10
TOTAL	2.10	2.10

Note 11 : Long Term Loans and Advances

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
<u>Unsecured, Considered Good</u>		
Capital Advances	47.26	58.62
Security Deposit	148.66	123.07
TOTAL	195.92	181.69

Notes to Financial statements for the Year ended 31st March, 2017

Note 12 : Current Investments

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Unquoted :		
Investments in Mutual Funds		
2,17,678.357 (P.Y.2,17,678.357) units of HDFC Floating Rate Fund	47.16	47.16
Nil (P.Y. 14,97,858.943) units of UTI Short Term Income Fund Growth	-	253.08
TOTAL	47.16	300.24
Aggregate amount of Unquoted Investments		
Other Unquoted Investments	47.16	300.24
TOTAL	47.16	300.24

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

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Materials	885.02	1,022.70
Work-in-Process	397.84	453.93
Finished Goods	613.88	969.55
Stock-in-Trade	311.54	268.75
Stores, Spares and Loose tools	140.99	195.54
Property under Development	-	1.00
TOTAL	2,349.27	2,911.47

Note 14 : Trade Receivables

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	239.59	125.45
Considered Doubtful	43.45	41.37
Less : Provision for Doubtful Debts	(43.45)	(41.37)
	-	-
	239.59	125.45
Others		
Considered Good	2,643.36	2,474.37
TOTAL	2,882.95	2,599.82

Notes to Financial statements for the Year ended 31st March, 2017

Note 15 : Cash and Cash Equivalents

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Balances with Banks	41.57	128.22
Cash on Hand	10.82	11.47
<u>Other Bank Balances</u>		
Bank Deposits	17.01	20.94
Margin Money Deposit (Under Lien for Bank Guarantees issued by the Banks)	19.15	37.46
Earmarked Balance with Bank		
In Current Account (Unpaid Dividend)	12.98	11.87
In Current Account (Employee Deposit)	1.32	1.32
	50.46	71.59
TOTAL	102.85	211.28

Note 15.1 : The details of Specified Bank Notes (SBN)

₹ in lakhs

Particulars	SBNs *	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	9.33	2.19	11.52
(+) Permitted receipts	-	2.66	2.66
(+) Amount withdrawn from Banks	-	16.33	16.33
(-) Permitted payments	-	16.10	16.10
(-) Amount deposited in Banks	9.33	-	9.33
Closing cash in hand as on 30.12.2016	-	5.08	5.08

* For the purpose of the clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S. O. 3407(E), dated 8th November, 2016.

Note 16 : Short Terms Loans and Advances

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Unsecured , Considered Good		
<u>Others</u>		
Advances to Employees	0.66	0.71
Advances to Suppliers	87.18	3.36
Balance with Central Excise	48.95	7.66
Vat Refund Receivable	64.25	138.43
Income Tax Payments (Net of Provisions)	279.89	279.63
Other Advances	122.01	120.86
Less : Provision for Doubtful Advances	(13.69)	(48.90)
	108.32	71.96
TOTAL	589.25	501.75

Notes to Financial statements for the Year ended 31st March, 2017

Note 17 : Other Current Assets

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Interest Receivable	14.38	13.06
Export Incentive Receivable	54.47	31.62
Other Receivable	214.75	86.42
TOTAL	283.60	131.10

Note 18 : Revenue from Operations

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Sale of Products	15,485.28	15,436.32
Sale of Services	248.54	309.12
Less: Excise duty	185.13	141.16
	15,548.69	15,604.28
Other Operating Revenues		
Export Incentives	174.90	116.54
Sales Tax Set-off	83.53	69.96
Other Income	88.06	102.88
Excess Provision no Longer Required Written Back	4.70	19.38
Sundry Credit Balances Written Back	15.38	12.49
	366.57	321.25
TOTAL	15,915.26	15,925.53

Note 19 : Other Income

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Interest Income	34.98	55.88
Dividend Income	0.02	0.01
Gain on Sale of Investments	28.40	23.13
Provision for Doubtful Advances no Longer Required Written Back	36.46	33.33
State Subsidy towards Interest (Refer Note 27B Point no. X of Other Notes to Accounts)	82.71	174.52
Lease Income	60.60	60.60
Excise Duty Refund	25.00	-
Miscellaneous Income	1.81	-
TOTAL	269.98	347.47

Notes to Financial statements for the Year ended 31st March, 2017

Note 20 : Cost of Materials Consumed

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Opening Stock	1,022.70	972.87
Add : Purchase of Raw Materials	9,644.87	9,864.43
Less : Closing Stock	885.03	1,022.70
TOTAL	9,782.54	9,814.60

Note 21 : Change in Inventories

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
<u>Opening Stock</u>		
Work-in-Process	453.93	372.46
Finished Goods	969.55	968.94
Traded Goods	268.75	105.86
	1,692.23	1,447.26
<u>Less : Closing stock</u>		
Work-in-Process	397.84	453.93
Finished Goods	613.88	969.55
Traded Goods	311.54	268.75
	1,323.26	1,692.23
TOTAL	368.97	(244.97)

Note 22 : Employee Benefits Expenses

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
<u>Salaries and Wages</u>		
Salaries and Wages	1,541.32	1,270.42
Bonus / Ex Gratia	36.16	33.01
Leave Encashment	25.42	18.32
<u>Contribution to Provident and other funds</u>		
to Provident Fund	95.65	91.69
to Employee's State Insurance Corporation	2.57	0.45
to Labour Welfare Fund	0.24	0.09
to Superannuation Fund	4.79	6.78
Provision for Gratuity	76.20	41.18
Staff Welfare Expense	55.33	59.62
TOTAL	1,837.68	1,521.56

Notes to Financial statements for the Year ended 31st March, 2017

Note 23 : Finance Costs

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Interest Expense (Net of Capitalisation amounting to ₹ Nil (P.Y. ₹ 0.35 Lakhs))	258.50	331.34
TOTAL	258.50	331.34

Note 24 : Depreciation and Amortisation Expenses

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Depreciation and Amortisation Expenses	1,240.23	1,181.82
TOTAL	1,240.23	1,181.82

Note 25 : Other Expenses

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Consumption of Stores and Spares	607.61	637.41
Power and Fuel (Net of Subsidy ₹ Nil (P.Y. ₹ 117.52 lakhs) received from Government of Maharashtra)	1,323.74	1,436.29
Processing Charges	193.08	190.00
Rent	98.79	91.61
Rates and Taxes	35.55	28.06
Excise Duty on Finished Goods	11.30	0.68
Repairs to Buildings	5.68	11.97
Repairs to Machinery	37.99	40.28
Other Repairs	36.92	62.40
Insurance	38.75	36.06
Freight, Forwarding and Clearing Charges	129.94	113.86
Commission, Brokerage and Incentives	235.58	255.66
Legal and Professional Fees	83.24	78.64
Miscellaneous Expenses	443.07	414.60
Auditors Remuneration	16.46	17.01
Directors Fees	10.23	5.61
Provision for Doubtful Debts and Advances	6.78	9.50
Bad Debts	-	6.51
TOTAL	3,314.71	3,436.15
Auditors Remuneration:		
For Audit Fees	14.99	14.86
For Tax Audit	1.44	1.44
For Certification and Other Work	0.03	0.71
	16.46	17.01

Notes to Financial statements for the Year ended 31st March, 2017

Note 26 : Exceptional Items

₹ in lakhs

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Profit on sale of Fixed Assets (Net)	-	258.45
Inventory (Property under Development) Written Off	(1.00)	-
Property Arbitration Award (Net)	(63.98)	-
Irrecoverable Advances Written Off	-	(33.33)
Fixed Assets Written Off	(3.52)	(2.58)
TOTAL	(68.50)	222.54

Note 27A: Significant Accounting Policies

I. Basis of Preparation of Financial Statements:

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with rule 7 of the Companies (Accounts) Rules, 2016, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

II. 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. The difference between the actual results and estimates are recognised in the year in which the results materialize/ are known.

III. Property, Plant and Equipment (Fixed Assets) and Intangible Assets:

1. Tangible Assets

- i. Tangible Assets are recorded at their original cost of acquisition/installation (net of Modvat / Cenvat credit availed) and Borrowing Costs, if any.
- ii. Machinery Spares which can be used only in connection with a particular item of Fixed Asset and the use of which is irregular, are capitalised at cost (net of Modvat / Cenvat credit availed)

2. 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 amortization and accumulated impairment losses, if any.

3. 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 -19 "Lease" (AS 19) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2016. 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.

IV. Depreciation/ Amortization:

(Refer Note 27B Point no. VI regarding Fixed Assets and Depreciation)

A. Tangible Assets

1. Textile Unit:

- i. Depreciation on Plant and Machinery is provided on Straight Line Method.
- ii. Depreciation on Assets other than Plant and Machinery is provided on Written down value Method.
- iii. Costs of Reeds are amortized over a period of 2 years.
- iv. Cost of Imported Heald frames are amortized over a period of 5 years and Domestic Heald frame over a period of 3 years.

2. Engineering Unit:

- i. Depreciation on Fixed Assets is provided on Straight Line Method for Assets acquired upto March 31, 2001.
- ii. Depreciation on Fixed Assets is provided on Written down value Method for Assets acquired on or after April 1, 2001.

3. Composite Unit:

- i. Depreciation on Plant and Machinery is provided on Straight Line Method.
- ii. Depreciation on Fixed Assets other than Plant and Machinery is provided on Written down value Method.

Note 27A: Significant Accounting Policies (Contd.)

4. Depreciation on additions to Fixed Assets is provided on pro-rata basis from the date of acquisition or installation, and in case of new project from the date of commencement of commercial production.
5. Depreciation on Assets sold, discarded, demolished or scrapped, is provided upto the date on which the said Asset is sold, discarded, demolished or scrapped.
6. Cost of Leasehold Land and Improvement is written off over the period of Lease.

B. Intangible Assets.

Intangible Assets are amortized in accordance with Accounting Standard 26 "Intangible Assets" (AS-26) issued by the Institute of Chartered Accountants of India and prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2016.

V. Investments:

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

VI. Inventories:**1. Textile Unit:**

- i. Raw Materials :
At monthly weighted average cost.
- ii. Stores, Spares and Other Consumable:
Stores, Spares and Other Consumables are valued at cost. Cost comprises of purchase cost and any other cost, incurred in bringing the inventory to their present location and condition. Cost is considered on First in First out Basis.
- iii. Process Stock and Finished Goods :
At quarterly weighted average cost or net realizable value whichever is lower.

2. Engineering Unit:

- i. Raw Materials :
At cost. Cost comprises of purchase cost and any other cost, incurred in bringing the inventory to their present location and condition.
- ii. Stores, Spares and Other Consumable:
Stores, Spares and Other Consumables are valued at cost. Cost comprises of purchase cost and any other cost, incurred in bringing the inventory to their present location and condition. Cost is considered on First in First out Basis.

- iii. Process Stock and Finished goods :
Finished Goods are valued at lower of cost or net realizable value.

3. Composite Unit:

- i. Raw Materials :
At cost. Cost comprises of purchase cost and any other cost, incurred in bringing the inventory to their present location and condition.
- ii. Stores, Spares and Other Consumable:
Stores, Spares and Other Consumables are valued at cost. Cost comprises of purchase cost and any other cost, incurred in bringing the inventory to their present location and condition. Cost is considered on First in First out Basis.
- iii. Process Stock and Finished Goods :
At cost or net realizable value whichever is lower.
Cost comprises of cost of materials, employee cost, factory overheads and other costs incurred in bringing the inventory to their present location and condition.

VII. Employee Benefits:**1. Defined Contribution Plan:**

Employee Benefits in the form of contributions to Provident Fund, Employees State Insurance, Labour Welfare Fund managed by Government Authorities are considered as defined contribution plan and the same is charged to the Statement of Profit and Loss for the year on accrual basis.

Certain employees of Hindoostan Mills Ltd. are participants in the LIC Group Superannuation Scheme which is a Defined Contribution Plan. The Company has no obligations to the Plan beyond its yearly contributions.

2. Defined Benefit Plan:

The liability for Leave Encashment and Gratuity is determined on actuarial basis as per the Accounting Standard-15 "Employee Benefits" (AS 15) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2016.

Note 27A: Significant Accounting Policies (Contd.)

VIII. 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 are adjusted in the 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 are recognised as income or expense.

IX. 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.

X. Revenue Recognition:

1. Revenue from Domestic sale is recognised on transfer of significant risks and rewards of ownership which is based on the dispatch of goods.
2. Revenue from Export sale is recognised on transfer of significant risks and rewards of ownership based on Bill of lading date.
3. Dividend income is recognised when the right to receive dividend is established.
4. Revenue in respect of other income/claims, etc is recognised only when it is reasonably certain that ultimate collection will be made.

XI. Government Grants:

Grants are accounted for when it is reasonably certain that ultimate collection will be made.

XII. 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 and as prescribed under Section 133 of Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2016. 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 realization, as the case may be.

XIII. Accounting of Value Added Tax (VAT):

VAT input credit is accounted on accrual basis on purchase of materials, which is utilized for payment of VAT on sale of taxable goods and balance is processed for claiming refund.

XIV. 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 in accordance with Accounting Standard – 16 on “Borrowing Costs” (AS-16) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2016. 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.

XV. 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 Other Notes to Accounts. Contingent assets are neither recognised nor disclosed in the Financial Statement.

XVI. Impairment of Fixed Assets:

At the end of 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 Accounting Standard - 28 “Impairment of Assets” (AS-28) issued by the Institute of Chartered Accountants of India and as prescribed under Section 133 of Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2016. 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.

Note 27B: Other Notes to Accounts**I. Corporate Information :**

Hindoostan Mills Limited ("The Company") is a Public Limited Company, incorporated under the provision of the Companies Act, 1956 (as amended by the Companies Act, 2013). Its Shares is listed on Bombay Stock Exchange. The Company is engaged in the business of Manufacture and Sale of Fabric and Yarn, Technical Fabric and Refiling of Elastic Calender Bowls.

II. Estimated Amount of Contracts Remaining to be Executed :

₹ in lakhs

Particulars	Current Year	Previous Year
Estimated amount of contracts remaining to be executed on capital account and not provided for	34.76	44.50
Other Commitments	975.08	431.34

III. Contingent Liabilities in respect of :

₹ in lakhs

Particulars	Current Year	Previous Year
Claims against the Company not acknowledged as debts [including disputed demands of Central Excise for ₹ 47.06 lakhs (P.Y. ₹ 116.07 lakhs), interest on Central Excise of ₹ 51.87 lakhs (P.Y. ₹ 57.70 lakhs), Sales Tax ₹ 24.69 lakhs (P.Y. ₹ 27.02 lakhs), Works Contract Tax ₹ 21.14 lakhs (P.Y. ₹ 21.14 lakhs) and others ₹ 1,706.50 lakhs (P.Y. ₹ 547.68 lakhs).	1,851.26	769.61
The Income-Tax demands in respect of earlier years under dispute are pending in appeal before higher authorities.	13.01	9.07
Demand for payment of Electricity Duty by Government of Maharashtra.	228.20	228.20
Concessional Custom duty on Machinery Imported/Advance License.	629.78	745.57
Bank Guarantees	18.86	23.82

- IV.** There was an incident of fire in the month of December 2016 in one of the production departments causing damage to stocks of value ₹ 48.60 lakhs. The incident also led to certain damage to machinery and infrastructure entailing repairs at an estimated expense of ₹ 137.84 lakhs. The Company has filed a claim for the amounts with the Insurance Company. Provision has been made in the financial results for the Year ended 31.03.2017 of ₹ 9.32 lakhs for the minimum amount of loss to be borne by the Company, being 5% of the claim amount, as per policy terms. The same is shown as 'extraordinary item'. Adjustment, if any, in the final claim amount admitted by the Insurance Company will be accounted for as and when the same is settled.
- V.** The Memorandum of Settlement between Hindoostan Mills Limited and the Karad Taluka Girani Kamagar Sangh, Karad (Sangh) expired on 31st December, 2015. The "Charter of Demands" has been submitted by the union to the Management. The negotiations between the Management and the Sangh are in progress and accordingly, the Company has made a provision on an estimated basis which will be adjusted in the year in which negotiations are concluded.

VI. Fixed Assets and Depreciation :

Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing on or after 1st April, 2014, the Company has re-worked depreciation with reference to the useful lives of Fixed Assets prescribed by Part 'C' of Schedule II to the Act. Where the remaining useful life of an Asset is nil, the carrying amount of the Asset after retaining the residual value, as at 1st April, 2014 has been adjusted to the General Reserve. In other cases the carrying values have been depreciated over the remaining useful lives of the Assets and recognized in the Statement of Profit and Loss.

Since then, as per the amendment dated 20th August, 2014, the useful life specified in Part C- of Schedule II has been defined to mean that if the cost of a Part of Asset is significant to the total cost of the Assets and useful life of that part is different from the useful life of the remaining Assets, useful life of that significant part shall be determined separately and depreciated accordingly.

In the opinion of the Management, the Company's Assets are such that there are no significant parts thereof whose life is different than the useful life of the whole Asset (The management opinion on component accounting being technical in nature, the same is relied upon by the Auditors). Consequently, the Company has continued to provide depreciation in respect of all its Assets on the basis as was followed in the financial year 2014-15, i.e. based on useful lives of the respective Assets.

Note 27B: Other Notes to Accounts (Contd.)

VII. Investments :

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.

VIII. The Company had entered into an Agreement with a Property Developer (Developer) in 1993 pursuant to which the development rights for construction of Residential Flats on the plot of Land belonging to the Company were transferred for consideration comprising of monetary compensation and allotment of specified constructed area to the Company subject to payment of the Cost of construction for such allotted area.

The settlement of accounts between the Company and the Developer under the said Agreement had been a subject of Arbitration since the year 2002 as there were claims and counter claims. The Company has made a provision of ₹ 63.98 lakhs, as the amount payable to the Developer in terms of the 'Majority Arbitration Award' dated October 20, 2016 and the same is included under an 'Exceptional Item'.

The property developer has challenged the said Arbitration Award in the Hon'ble Bombay High Court. As per legal advice, the Company does not consider that any further provision needs to be made in this regard.

IX. Details of Dues to Micro, Small and Medium Enterprises as per MSMED Act, 2016 :

₹ in lakh

Particulars	Current Year	Previous Year
Principal amount due and remaining unpaid	31.56	5.64
Interest due on above	-	-
Payment made beyond the appointed day during the year	-	-
Interest paid	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

Note : Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

X. The Company has recognized interest subsidy, as per New Textile Policy 2012, as Other Income of ₹ 163.47 lakhs on accrual basis for the period July, 2015 to 31st March, 2017 (Including ₹ 82.71 lakhs for the current Year). The Government Resolution in this regard for release of subsidy is awaited.

XI. Current Tax :

In view of losses for the year ended 31st March 2017, no provision for Income Tax and Minimum Alternate Tax under Section 115JB of Income Tax Act, 1961 is required to be made.

Deferred Tax :

In accordance with Accounting Standard 22 on "Accounting for Taxes on Income" (AS – 22) as prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2016, 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.

Note 27B: Other Notes to Accounts (Contd.)**XII. Additional Information :**

₹ in lakhs

Particulars	Current Year	Previous Year
A Sales :		
1 <u>Sale of Goods</u>		
(a) <u>Manufactured Goods</u>		
Fabric	12,055.21	13,063.18
Yarn	759.09	149.18
Engineering Products	998.92	771.65
Composite Products	863.96	604.49
Waste	121.15	70.91
Homefurnishing Item	1.28	-
Accessories Sale	2.82	4.65
Total Sale of Manufactured Goods	(i) 14,802.43	14,664.06
(b) <u>Traded Goods</u>		
Fabric	636.62	592.85
Composite Products	26.81	161.81
Calendar Machine Spare sale	0.41	15.35
Mangle Machines	17.55	2.25
Home Furnishing Item	1.46	-
Total Sale of Traded Goods	(ii) 682.85	772.26
2 <u>Services</u>		
Refilling of Engineering Products	223.90	243.08
Job Work	23.66	50.15
Technical Services	0.98	15.89
Total Services	(iii) 248.54	309.12
Total	(i + ii + iii) 15,733.82	15,745.44
Less Excise Duty	185.13	141.16
Total	15,548.69	15,604.28
B Consumption of Raw Materials :		
Cotton and Fiber	2,633.28	2,195.10
Yarn	6,186.62	6,878.38
Technical Yarn	469.31	349.39
Fabric	3.68	-
Others	489.65	391.73
Total	9,782.54	9,814.60
C Purchase of Traded Goods :		
Fabric	612.07	540.73
Calendar Machine Spare	14.38	9.50
Carbon Fiber and Laminates	10.76	109.22
Home Furnishing Item	2.26	-
Total	639.47	659.45

Note 27B: Other Notes to Accounts (Contd.)

₹ in lakhs

Particulars	Current Year	Previous Year
D (i) Stock of Finished Goods:		
<u>Opening Stock of Finished Goods:</u>		
<u>Manufactured Goods</u>		
Fabric	900.76	871.57
Engineering Products	28.36	8.25
Composite Products	35.73	76.98
Waste	3.79	9.04
<u>Refilling of Engineering Products</u>	0.91	3.10
<u>Traded Goods</u>		
Fabrics	263.52	103.50
Mangle Machines	1.50	2.36
Composite Products	3.73	-
Total Opening Stock of Finished Goods	1,238.30	1,074.80
<u>Closing Stock of Finished Goods:</u>		
<u>Manufactured Goods</u>		
Fabric	511.06	900.76
Engineering Products	41.71	28.36
Composite Products	55.34	35.73
Waste	1.46	3.79
Home Furnishing Item	1.30	-
<u>Refilling of Engineering Products</u>	3.01	0.91
<u>Traded Goods</u>		
Fabric	307.55	263.52
Mangle Machines	1.50	1.50
Composite Products	1.16	3.73
Home Furnishing Item	1.33	-
Total Closing Stock of Finished Goods	925.42	1,238.30
(ii) Stock of WIP:		
<u>Opening Stock of WIP</u>		
<u>Manufactured Goods</u>		
Cotton	397.96	330.00
Yarn	31.35	24.89
Engineering Products	23.21	11.50
<u>Refilling of Engineering Products</u>	1.41	2.21
<u>Traded Goods</u>		
Fabric	-	3.86
Total Opening Stock of WIP	453.93	372.46
<u>Closing Stock of WIP</u>		
<u>Manufactured Goods</u>		
Cotton	358.27	397.96
Yarn	17.41	31.35
Engineering Products	22.16	23.21
<u>Refilling of Engineering Products</u>	-	1.41
Total Closing Stock of WIP	397.84	453.93

Note 27B: Other Notes to Accounts (Contd.)**XIII. Other Disclosures :****A. C.I.F. Value of Imports in respect of:**

₹ in lakhs

Particulars	Current Year	Previous Year
Raw Material	512.71	377.29
Stores, Spares and Components	30.72	74.72
Capital Goods	10.39	105.88
Traded goods	1.40	-
Total	555.22	557.89

B. Expenditure in Foreign Currency on account of:

₹ in lakhs

Particulars	Current Year	Previous Year
Commission	44.65	47.21
Foreign Travel	8.07	11.26
Exhibition Expense	8.05	15.44
Total	60.77	73.91

C. Value of Raw Materials Consumed:

₹ in lakhs

Particulars	Current Year		Previous Year	
	Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
Imported	5.57%	544.47	4.75%	465.82
Indigenous	94.43%	9,238.07	95.25%	9,348.78
Total	100.00%	9,782.54	100.00%	9,814.60

D. Value of Stores and Spares Consumed:

₹ in lakhs

Particulars	Current Year		Previous Year	
	Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
Imported	4.07%	24.74	14.37%	91.57
Indigenous	95.93%	582.87	85.63%	545.84
Total	100.00%	607.61	100.00%	637.41

E. Earnings in Foreign Exchange on account of Export of goods on F.O.B. Basis

₹ in lakhs

Particulars	Current Year	Previous Year
Earnings in Foreign Exchange on account of Export of goods on F.O.B. Basis	2,498.36	2,739.36

F. Dividend Remitted in Foreign Currency:

₹ in lakhs

Particulars	No of Non resident Shareholders	No of Shares held by Non residents	Current Year	Previous Year
Dividend for F.Y. 2015-2016	1	3060	0.14	-
Dividend for F.Y. 2014-2015	1	3060	-	0.12

Note 27B: Other Notes to Accounts (Contd.)

XIV. Details of Foreign Currency Exposure :

₹ in lakhs

Particulars	Current Year	Previous Year
Outstanding Forward Contracts at the end of the year	66.05	344.25
Export Receivables not covered by Forward Contract	203.01	72.24

XV. Earnings Per Share :

₹ in lakhs

Particulars	Current Year	Previous Year
Loss after Tax	(1,334.68)	(225.38)
Weighted Average number of Equity Shares	16,64,548	16,64,548
Earnings per Share (of ₹ 10/- each)	₹ (80.19)	(13.54)

XVI. Employee Benefits :

A. Gratuity (Non Fund based) :

₹ in lakhs

Particulars	Current Year	Previous Year
Reconciliation of opening and closing balances of Defined Benefit Obligation		
Present value of Defined Benefit Obligation as on 1st April, 2016	294.85	262.16
Interest cost	23.77	20.96
Current Service Cost	25.03	28.75
Past Service Cost	-	-
Liability Transferred In/ Acquisition	-	-
Benefits paid	(14.30)	(8.49)
Benefits Paid From the Fund		
Net Actuarial Loss	27.16	(8.53)
Present value of Defined Benefit Obligation as on 31st March, 2017	356.51	294.85
Fair value of plan assets	-	0.24
Net liability recognized in balance sheet	356.51	294.61
Expenses recognized during the year		
Current Service Cost	25.03	28.75
Interest Cost	23.75	20.96
Expected return on Plan Assets	-	-
Actuarial Loss	27.42	(8.53)
Past Service Cost	-	-
Net Cost recognized in Statement of Profit and Loss	76.20	41.18
Actuarial Assumptions		
Mortality Table	Indian Assured life Mortality (2006-08)	
Discount Rate (per annum)	7.20%	8.06%
Attrition Rate	2.00%	2.00%
Expected rate of return on Plan Assets	N.A.	8.06%
Salary Escalation	6.80%	6.80%

Note 27B: Other Notes to Accounts (Contd.)**History of Defined benefit obligation, Asset values, Surplus / Deficit and Experience Gains / Losses**

₹ in lakhs

Particulars	31 st March 2017	31 st March 2016	31 st March 2015	31 st March 2014	31 st March 2013
Defined benefit obligation	356.51	294.85	262.17	221.17	192.33
Plan Assets	-	0.24	0.24	0.24	0.24
(Surplus) / Deficit	356.51	294.61	261.93	220.93	192.09
Experience Adjustment – Plan Assets	0.27	0.02	0.02	0.02	0.32
Gain / (Loss)					
Assumptions (Gain) / Loss	31.86	(2.03)	2.88	11.27	6.73
Experience Adjustment – Plan	(4.70)	(6.52)	2.77	1.99	13.23
Liabilities Gain / (Loss)					
Total Actuarial (Gain)/Loss	27.16	(8.55)	5.65	13.26	19.96

Note:

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. Leave Encashment (Non Fund based) :

The liability towards leave encashment for the year ended 31st March, 2017 as per actuarial valuation is ₹96.85 lakhs (P.Y. ₹ 86.56 lakhs), which has been duly provided for.

History of Defined benefit obligation, Asset values, Surplus / Deficit and Experience Gains / Losses

₹ in lakhs

Particulars	31 st March 2017	31 st March 2016	31 st March 2015	31 st March 2014	31 st March 2013
Defined benefit obligation	96.85	86.56	74.80	62.20	45.20
Plan Assets	-	-	-	-	-
(Surplus) / Deficit	96.85	86.56	74.80	62.20	45.20
Experience Adjustment – Plan Assets	-	-	-	-	-
Gain / (Loss)					
Assumptions (Gain) / Loss	7.79	(0.55)	0.74	7.89	1.38
Experience Adjustment – Plan	(5.70)	(1.25)	(0.28)	(3.43)	(11.44)
Liabilities Gain / (Loss)					
Total Actuarial (Gain)/Loss	2.09	(1.80)	0.46	4.46	(10.06)

Note 27B: Other Notes to Accounts (Contd.)

XVII. Segment Reporting :

A. Primary Business Segment

₹ in lakhs

Particulars	Textile	Engineering	Composite	Total
Segment Revenue	13,830.80	1,254.96	829.50	15,915.26
Previous Year	14,156.20	1,048.53	720.80	15,925.53
Segment Result	(1,188.78)	150.29	(167.09)	(1,205.58)
Previous Year	(273.51)	99.81	(169.58)	(343.28)
Unallocated Corporate Expense/Income (Net)				172.22
Previous Year				189.83
Operating Loss				(1,033.36)
Previous Year				(153.45)
Interest Expenses				(258.50)
Previous Year				(331.33)
Interest / Dividend Income				35.00
Previous Year				55.89
Exceptional Items				(68.50)
Previous Year				222.54
Extraordinary Items				(9.32)
Previous Year				-
Loss Before Tax				(1,334.68)
Previous Year				(206.35)
Income Tax				-
Previous Year				19.03
Loss for the year				(1,334.68)
Previous Year				(225.38)

Note : Figures in bracket denotes Loss.

B. Secondary Segment : Geographical Segment

₹ in lakhs

Particulars	Total	India	Rest of World
Revenue attributable to location of customers	15,915.26	13,397.14	2,518.12
	(15,925.53)	(13,161.33)	(2,764.20)
Segment assets based on their location	12,321.45	12,141.78	179.67
	(13,709.58)	(13,597.42)	(112.16)
Addition to Fixed Assets	652.97	652.97	-
	(806.44)	(806.44)	-

Note : Figures in bracket denotes those of the previous year.

Note 27B: Other Notes to Accounts (Contd.)**XVIII. Related Party Information :****A. List of Related Parties with whom Transactions have taken place during the Year :**

Associates/Companies where control exists	Thackersey Moolji and Co. Delta Investments Ltd. Parnakuti and Allied Estate Development Corporation
Key Management Personnel (KMP)	Mr. Hrishikesh Thackersey – Executive Director Mr. Abhimanyu Thackersey – Executive Director Mr. Khushaal Thackersey – Executive Director (w.e.f. 09.11.2016) Ms. Heena Shah – Chief Financial Officer (upto 16.05.2016) Mr. K Nandakumar - Chief Financial Officer (w.e.f. 17.05.2016) Mr. Devanand Mojidra – Company Secretary (upto 6.10.2015) Mr. Jagat Reshamwala - Company Secretary (w.e.f. 16.11.2015)
Relative of KMP	Mr. Chandrahas Thackersey Mrs. Ameeta Thackersey Mr. Jagdish Thackersey

B. Transactions with Related Parties :

₹ in lakhs

Sr. No.	Nature of Transactions	Current Year	Previous Year
1	Rent and Maintenance charges paid Thackersey Moolji and Co.	25.74	25.74
2	Managerial Remuneration Mr. Abhimanyu Thackersey Mr. Hrishikesh Thackersey Mr. Khushaal Thackersey	42.76 23.94 3.71	38.45 21.10 -
3	Guest House Expenses Paid Parnakuti and Allied Estate Development Corporation	24.00	24.00
4	Salary Paid to Ms. Heena Shah Mr. Devanand Mojidra Mr. Jagat Reshamwala Mr. K. Nandakumar	37.06 - 22.85 35.40	40.86 5.99 8.25 -
5	Sales to Executive Directors and Relative Mr. Abhimanyu Thackersey Mr. Khushaal Thackersey Mrs. Ameeta Thackersey	0.23 1.45 0.22	- - -
6	Directors Sitting Fees Mr. Chandrahas Thackersey (after 09.11.2016)	0.45	-
7	Interest Paid Delta Investments Ltd Chandrahas Thackersey	- 0.09	3.74 -
8	Unsecured Loan Repaid <u>Loan Repaid during the Year</u> Delta Investments Ltd.	-	100.00

Notes:

- The above excludes payment of Dividend.
- Related Party information is as identified by the Company and relied upon by the Auditors.
- The above figures are exclusive of Service Tax wherever applicable.

XIX. Leases :

The Company has entered into lease agreement for its Research and Development unit premises. The future minimum rentals payable under Accounting Standard 19" Leases" (AS 19) as required to be disclosed are as follows:

Particulars	₹ in lakhs	
	Current Year	Previous Year
Within one year	12.70	17.94
After one year but not more than five years	1.50	14.20

XX. The balances relating to Sundry Debtors, Sundry Creditors and Loans and Advances as on 31st March, 2017 are subject to confirmation and adjustments, if any on reconciliation of accounts. Since the extent to which these balances are subject to confirmation is not ascertainable, the resultant impact of the same on the accounts cannot be ascertained and the same will be adjusted in the accounts in the year in which reconciliation is completed.

XXI. The figures in the financial statements are rounded off to the nearest lakhs and indicated in lakhs of Rupees.

XXII. Previous year's figures have been regrouped/re-arranged wherever necessary in order to conform to those of the Current Year.

Signatures to Notes "1" to "27"

As per our report of even date attached

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

Mukul M. Patel
Partner
Membership No. : 032489

Place : Mumbai
Date : May 9, 2017

For and on behalf of the Board

Chandahas Thackersey
Chairman
Place : Mumbai

Abhimanyu Thackersey
Executive Director
Place : Mumbai

K. Nandakumar
Chief Financial Officer
Place : Chennai

Jagat Reshamwala
Company Secretary
Place : Mumbai
Date : May 9, 2017



HINDOOSTAN MILLS LIMITED

CIN No: L17121MH1904PLC000195

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

Email: complaint@hindoostan.com **Website:** www.hindoostan.com **Tel:** (022) 61240700 **Fax:** (022) 22833841

FORM NO. MGT 11

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

PROXY FORM

Name of the Members			
Registered Address			
E-mail Id			
Folio No. / Client ID		DP Id	

I / We, being a Member(s) holding shares of the above named Company, hereby appoint:

1. of having email-id (or failing him / her)
2. of having email-id (or failing him / her)
3. of having email-id (or failing him / her)

as my / our proxy to attend and vote (on a poll) for me / us on my / our behalf at the 113th Annual General Meeting of the Company to be held on Tuesday, August 08, 2017 at 11.00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
1.	Adoption of Financial Statements for the year ended March 31, 2017.		
2.	Re-appointment of Mr. Raoul Thackersey as Director liable to retire by rotation.		
3.	Ratification of appointment of M/s. M.A. Parikh & Co., as Auditors of the Company.		
4.	Appointment of Mr. Khushaal Thackersey, as Whole-time Director designated as Executive Director		
5.	Appointment of Dr. Ashok Desai as an Independent Director.		
6.	Remuneration of Cost Auditor, Mr. Pranav J. Taralekar for the financial year ending March 31, 2017.		
7.	Remuneration of Cost Auditor, Mr. Pranav J. Taralekar for the financial year ending March 31, 2018.		

Signed this day of 2017

Signature of Shareholder: _____

Signature of Proxy holder: _____

Affix
₹ 1
Revenue
Stamp

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

[illegible]



If undelivered, please return to :
HINDOOSTAN MILLS LIMITED,
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.