

38TH ANNUAL REPORT 2018-2019



HP COTTON
TEXTILE MILLS LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Managing Director

Mr. Kailash Kumar Agarwal

Executive Director, CEO & CFO

Mr. RaghavKumar Agarwal

Non-Executive Non-Independent Directors

Mr. Surendra Kumar Agarwal

Mr. Ravindra Agarwal

Non-Executive Independent Directors

Mr. Parshotam Dass Agarwal

Mr. Bibhuti Charan Talukdar

Mr. Mohan Lal Jain

Ms. Ritu Bansal

COMPANY SECRETARY

Mr. Shubham Jain

STATUTORY AUDITORS

Walker Chandiook & Co. LLP, Chartered
Accountants, L-41, Connaught Circus, Outer Circle,
New Delhi 110001

REGISTRAR & SHARE TRANSFER AGENT

Alankit Assignments Ltd.

4E/ 2, Alankit House,

Jhandewalan Extension,

New Delhi – 110055

Tel. No.: (011) 23541234-42541234

Fax No.: (011) 23552001

Website: www.alankit.com

REGISTERED OFFICE

15th K.M. Stone, Delhi Road,

V.P.O. Mayar, Hisar 125 044 (Haryana)

E-mail: info@hpthreads.com

Website: www.hpthreads.com

CORPORATE OFFICE

F (0)- The Mira Corporate Suites, 1 & 2,

Old Ishwar Nagar, Mathura Road,

New Delhi - 110065

E-mail: info@hpthreads.com

BRANCH OFFICES

1. Sri Krishna Square, 2A Grant Lane, 4th Floor,
Kolkata-700012
2. D-1112, Titanium City Centre, 11th Floor, Near Sachin
Tower, 100 Ft. Road, Satellite, Ahmedabad-380015

BANKS

State Bank of India, SME Branch

JSL Complex Branch, Hisar, Haryana-125001

SECRETARIAL AUDITORS

Mr. Neelesh Jain, N.K.J Associates

Practicing Company Secretaries,

Pandav Nagar, New Delhi- 110092

REVISED SCHEDULE FOR THE 38TH AGM

DATE : Friday, 08th November, 2019

TIME : 12 Noon

VENUE : 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana)

NOTICE OF THE RECONVENED 38TH ANNUAL GENERAL MEETING (AGM) OF THE COMPANY

NOTICE is hereby given that due to certain unavoidable circumstances the 38th AGM of the Company earlier scheduled to be held on Monday, 30 September, 2019 has been cancelled and will now be held on Friday, 08th November, 2019 at 12 Noon at 15th K. M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana) to transact the business as mentioned in the notice dated October 05, 2019 appended hereto.

A detailed notice for the reconvened AGM along with the Proxy Form and Attendance slip is being sent herewith to the members. The same shall also be available on the website of the Company www.hpthreads.com.

We sincerely regret the inconvenience caused to the members due to the cancellation of the previously convened AGM.

**By Order of the Board of Directors
for H P Cotton Textile Mills Limited**

Place: **New Delhi**

Date: **October 05, 2019**

**Shubham Jain
Company Secretary and Compliance Officer**

Encl.: 1) Notice of 38th Annual General Meeting
2) Proxy Form and Attendance slip

NOTICE OF 38TH ANNUAL GENERAL MEETING

(CIN: L18101HR1981PLC012274)

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

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

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

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Members of H.P. Cotton Textile Mills Limited will be held on **Friday, the 08th day of November, 2019 at 12 Noon** at the Registered Office of the Company at 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana) to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2019 and Statement of Profit and Loss for the financial year ended on that date along with the reports of the Directors and Auditors thereon and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2019, the Reports of the Board of Directors and the Auditors thereon, be and are hereby adopted and approved.”

2. **To appoint a Director in place of Mr. Kailash Kumar Agarwal, who retires by rotation and being eligible, seeks re-appointment**

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Kailash Kumar Agarwal (DIN: 00063470) as Managing Director to the extent that he is required to retire by rotation.”

SPECIAL BUSINESS:

3. **Appointment of Mr. Surendra Kumar Agarwal as a Director (Non-Executive) of the Company**

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

“RESOLVED THAT Mr. Surendra Kumar Agarwal (DIN: 01309527), who was appointed by the Board of Directors as an Additional Director of the Company effective May 30, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation.”

4. **Appointment of Mr. Ravindra Kumar Agarwal as a Director (Non-Executive) of the Company**

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

“RESOLVED THAT Mr. Ravindra Kumar Agarwal (DIN: 01309558), who was appointed by the Board of Directors as an Additional Director of the Company effective May 30, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation.”

5. **Appointment of Mr. Raghav Kumar Agarwal as Director of the Company**

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

“RESOLVED THAT Mr. Raghav Kumar Agarwal (DIN: 02836610), who was appointed by the Board of Directors as an Additional Director of the Company effective May 30, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the

office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

6. Appointment of Mr. Raghav Kumar Agarwal as a Whole - Time Director (Executive Director) of the Company

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

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197 and 203 of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V to the Companies Act, 2013 and Articles of Association of the Company, and such other applicable provisions (including any statutory modification or re-enactment thereof), if any and pursuant to the recommendation of the Nomination and Remuneration Committee, approval of the Company be and is hereby accorded for appointment of Mr. Raghav Kumar Agarwal (DIN 02836610) as a Whole Time Director of the Company for a period of 5 years, w.e.f. 30th May, 2019 designated as Executive Director CEO and CFO ("ED CEO & CFO") on the same terms and conditions of remuneration as drawn by him in the capacity of CEO & CFO of the Company which is mentioned herein below:

A. REMUNERATION:

Particulars	Amount (in Rs. per month)
Basic	60,000
House Rent Allowance (HRA)	30,000
Other/Special/Grade Allowance	36,850
Transport Allowance	1,600
Gross Compensation (A)	1,28,450
Leave Travel Allowance (LTA)	3,800
Medical Reimbursement	3,050
Reimbursements (B)	6,850
Provident Fund (Employer's Contribution)	7,200
Statutory Annual Bonus / Ex Gratia**	7,500
Other / Statutory Benefits (C)	14,700
Total Cost to Company (per month) – A+B+C	1,50,000
Total Cost to Company (per annum)	18,00,000
Gratuity	2,885
LWW (Leave with Wages)	4,932
Additional Benefits	7,816
* For claiming reimbursements, please refer to Company's reimbursement policy manual.	
Total Gross Salary	1,28,450
Less PF Deduction	7,200
Net Pay (Pre Tax)	1,21,250
Add Monthly Reimb.	3,050
Total Net Pay (Incl. Monthly Reimb.)	1,24,300

Important Points

- 1) Net Pay calculations are excluding of TDS as may be applicable under the Income Tax Act.
- 2) LTA and Statutory Annual Bonus / Ex Gratia payments (being paid annually) are excluded from the Net Pay Calculations.
- 3) LWW is calculated on Basic Salary @ 20 days (if the Basic Salary is up to 10k p.m.) / 30 days (if the Basic Salary is more than 10k p.m.) of Earned Leave per calendar year.

B. OTHER TERMS AND CONDITIONS:

- 1) The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof; and
- 2) If, at any time, Mr. RaghavKumar Agarwal ceases to be the director of the Company for any causes whatsoever, his office as Whole Time Director shall forthwith be terminated."

RESOLVED FURTHER THAT the remuneration payable to the ED CEO & CFO by way of salary, perquisites and other allowances and benefits shall not exceed the limits laid down in Section 197 read with Schedule V of the Act, including any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year during the tenure of the ED CEO & CFO, the Company has no profits or its profits are inadequate, the Company may pay to the ED CEO & CFO the above remuneration as the minimum remuneration for a period of 3 (three) years from the date of appointment or such other period as may be statutorily permitted by way of salary, perquisites, performance pay, other allowances and benefits as specified hereinabove subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, Mr. Kailash Kumar Agarwal, Managing Director, be authorised to do all such acts, deeds, matters and things as he may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to issue the letter of appointment including the terms of appointment to ED CEO & CFO and to execute all documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

7. Re-appointment of Mr. Parshotam Dass Agarwal as an Independent Director

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

"RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and applicable regulation of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, approval of the members of the Company be and is hereby accorded for re- appointment of Mr. Parshotam Dass Agarwal (DIN: 00063017), who was appointed as an Independent Director of the Company at the 33rd Annual General Meeting of the Company to hold office of the Independent Director upto September 25, 2019 and who is eligible for being re-appointed as an Non-Executive Independent Director for a term of five consecutive years w.e.f. September 26, 2019 to September 25, 2024 and in respect of whom the Company has received a Notice in writing from a himself under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, as a Non-Executive Independent Director of the Company, not liable to retire by rotation as well as to continue to hold the position of Non- Executive Independent Director beyond 75 years of age.

RESOLVED FURTHER THAT pursuant to regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, Mr. Parshotam Dass Agarwal on attaining the age of 75 years on October 9, 2021 during the above term of re- appointment, the continuation of such appointment as a Non- Executive Independent of the Company for 5 years on the same terms and conditions of such re-appointment even after attaining the age of 75 years will be considered as requisite approval as required in the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015."

8. Re-appointment of Mr. Mohan Lal Jain as an Independent Director

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

"RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and applicable regulation of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, approval of the members of the Company, be and is hereby accorded for re- appointment of Mr. Mohan Lal Jain (DIN: 00063240), who was appointed as an Independent Director of the Company at the 33rd Annual General Meeting of the Company to hold office of the Independent Director upto September 25, 2019 and who is eligible for being re-appointed as an Non-Executive Independent Director for a term of five consecutive years w.e.f. September 26, 2019 to September 25, 2024 and in respect of whom the Company has received a Notice in writing from a himself under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, as a Non-Executive Independent Director of the Company, not liable to retire by rotation."

**By Order of the Board of Directors
for H P Cotton Textile Mills Limited**

Place: **New Delhi**
Date: **October 05, 2019**

Shubham Jain
Company Secretary and Compliance Officer

NOTES:

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF PURSUANT TO SECTION 105 OF THE COMPANIES ACT 2013. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DULY FILLED, STAMPED AND SIGNED AND MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.**

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

2. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
3. The attendance slip cum Proxy form is placed at the end of this Annual Report.
4. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
5. Members/Proxies/Authorised Representatives are requested to bring duly filled attendance slips sent herewith to attend the AGM.
6. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Businesses under item 3 to 8 as stated above are annexed hereto. The relevant details as required under Regulation 36(3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {"SEBI (LODR) Regulations"} and Secretarial Standard on General Meetings ("SS-2"), issued by The Institute of Company Secretaries of India, is also annexed.
7. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Rules, 2014 and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are provided in the Notice under Note No. 30.
8. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
9. Members/proxies/authorised representatives are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting. Members are requested to please bring their Folio number/ Demat Account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.
10. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Sundays and Public Holiday and National Holiday) during business hours up to the date of the Meeting. The aforesaid documents will be also available for inspection by members at the Meeting.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

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12. Queries proposed to be raised at the Annual General Meeting may please be sent to the Company at its Registered/Corporate Office, at least 7 days prior to the date of Annual General Meeting to enable the Company to compile the information and answer them in the meeting.
13. Members desirous of getting any information in respect of the contents of the Annual Reports is required to forward their queries to the Company at least ten days prior to the Meeting so that, if the Chairman so permits, the required information can be made available at the meeting.
14. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 22nd September, 2018 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: <http://www.hpthreads.com/corporate-information.php>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.
15. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2011-12 and thereafter to IEPF:

FY ended	Declaration Date	Due Date
March 31, 2013	September 07, 2013	October 6, 2020
March 31, 2014	September 26, 2014	October 25, 2021
March 31, 2015	September 24, 2015	October 23, 2022
March 31, 2016	September 23, 2016	October 22, 2023
March 31, 2018	September 22, 2018	October 21, 2025

16. Those shareholders who have not encashed their dividend warrants for previous year(s) so far are requested to send their claims for payment, by giving the detail in the attached format to the Company.

FORMATS

i) **FORMAT FOR REGISTERING EMAIL ID**

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

ii) **FORMAT OF MANDATE FOR PAYMENT OF DIVIDEND BY NECS/ NEFT**

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

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

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



H. P. Cotton Textile Mills Limited

IFSC Code :
Account Type :
Account No :

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

Photocopy of Bank Pass Book/ Bank Statement:

Photocopy of a blank cheque leaf of the account:

Signature

iii) **FORMAT FOR CLAIMING UNPAID DIVIDENDS OF PREVIOUS YEARS**

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

Signature

17. As per the provisions of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shareholder, who did not claim their unpaid/unclaimed dividend before the due dates as mentioned at point no. 15, are requested to claim the same otherwise, in addition to the dividend, their shares shall also be transferred to Investor Education and Protection Fund. However, the members are eligible to withdraw their dividend along with shares by following the provisions of the said Rules.
18. Those members who have not yet got their Equity Shares dematerialised are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialised. In case any clarification is needed in that regard, the undersigned may be contacted in person or by communication addressed at the Corporate Office of the Company.
19. SEBI vide notification dated 8th June, 2018, has decided that securities of listed companies can be transferred only in dematerialised form after the expiry of 180 days from the date of notification. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
20. The Company's Registrars & Transfer Agents for its share registry (both, physical as well as electronic) is Alankit Assignments Limited having its office at Alankit House, 4E/2, Jhandewalan Extension, New Delhi, Delhi 110055.
21. In all correspondence with the Company and/or the RTA, members are requested to quote their folio number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID number for easy reference and speedy disposal thereof.
22. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their requests in Form No. SH-13, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 (which can be obtained from the Company's RTA).
23. Members holding shares in electronic form are requested to furnish the new 10-digit Bank Account Number allotted to them by their bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to their Depository Participant (DP). Please send these details to the Company/ Registrars, if the shares are held in physical form, immediately.
24. Members holding shares in the certificate/Physical form are requested to notify / send the following to the Company's Registrars and Share Transfer Agents, Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi-110055 to facilitate better servicing: -
 - a. Any change in their address / mandate / Bank details.

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- b. Submit their Permanent Account Number (PAN) and Bank account, in case the same have not been furnished earlier
 - c. Share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account, and
 - d. To register / update their e-mail address with the Company / RTA for receiving all communications from the Company electronically.
25. Non-Resident Indian Members are requested to inform the Company's Registrar & Transfer Agent (RTA) immediately:
- a) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
 - b) Any change in their residential status on return to India for permanent settlement.
26. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company/RTA.
27. Since the Company is providing the facility of remote e-voting to the members, there shall be no voting by show of hands at the Annual General Meeting. The members who will be physically present at the Annual General Meeting shall be provided with polling papers to cast their votes at the meeting.
28. The members can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered and treated as INVALID.
29. As a part of "Green Initiative" in Corporate Governance, the Ministry of Corporate Affairs has allowed sending communication to the shareholders through electronic mode. Accordingly, we propose to send documents like notices convening General Meetings, Annual Report etc. to the email addresses of the shareholders. For this purpose, shareholders holding shares in physical form are requested to register their email addresses and any changes therein from time to time with the Share Transfer Agent of the Company M/s Alankit Assignments Ltd, at their Postal / E-mail address given above. Please give the details in the attached format for registering your E-mail ID. Those holding shares in demat form are requested to register their E-mail IDs with their Depository Participants.
30. **Information and instructions relating to e-voting are as under:**
- The members are requested to follow the detailed procedure/instructions carefully as given herein below:
- i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (LODR) Regulations, the Company is pleased to provide to its members the facility to exercise their right to vote on resolutions proposed to be passed at the ensuing AGM by electronic means ("e-voting") holding equity shares as on **01st November, 2019**, being the **Cut-off Date** (Record date for the purpose of rule 20(3)(vii) of the said Rules), fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through e-voting platform provided by CDSL.
 - ii) The facility for voting through Poll shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e voting shall be eligible to exercise their right at the meeting through Poll.
 - iii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

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- iv) The e-voting period begins on **05th November 2019 at 9.00 A.M. and ends on 07th November 2019 at 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of **01st November 2019**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

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

- i) Log on to the e-voting website www.evotingindia.com during the voting period.
- ii) Click on "Shareholders" tab.
- iii) Now Enter your User ID
 - a) For CDSL: 16 digits b7eneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next, enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vi) If you are a first-time user follow the steps given below:

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

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



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- ix) For Members holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.
- x) Click EVSN 191009001 of H.P. COTTON TEXTILE MILLS LIMITED on which you choose to vote.
- xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Note for Institutional Shareholders:
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, they have to create a compliance user should be created who would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdeskevoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

B. In case of Members receiving the physical copy of Notice of 38th Annual General Meeting by post (for Members whose e-mail address are not registered with the Company/ Registrars)

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

- v) The Voting rights of Members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on Cut-off Date of **01st November, 2019**.
31. The Route map of the Venue of the Annual General Meeting forms part of this Notice and is given on the last page of this Annual Report.
32. For the security and safety of the members, no article / baggage including water bottles and Tiffin boxes will be allowed at the venue of the meeting. The shareholders/ attendees are requested not to bring any article/ baggage etc. at the venue of the Annual General Meeting.
33. No gift(s)/gift coupons will be distributed at the venue of 38th Annual General Meeting of your company.

General Instructions

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

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

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

Name	Mr. Kailash Kumar Agarwal	Mr. Surendra Kumar Agarwal	Mr. Ravindra Agarwal	Mr. Raghavkumar Agarwal
Directors Identification Number (DIN)	00063470	01309527	01309558	02836610
Date of Birth	17-07-1961	04-08-1962	12-02-1974	05-10-1986
Age	58 years	57 years	45 years	32 years
Qualification	B.COM from Kolkata University and LL.B from Delhi University	B.COM from Delhi University	B.COM from Kolkata University	Bsc. in Management Science from Warwick Business School, University of Warwick, U K.,
Terms and conditions of appointment and re-appointment	Liable to retire by rotation	As per resolution no. 3 of the Notice read with Explanatory Statement thereto	As per resolution no. 4 of the Notice read with Explanatory Statement thereto	As per resolution no. 5 & 6 of the Notice read with Explanatory Statement thereto
Expertise in Specific Area	35 years experience in Textile Industry including garments and hosiery knitwear.	31 years experience in Textile Industry including garments and hosiery knitwear. Also, served for 5 years as President Commercial in HP Cotton Textile Mills Limited	20 years experience in Textile Industry including garments and hosiery knitwear. Also served for 10 years as President Exports in the company	Continuing as the CEO & CFO of the company since the last 2 years, having more than 13 years of experience in Textile Industry
Date of first appointment on the Board of the Company	03.09.1981	30.05.2019	30.05.2019	30.05.2019

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Name	Mr. Kailash Kumar Agarwal	Mr. Surendra Kumar Agarwal	Mr. Ravindra Agarwal	Mr. Raghavkumar Agarwal
Directorship in other limited companies (excluding HP Cotton Textile Mills Limited)	<ol style="list-style-type: none"> Tayal Vegcraft Private Limited HP Infratech Private Limited Achhar Investments Limited Sailesh Textile Mfg Co Ltd Sanjay Mercantile Private Limited Jainish Products Limited 	<ol style="list-style-type: none"> Tayal Vegcraft Private Limited Achhar Investments Limited Sacred Trading And Investment Company Ltd Sailesh Textile Mfg Co Ltd H R Enterprises Private Limited Sanjay Mercantile Private Limited 	<ol style="list-style-type: none"> Tayal Vegcraft Private Limited Sacred Trading And Investment Company Ltd Sunrise Finvest Pvt Ltd Jainish Products Limited 	<ol style="list-style-type: none"> HP Infratech Private Limited HP Merchandise Private Limited
Relationship with other Directors and Key Managerial Personnel	Father of Mr. Raghav Kumar Agarwal	Brother of Mr. Kailash Kumar Agarwal	Brother of Mr. Kailash Kumar Agarwal	Son of Mr. Kailash Kumar Agarwal
Membership/ Chairmanship of committee of Directors of other companies	Nil	Nil	Nil	Nil
No. of Share held as on 31-03-2019	89,385	98,265	1,06,066	10,054
Number of Meetings of the Board attended during the financial year 2018-19	5(Five)	Not Applicable	Not Applicable	Not Applicable
Details of remuneration last drawn by such person (FY 2018-19)	24 Lacs	Not Applicable	Not Applicable	Not Applicable
Details of remuneration sought to be paid	Not Applicable	Not Applicable	Not Applicable	As per resolution no. 5 & 6 of the Notice read with Explanatory Statement thereto

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Name	Mr. Parshotam Dass Agarwal	Mr. Mohan Lal Jain
Directors Identification Number (DIN)	00063017	00063240
Date of Birth	09-10-1946	01-03-1959
Age	72 years	60 years
Qualification	B. Com., LLB, MBA	B. Com. (Hons), FCA
Terms and conditions of appointment and re-appointment	As per resolution no. 8 of the Notice read with Explanatory Statement thereto	As per resolution no. 9 of the Notice read with Explanatory Statement thereto
Expertise in Specific Area	More than 45 years' experience in Textile & paper industry	Practicing Chartered Accountant since 1985, More than 35 years of experience in Finance and Audit
Date of first appointment on the Board of the Company	09.08.2004	23.01.2010
Directorship in other limited companies (excluding HP Cotton Textile Mills Limited)	1. Gaurav Mercantiles Ltd	1. Gaurav Mercantiles Ltd 2. MLJ Financial Consultants Private Limited 3. MJ Softech Private Limited 4. RMS Diversified Private Limited 5. Spectacular Media Marketing Private Limited
Relationship with other Directors and Key Managerial Personnel	Nil	Nil
Membership/Chairmanship of committee of Directors of other companies	Gaurav Mercantiles Ltd Audit Committee - Chairman Nomination and Remuneration - Member	Gaurav Mercantiles Ltd Audit Committee - Member Nomination and Remuneration - Member Stakeholders and Relationship Committee - Chairman
No. of Share held as on 31-03-2019	Nil	Nil
Number of Meetings of the Board attended during the financial year 2018-19	5(Five)	4(Four)
Details of remuneration last drawn by such person (FY 2018-19)	Nil	Nil
Details of remuneration sought to be paid	Nil	Nil

**By Order of the Board of Directors
for H P Cotton Textile Mills Limited**

Place: **New Delhi**
Date: **October 05, 2019**

Shubham Jain
Company Secretary and Compliance Officer

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

ITEM NO. 3:

The Board of Directors at its meeting held on May 30, 2019 has appointed Mr. Surendra Kumar Agarwal as an Additional Director of the Company in the capacity of Non-Executive Director w.e.f. May 30, 2019. Mr. Agarwal holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 ("the Act") and the Company has received a notice in writing under Section 160 of the Act from the him proposing his candidature for the office of Director of the Company.

Mr. Agarwal, is not disqualified from being appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013. Pursuant to Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company.

The Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meeting held on August 13, 2019, have approved his appointment as a Director in the interest of the Company and has recommended passing of Resolution at Item No. 3 as an Ordinary Resolution.

Mr. Agarwal, aged 57 years has done his B.COM from Delhi University, has an experience of 31 years in Textile Industry including garments and hosiery knitwear.

Also, served for 5 years as President Commercial in HP Cotton Textile Mills Limited.

None of the other Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Mr. Kailash Kumar Agarwal, Mr. Ravindra Agarwal and Mr. Raghavkumar Agarwal, who are the relative of Mr. Surendra Kumar Agarwal, and Mr. Surendra Kumar Agarwal himself, to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 3 of the Notice.

The Board recommends the resolution set forth in Item No. 3 for the approval of the Members as Ordinary Resolution.

ITEM NO. 4:

The Board of Directors at its meeting held on May 30, 2019 has appointed Mr. Ravindra Agarwal as an Additional Director of the Company in the capacity of Non-Executive Director w.e.f. May 30, 2019. Mr. Agarwal holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 ("the Act") and the Company has received a notice in writing under Section 160 of the Act from the him proposing his candidature for the office of Director of the Company.

Mr. Agarwal, is not disqualified from being appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013. Pursuant to Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company.

The Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meeting held on August 13, 2019, have approved his appointment as a Director in the interest of the Company and has recommended passing of Resolution at Item No. 3 as an Ordinary Resolution.

Mr. Agarwal, aged 45 years has done his B.COM from Kolkata University, has an experience of 20 years in Textile Industry including garments and hosiery knitwear.

Also, served for 10 years as President Exports in the Company.

None of the other Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Mr. Kailash Kumar Agarwal, Mr. Surendra Kumar Agarwal and Mr. Raghavkumar Agarwal, who are the relative of Mr. Ravindra Agarwal, and Mr. Ravindra Agarwal himself, to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the resolution set forth in Item No. 4 for the approval of the Members as Ordinary Resolution.

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ITEM NO. 5 & 6:

Item no. 5: Ordinary Resolution

Item no. 6: Special Resolution

Mr. Raghavkumar Agarwal had been appointed as an Additional Director of the Company with effect from May 30, 2019 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 160(1) of the Companies Act, 2013 and eligible for appointment. It is proposed to seek the Shareholders' approval for regularization of appointment of Mr. Raghavkumar Agarwal as a Director of the Company and for appointment of Mr. Raghavkumar Agarwal as the Whole Time Director (Executive Director) in terms of the applicable provisions of the Companies Act, 2013. The payment of remuneration has already been approved by the Nomination & Remuneration Committee in its meeting held on May 30, 2019 & subsequently by the Board of Directors in its Board Meeting held on the same date. Therefore, the Board proposes to seek approval of the Shareholders of the Company, approving the below terms and conditions:

A. REMUNERATION:

Particulars	Amount (in Rs. per month)
Basic	60,000
House Rent Allowance (HRA)	30,000
Other/Special/Grade Allowance	36,850
Transport Allowance	1,600
Gross Compensation (A)	1,28,450
Leave Travel Allowance (LTA)	3,800
Medical Reimbursement	3,050
Reimbursements (B)	6,850
Provident Fund (Employer's Contribution)	7,200
Statutory Annual Bonus / Ex Gratia**	7,500
Other / Statutory Benefits (C)	14,700
Total Cost to Company (per month) – A+B+C	1,50,000
Total Cost to Company (per annum)	18,00,000
Gratuity	2,885
LWW (Leave with Wages)	4,932
Additional Benefits	7,816
*For claiming reimbursements, please refer to Company's reimbursement policy manual.	
Total Gross Salary	1,28,450
Less PF Deduction	7,200
Net Pay (Pre Tax)	1,21,250
Add Monthly Reimb.	3,050
Total Net Pay (Incl. Monthly Reimb.)	1,24,300

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Important Points

- 1) Net Pay calculations are excluding of TDS as may be applicable under the Income Tax Act.
- 2) LTA and Statutory Annual Bonus / Ex Gratia payments (being paid annually) are excluded from the Net Pay Calculations.
- 3) LWW is calculated on Basic Salary @ 20 days (if the Basic Salary is up to 10k p.m.) /30 days (if the Basic Salary is more than 10k p.m.) of Earned Leave per calendar year.

C. OTHER TERMS AND CONDITIONS:

- 1) The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof; and
- 2) If, at any time, Mr. RaghavKumar Agarwal ceases to be the director of the Company for any causes whatsoever, his office as Whole Time Director shall forthwith be terminated.

The copies of relevant resolutions of the Board / Committee in respect of the remuneration of the above-mentioned Director are available for inspection by the Members at the registered office of the Company on any working day excluding Sundays (including Public Holidays) during business hours upto the date of the Meeting.

None of the other Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Mr. Kailash Kumar Agarwal, Mr. Surendra Kumar Agarwal and Mr. Ravindra Agarwal, who are the relative of Mr. Raghavkumar Agarwal, and Mr. Raghavkumar Agarwal himself, to whom the resolution relates, are concerned or interested in the Resolutions mentioned at Item No. 5 & 6 of the Notice.

The Board recommends the Ordinary and Special Resolution as set out at Item No. 5 & 6, respectively, of the Notice for approval by the members.

ITEM NO. 7:

Pursuant to the provision of Section 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and the erstwhile Clause 49 of the Listing Agreement with the stock exchange, the shareholders of the Company at its meeting held on September 26, 2014 appointed Mr. Parshotam Dass Agarwal (DIN: 00063017) as an Independent Director of the Company to hold office for five consecutive years for a term upto September 25, 2019 and he is eligible for re- appointment for one more term of upto five years.

As per regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, inter alia, provides that "no Listed Company shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of 75 years unless it is approved by the Shareholders by passing Special Resolution to that effect". Mr. Parshotam Dass Agarwal, currently aged 72, will attain the age of 75 years on October 9, 2021 and hence continuation beyond 75 years requires the approval of shareholders by way of Special Resolution.

Further as per Section 149 of Companies Act 2013 read with Rules framed thereunder, the re- appointment of Independent Director for second term also requires approval of shareholder by way of Special Resolution.

Keeping in view his able experience, participation and rich contribution as an independent Director, it is proposed to re-appoint Mr. Parshotam Dass Agarwal as a Non- Executive Independent Director for a second term by way of a special resolution under Section 149 of the Companies Act, 2013, read with relevant rules framed therein and as per regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Nomination and Remuneration Committee at its meeting held on August 13, 2019 on the basis of performance of Independent Directors and taking into account the external business environment, the business knowledge, experience and the substantial contribution made by Mr. Parshotam Dass Agarwal during his tenure, has recommended to the Board that continued association of Mr. Parshotam Dass Agarwal as the Independent Director would be beneficial to the Company. Based on the above and performance evaluation of Independent Directors, the Board recommends the re-appointment of Mr. Parshotam Dass Agarwal, as the Independent Director of the Company, not liable to retire by rotation, to hold office for a second term commencing from September 26, 2019 upto September 25, 2024.



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In the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and also SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that he is independent of the management.

Save and except Mr. Parshotam Dass Agarwal and their relatives to the extent of their sharholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 7 of the Notice.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for the approval of the Members.

ITEM NO. 8:

Pursuant to the provision of Section 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and the erstwhile Clause 49 of the Listing Agreement with the stock exchange, the shareholders of the Company at its meeting held on September 26, 2014 appointed Mr. Mohan Lal Jain (DIN: 00063240) as an Independent Director of the Company to hold office for five consecutive years for a term upto September 25, 2019 and he is eligible for re- appointment for one more term of upto five years.

As per Section 149 of Companies Act 2013 read with Rules framed thereunder, the re- appointment of Independent Director for second term also requires approval of shareholder by way of Special Resolution.

Keeping in view his able experience, participation and rich contribution as an independent Director, it is proposed to re-appoint Mr. Mohan Lal Jain (DIN: 00063240) as a Non- Executive Independent Director for a second term by way of a special resolution under Section 149 of the Companies Act, 2013, read with relevant rules framed therein and as per regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Nomination and Remuneration Committee at its meeting held on August 13, 2019 on the basis of performance of Independent Directors and taking into account the external business environment, the business knowledge, experience and the substantial contribution made by Mr. Mohan Lal Jain (DIN: 00063240) during his tenure, has recommended to the Board that continued association of Mr. Mohan Lal Jain (DIN: 00063240) as the Independent Director would be beneficial to the Company. Based on the above and performance evaluation of Independent Directors, the Board recommends the re-appointment of Mr. Mohan Lal Jain (DIN: 00063240), as the Independent Director of the Company, not liable to retire by rotation, to hold office for a second term commencing from September 26, 2019 upto September 25, 2024.

In the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and also SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that he is independent of the management.

Save and except Mr. Mohan Lal Jain (DIN: 00063240) and their relatives to the extent of their sharholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 8 of the Notice.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for the approval of the Members.

**By Order of the Board of Directors
for H P Cotton Textile Mills Limited**

Place: **New Delhi**
Date: **October 05, 2019**

Shubham Jain
Company Secretary and Compliance Officer

H. P. Cotton Textile Mills Limited



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 38th Annual Report on the business and operations together with the Company's audited financial statements and the auditors' report thereon for the financial year ended March 31, 2019. The financial highlights for the year are given below:

Financial Results

(₹ In lacs)

Particulars	March 31, 2019	March 31, 2018
Revenue from operations (net)	9140.85	10,742.88
Other Income	209.34	80.07
Total Income	9350.19	10,822.95
Profit/(Loss) Before Interest, Depreciation & Tax (EBITDA)	490.66	431.28
Finance Cost	303.42	249.66
Depreciation	185.47	161.49
Profit/(Loss) before Tax (PBT)	1.77	354.33
Current Tax (including earlier years)	0.36	72.29
Deferred Tax	29.41	46.83
Profit/(Loss) after Tax (PAT)	(28)	235.41
Basic EPS (Rs.) *	(0.73)	6.18
Cash EPS (Rs.)*	(0.73)	6.18

*Face value ₹.10 per share

Business Performance

During the year, your Company has achieved a turnover of ₹9,140.85 Lacs as against ₹10,742.88 Lacs during the corresponding previous financial year. The Earning before interest, depreciation and tax (EBITDA) for the year under review was around ₹490.66 Lacs as compared to earning before interest, depreciation and tax of around ₹431.28 Lacs during the previous financial year. The profit before tax for the year was ₹1.77 Lacs as compared to Profit of ₹354.33 Lacs during the previous financial year. The exports of the Company are slightly declined by 14.58% over previous year taking total exports to ₹6,687.10 Lacs from ₹7,828 Lacs due to devaluation of home currencies against the USD in the companies Export Market which led to expensive imports from those countries and hence resulting in reduction of revenue.

Appropriations

Reserves

Total reserves and surplus of the Company has been reduced to ₹1,444.69 Lacs on 31st March, 2019 as against ₹1,517.39 Lacs on 31st March, 2018 on account of payment of dividend and dividend distribution tax during the year 2018-19.

Dividend

The Board has not recommended any Dividend for the current financial year in view of inadequate profits for the Financial Year ended on March 31, 2019.

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

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

Share Capital and Net Worth

The Authorised Share Capital of the Company as on March 31, 2019, remains unchanged at ₹4,25,00,000 divided into



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42,50,000 Equity Shares of ₹10 each and Paid up share capital of ₹3,81,00,000 divided into 38,10,000 Equity Shares of ₹10 each.

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

As at the end of year under review, the net worth of the Company calculated as per section 2(57) of the Companies Act, 2013 ("the Act") stood at ₹1825.69 Lacs as compared to ₹ 1898.39. Lacs at the end of the previous financial year.

Management Discussion & Analysis Report

a) Industry Structure & Competitive Position:

GLOBAL TEXTILE INDUSTRY

The global textile industry is continuously evolving. Over the years, it has witnessed multiple shifts in consumption and production patterns, including shifts in geographical manufacturing hubs, as the industry is driven by availability of cheap labour.

The textile & apparel trade is predicted to be grow at a CAGR of 3.7% during the period 2018-28. During this period, the increase in apparel trade is expected to be at a CAGR of 4.5% and textile at a CAGR of 2.5%.

INDIAN TEXTILE INDUSTRY

The domestic textile industry in India is estimated to reach US\$ 223 billion by 2021 from US\$ 150 billion in November 2017, while cotton production in India is have reached 36.1 million bales in FY19. In FY19, growth in private consumption is expected to create strong domestic demand for textiles.

Increased penetration of organised retail, favourable demographics, and rising income levels are likely to drive demand for textiles. Cloth production stood at 58.1 billion square metres (provisional) in FY19 (up to Jan 19). India is the world's second largest exporter of textiles and clothing.

Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021. Exports of textiles and apparels from India reached US\$ 31.65 billion in FY19 (up to Jan 19). Manmade garments remain the largest contributor to total textile and apparel exports from India.

b) Outlook, Risks and Concerns:

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

- The economic environment and pricing pressures could negatively impact our revenues and operating results.
- Since the Company derives significant portion of revenues from overseas, any appreciation in rupee poses a threat to earnings estimates. Currency fluctuations and declining interest rates may favourably affect the result of our operation.
- Wage pressure in India and the hiring of employee in other countries may prevent us from sustaining some of our competitive advantage and may reduce our profit margins.
- The Company endeavors to focus on sustainable development comprising of environmental protection, social justice and equity, and economic development while recognizing simultaneous growth of the corporate and profitability in the long run.
- The Company has developed and implemented a policy focussed on multi skill development by giving incentives to its workforce thereby encouraging participation and training and give certification in multi-skilling.

c) Opportunities and Threats:

We believe our strength give us the competitive advantage to position ourselves as the global Textile Industry. We have long standing relationship with our clients and our track records in delivering high quality

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product across the entire Textile industry help us to solidify these relationships and gain increased business from existing clients. The customer base of the Company spread across many countries and regions which reduces dependability on specific country and regions.

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Some of initiatives taken by the government to further promote the industry are as under:

- Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunities and attract investments worth Rs 800.00 billion (US\$ 11.93 billion) during 2018-2020. As of August 2018, it generated additional investments worth Rs 253.45 billion (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (ATUFS). The scheme is estimated to create employment for 3.5 million people and enable investments worth Rs 950.00 billion (US\$ 14.17 billion) by 2022.
- To boost exports from India's handicraft sector, the Government of India is in process of identifying 25 export oriented clusters, as of September 2018.
- Integrated Wool Development Programme (IWDP) approved by Government of India to provide support to the wool sector starting from wool rearer to end consumer which aims to enhance the quality and increase the production during 2017-18 and 2019-20
- Under Union Budget 2019-20, Government of India allocated around Rs 5,831.48 crore (US\$ 808.24 million) for the Ministry of Textiles.

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

During the year under review, the total number of employees on the rolls of the Company were 1614. Our culture and reputation as Leader in Textile industries enable us to attract and retain some of the best talent in India. Our Professionals/Employees/Workers are our most important assets. We are committed to remaining among the industries leading's Employers.

Our culture and reputation in the Textile Industry enable us to recruit and retain some of the best available talent in India. The key elements that define our culture include recruitment, training and development, and compensation. Company takes adequate steps for maintaining safety and healthy environment for the workers. During the year under review, Industrial relations continued to be cordial and satisfactory. Company has enjoyed cordial relationship with workers and employees at all levels.

Segment wise or Product Wise Performance

The Company operate in one segment i.e. manufacturing of Threads

The Company has produced two types of threads i.e. sewing threads and Hosiery Yarn. As compare to previous year, the production of Hosiery Yarn and that of sewing Threads have been increased. Total production during the financial year 2018-19 is down by 21.9% over the last year's production.

Detail of product wise performance in the year 2018-19 is as follows:

Type	2018-19		Sale Realisations (Rs. in Lakhs)
	Production (Kg)	(%)	
Hosiery yarn	4,81,713	28	875.25
Sewing Thread	12,19,618	72	7,654.47
Total	17,01,331	100.00	8,529.72

e) Ratio Analysis

S. No	Ratios	Units	IND-AS	
			FY 2019	FY 2018
1.	Debtors Turnover Ratio	Times	11.11	12.05
2.	Inventory Turnover Ratio	Times	3.06	4.06
3.	Interest Coverage Ratio	Times	1.56	4.10
4.	Debt-Equity Ratio	Times	0.44	0.48
5.	Operating Profit Margin	%	2.83	5.17
6.	Net Profit Margin	%	-0.29	2.25
7.	Earning Per Share	₹	-0.73	6.18

f) Internal Control System and their adequacy

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

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

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

CAUTIONARY STATEMENT:

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

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

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

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

Information about the Subsidiaries / Associates/ Joint Ventures

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

Listing of Equity Shares

The Equity Shares of the Company continued to be listed on BSE Limited ("BSE"). The requisite annual listing fee has been paid to the Exchange.

Public Deposits

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

Directors and Key Managerial Personnel

A. Directors

During the year under review, Mr. Ashok Kumar Agarwal Joint Managing Director and Mr. Raj Kumar Agarwal, Whole-time Director of the Company resigned w.e.f. February 5, 2019 due to personal reasons. The Board expressed its sincere appreciation for the valuable contribution made by Mr. Ashok Kumar Agarwal and Mr. Raj Kumar Agarwal, during their tenure and for the valuable advices they made to the Board from time to time.

Further, on the recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on May 30, 2019, Appointed Mr. Raghavkumar Agarwal (DIN 02836610) as an additional Director & Whole Time Director (Executive Director), Mr. Surendra Agarwal (DIN 01309527) and Mr. Ravindra Agarwal (DIN 01309558) as Additional Directors w.e.f. May 30, 2019. Pursuant to Section 161 Mr. Raghavkumar Agarwal, Mr. Surendra Agarwal and Ravindra Agarwal hold office upto the date of forthcoming Annual General Meeting. Further, in terms of Section 152 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board has, on the recommendation of the Nomination and Remuneration Committee, proposed to the Shareholders appointment of Mr. Raghavkumar Agarwal, Mr. Surendra Agarwal and Ravindra Agarwal as Directors of the Company, liable to retire by rotation.

Appointment of Mr. Raghavkumar Agarwal as Whole Time Director (Executive Director), in addition to his existing designation of CEO and CFO in the Company, effective May 30, 2019 and his remuneration, as per the recommendation of the Nomination and Remuneration Committee, is being put up for the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

B. Key Managerial Personnel (KMP)

As on March 31, 2019, details of Key Managerial Personnel under the Act, are given below:

Sr. No.	Name of the Person	Designation
1	Mr. Kailash Kumar Agarwal	Managing Director
2	Mr. Shashi Ranjan	Company Secretary
3	Mr. RaghavKumar Agarwal	Chief Financial Officer & CEO

Mr. Shashi Ranjan Kumar, Company Secretary and Compliance officer has resigned from the post of Company Secretary of the Company w.e.f. May 28, 2019.

Further Mr. Shubham Jain has been appointed as Company Secretary and Compliance Officer of the Company and designated as Key Managerial Personnel of the Company w.e.f. August 13, 2019, pursuant to section 203 of the Act, and Regulation 6(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

C. Retire by Rotation

As per the provisions of Section 152 of the Companies Act, 2013 at least 1/3rd of total Directors whose office is liable to retire by rotation shall retire at every Annual General Meeting ("AGM") of the Company. Other than

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Mr. Kailash Kumar Agarwal, all other non-executive non-independent directors (retriable) resigned/ceased to be directors and there are no retirable directors for the ensuing annual general meeting. Therefore, Mr. Kailash Kumar Agarwal, though appointed by the members as a non-retirable director, shall be liable to retire by rotation at the ensuing Annual General Meeting (AGM) and the Nomination and Remuneration Committee and Board has recommended the re-appointment of Mr. Agarwal as a Director of the Company. Mr. Kailash Kumar Agarwal being eligible has offered himself for re-appointment.

D. Re-appointment of Independent Directors for a Second Term

The Nomination and Remuneration Committee, on the basis of performance evaluation of Independent Directors and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Mr. Bibhuti Charan Talukdar, Mr. Parshotam Dass Agarwal and Mr. Mohan Lal Jain during their tenure, has recommended to the Board that continued association of Mr. Bibhuti Charan Talukdar, Mr. Parshotam Dass Agarwal and Mr. Mohan Lal Jain as Independent Directors would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommends re-appointment of:

- i) Mr. Bibhuti Charan Talukdar for a further period from 26th September, 2019 to 25th September, 2024;
- ii) Mr. Parshotam Dass Agarwal for a further period from 26th September, 2019 to 25th September, 2024; and
- iii) Mr. Mohan Lal Jain for a further period from 26th September, 2019 to 25th September, 2024;

to hold office as Non-Executive Independent Directors of the Company, not liable to retire by rotation, on the Board of the Company. The Company has received the requisite Notices from Director themselves in writing proposing their re-appointment as Independent Directors. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act, and SEBI (LODR) Regulations.

Board Meetings

During the year under review, five (5) Board Meetings were held on May 30, 2018, August 07 2018, August 23, 2018, November 13, 2018 and February 13, 2019. The intervening gap between two Board Meetings was less than the maximum period prescribed under the Act and SEBI (LODR) Regulations.

Audit Committee

The details of present constitution/composition is given hereunder:

Name	Designation	Category
Mr. Parshotam Dass Agarwal	Chairman of the Committee	Independent Director
Mr. Bibhuti Charan Talukdar	Member of the Committee	Independent Director
Mr. Mohan Lal Jain	Member of the Committee	Independent Director
Ms. Ritu Bansal	Member of the Committee	Independent Director
Mr. Kailash Kumar Agarwal	Member of the Committee	Managing Director

During the year under review, five (5) Audit Committee Meetings were held on May 30, 2018, August 07 2018, August 23, 2018, November 13, 2018 and February 13, 2019. The attendance of members of the Audit Committee at these meetings was as follows:

Name of the member	Designation	Category of Directorship	No. of meetings held	No. of meetings attended
Mr. Bibhuti Charan Talukdar	Chairman	Independent	5	1
Mr. Parshotam Dass Agarwal	Member	Independent	5	5
Mr. Mohan Lal Jain	Member	Independent	5	4
Ms. Ritu Bansal	Member	Independent	5	4
Mr. Kailash Kumar Agarwal	Member	Managing Director	5	5

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

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

- To oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible,
- Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements and auditor's report thereon before submissions to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of section 134(3)(c) of the Act;
 - Any changes in accounting policies and practices and reasons for the same;
 - Major accounting entries based on exercise of judgment by management;
 - Qualifications in draft audit report;
 - Significant adjustments made in the financial statements arising out of audit;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosures of any related party transactions; and
 - Modified opinion(s) in the draft audit reports.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussions with internal auditors any significant findings and follow up thereon;

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- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit Committee; and
- Any other duties/terms of reference which are incidental/necessary for the fulfillment of the above-mentioned terms of reference.

The Company Secretary is acting as the Secretary to the Audit Committee. The Chairman of the Committee, Mr. Parshotam Dass Agarwal was present at the AGM of the Company held on September 22, 2018

Review of information by Audit Committee

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

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

The Audit Committee is also vested with the following powers:

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

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

Nomination and Remuneration Committee

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

The details of present constitution/composition is given hereunder:

Name	Designation	Category
Mr. Bibhuti Charan Talukdar	Chairman of the Committee	Independent Director
Mr. Parshotam Dass Agarwal	Member of the Committee	Independent Director
Mr. Mohan Lal Jain	Member of the Committee	Independent Director
Ms. Ritu Bansal	Member of the Committee	Independent Director
Mr. Kailash Kumar Agrawal	Member of the Committee	Managing Director

During the year under review, 2 meeting of the Nomination and Remuneration Committee were held on August 07, 2018 and February 13, 2019. The attendance of members of the Nomination and Remuneration Committee at these meeting was as follows:

Name of the member	Designation	Category of Directorship	No. of meetings held	No. of meetings attended
Mr. Bibhuti Charan Talukdar	Chairman	Independent	2	1
Mr. Parshotam Dass Agarwal	Member	Independent	2	2
Mr. Mohan Lal Jain	Member	Independent	2	2
Mr. Kailash Kumar Agrawal	Member	Managing Director	2	2
Ms. Ritu Bansal	Member	Independent	2	2

Role & Terms of Reference of Committee

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

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

The Company Secretary is acting as the Secretary to the Nomination and Remuneration Committee. The Chairman of the Committee, Mr. Bibhuti Charan Talukdar was present at the AGM of the Company held on September 22, 2018.

Nomination and Remuneration Policy

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

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

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

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

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Policy on Directors' appointment & remuneration

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

Board Evaluation

In terms of the provisions of the Section 178(2) of The Companies Act, 2013, the Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects such as Board composition & quality, strategic & risk management, board functioning, etc.

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

Auditors

M/s Walker, Chandiok & Co LLP, Chartered Accountants (ICAI Firm Registration Number 001076N/N500013) were appointed as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 37th Annual General Meeting (AGM) held on 22nd September, 2018 until the conclusion of the 42nd AGM of the Company. The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

The requirement to place the matter relating to ratification of their appointment, by members at every AGM has been removed by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the forthcoming AGM.

As required under the provisions of Section 139(1) and 141 of the Act, read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the auditors to the effect that they are eligible to continue as Statutory Auditor of the Company.

Auditors' Report

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cost Auditors

The Company has not appointed any Cost Auditor for auditing the cost records of the Company.

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

"Textile Company shall get its Cost record audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is ₹.100 Crore or more and the aggregate turnover of the individual product or products or service or services for which cost record required to be maintained under Rule 3 is Rs.35 Crore or more, however the requirement for cost audit under Companies (Cost Records and Audit) Rules, 2014, shall not apply to a company whose revenue from export, in foreign exchange, exceeds 75% of its total revenue or which is operating from a SEZ".

The Company's turnover is below Rs.100 crore during the year under review and more than 75% of the Company's turnover is earned from exports in foreign exchange by the Company. Therefore, the Company is exempt from the said requirement of cost audit.

Secretarial Auditor

Pursuant to provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Mr. Neelesh Kumar Jain, M/s NKJ &



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Associates, Company Secretaries (COP No. 5233), Pandav Nagar, Delhi to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2019. Further, the Board of Directors in its meeting held on August 13, 2019 appointed Mr. Tarun Jain, M/s Tarun Jain & Associates, Company Secretaries, to act as Secretarial Auditor of the Company for the financial year 2019-20.

Secretarial Audit

The Secretarial Audit Report for the financial year ended March 31, 2019 (in Form MR-3) is attached as **Annexure-A** to this Report, which is Self-explanatory and needs no comments.

Extract of Annual Return

In accordance with the provisions of section 134(3)(a) and section 92(3) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return as on 31st March, 2019 in Form MGT-9 is attached as **Annexure B** hereto and forms a part of this Report.

The Annual Return referred to subsection (3) of Section 92 of the Act, shall also be placed on the website of the company at <http://hpthreads.com/corporate-information.php>.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Act, details of which needs to be mentioned in this Report.

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

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

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

During the year, all the related party transactions entered into were on an arm's length basis. The Company has not entered into any arrangement / transaction with related parties which could be considered material in accordance with the Company's Policy on Related Party Transactions read with the Listing Regulations and accordingly, the disclosure of Related Party Transactions in Form AOC - 2 is not applicable. However, names of Related Parties and details of transactions with them have been included in Notes to the financial statements provided in the Annual Report under Indian Accounting Standards 18.

The Policy on the Related Party Transactions is available on the Company's website at <http://hpthreads.com/corporate-information.php>.

Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2019 and date of the Report

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings/ Outgo

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

A) Conservation of Energy:

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.

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- b) No specific investment has been made in reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

B) Technology Absorption:

The Company is focused on developing in-house technology to develop new products besides striving to continually improve and absorb latest technology suitable to its product mix with an objective to achieve lower cost of production. Therefore, no technology absorption is required. The Company also constantly strives for maintenance and improvement in its equipment quality of its products and Research & Development activities are directed to achieve the aforesaid goal.

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

	2018-19	2017-18
Foreign Exchange earned (FOB value of exports)	6,687.10	7,828.95
Foreign Exchange used (CIF value of imports and expenditure in foreign currency)	137.78	184.31

Environment and pollution Control

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy is to conduct of all operations in a manner to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible. The Company has taken drastic steps and measures in procuring and consuming eco-friendly sustainable dyes and chemicals for promoting eco-logically sustainable technologies and promoting recycling and re-use and the Company has reputed certification including OEKOTEX and GOTS to its credentials.

The Company has effectively come out with implementation of Zero Liquid Discharge Project ("ZLD") for effluent water management as per the guidelines issued by Haryana state pollution Control Board. It is used to eliminate the hard fluids and to purify the water slowly and steadily. This process is used to make the water drinkable, reusable or to recycle.

Quality Management System

The Company continues to lay emphasis on excellence in quality and services and certified ISO 9001:2008 QMS certification and is also committed to total customer satisfaction. The high quality of the Company products is reflected in the Company ability to export its product in quality conscious world markets. The company continues to be on a mission to provide customers with products that can match with international standards and will surpass their expectations.

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

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

Directors' Responsibility Statement

The Directors hereby confirm:

- a) that in the preparation of the annual financial statements for the financial year ended March 31, 2019 the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) that for the financial year ended March 31, 2019, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the year ended March 31, 2019;

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- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

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

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

Business Risk Management

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

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

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

Vigil Mechanism

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

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

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

Corporate Social Responsibility

The provisions of Section 135 of the Act, regarding Corporate Social Responsibility ("CSR") are not attracted to the Company as the Company does not fall under the threshold limit of net worth of Rs.500 crore or turnover of Rs.1,000 crores or a net profit of Rs.5 Crore during the financial year. However, the Company has constituted CSR Committee of the Board of Directors of the Company.

The details of present constitution/composition is given hereunder:

Name	Designation	Category
Mr. Parshotam Dass Agarwal	Chairman of the Committee	Independent Director
Mr. Bibhuti Charan Talukdar	Member of the Committee	Independent Director
Mr. Mohan Lal Jain	Member of the Committee	Independent Director
Ms. Ritu Bansal	Member of the Committee	Independent Director
Mr. Kailash Kumar Agrawal	Member of the Committee	Managing Director

Particulars of Employees and Related disclosures

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

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

As per Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rule 2016, the details of top ten employees with regards to their salary in the Financial Year 2018-19 is as follow:

Sl No.	Name	Designation	Gross Salary Plus Perks (2018-19) (Amount in ₹)
1	Mr. Kailash Kumar Agarwal	Managing Director	24,00,000
2	Mr. Shashi Kant Shah	Vice- President	19,24,064
3	Mr. Avinash Pratap Singh	GM-HR	18,42,688
4	Mr. RaghavKumar Agarwal	CEO/CFO	18,00,000
5	Mr. Ashok Kumar Agarwal*	Joint Director	17,75,000
6	Mr. Raj Kumar Agarwal#	Whole Time Director	16,22,857
7	Mr. P.C Kesharwani	DGM-COSTING & MIS	13,47,823
8	Mr. Shashi Ranjan Kumar^	Company Secretary	12,95,890
9	Mr. Surender Kumar Agarwal	President Commercial	12,93,888
10	Mr. Ravindra Agarwal	President Export	12,93,888

* Resigned w.e.f February 05, 2019

Resigned w.e.f February 05, 2019

^ Resigned w.e.f May 28, 2019

Prevention of Sexual Harassment at Workplace

The Company has in place an anti-sexual harassment policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, the Board of Directors has re-constituted the Internal Complaint Committee (ICC) for the Company's Corporate Office at Delhi under the said Act. All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, there was no case filed or registered pursuant to this Act.

Corporate Governance

As per clause (2) of Regulation 15 of SEBI (LODR) Regulations:

"The compliance with the corporate governance provision as specified in regulations 17 to 27 and Clause (b) to (i) of Sub regulation (2) of Regulation 46 and para C, D, E of SCHEDULE V shall not apply, in respect of a listed entity having paid up Equity Share Capital not exceeding rupees ten crore and Net Worth not exceeding rupees twenty-five crore, as on the last day of the previous financial year."

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

Investor Services

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

H. P. Cotton Textile Mills Limited



Publication of Financial Results

In conformity with the provisions of Regulation 47 of the SEBI (LODR) Regulations the Company has published unaudited financial results for the quarter ended 30th June 2018; 30th September, 2018; 31st December 2018 and audited financial results for the quarter/ year ended on 31st March 2019. The summarized results are published in Business Standard (English), Delhi & Mumbai and Aaj Samaj (Hindi), Hisar.

Code of Conduct

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

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

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

All the Boards Members and the Senior Management personnel have confirmed compliance with the Code for the Financial Year ended 31st March, 2019. All Management Staff were given appropriate training in this regard.

Website of the Company

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

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from October 1, 2017. The Company has devised proper systems to ensure compliance with its provisions and is in compliance with the same.

Acknowledgements

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

For and on behalf of the Board

Place: New Delhi
Date: August 13, 2019

Mr. Kailash Kumar Agarwal
Managing Director
DIN:00063470

Mr. RaghavKumar Agarwal
Executive Director CEO & CFO
DIN: 02836610

Form No. MR-3

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

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2019**

To,

The Members,

H.P. COTTON TEXTILE MILLS LIMITED

15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hissar Haryana-125044

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 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, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable** and

H. P. Cotton Textile Mills Limited



h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**

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 Agreements entered into by the Company with the BSE Limited to the date applicable.
- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date applicable

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

We further report that

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

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

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

We further report that

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

Place: **New Delhi**

Date: **12th August, 2019**

**For NKJ & Associates
Company Secretaries**

Neelesh Kr. Jain

FCS No. : 5593

C P No.: 5233

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



H. P. Cotton Textile Mills Limited

ANNEXURE - A

To,

The Members,

H.P. COTTON TEXTILE MILLS LIMITED

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

Mayar, Hissar Haryana-125044

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

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

Place: **New Delhi**

Date: **12th August, 2019**

**For NKJ & Associates
Company Secretaries**

Neelesh Kr. Jain

FCS No. : 5593

C P No.: 5233

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2019

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2018]				No. of Shares held at the end of the year [As on March 31, 2019]				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters *										
1. Indian										
a) Individual/ HUF	1,473,770	-	1,473,770	38.68	1,473,770	-	1,473,770	38.68	0.00	
b) Central Govt	-	-	-	0.00	-	-	-	0.00	0.00	

H. P. Cotton Textile Mills Limited



Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2018]				No. of Shares held at the end of the year [As on March 31, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
d) Bodies Corp.	905,920	-	905,920	23.78	905,920	-	905,920	23.78	0.00
e) Banks / FI	-	-	-	0.00	-	-	-	0.00	0.00
Sub Total (A) (1)	2,379,690	-	2,379,690	62.46	2,379,690	-	2,379,690	62.46	0.00
(2) Foreign									
a) NRI Individuals	-	-	-	0.00	-	-	-	0.00	0.00
b) Other Individuals	-	-	-	0.00	-	-	-	0.00	0.00
c) Bodies Corp.	-	-	-	0.00	-	-	-	0.00	0.00
d) Any other	-	-	-	0.00	-	-	-	0.00	0.00
Sub Total (A) (2)	-	-	-	0.00	-	-	-	0.00	0.00
TOTAL (A)	2,379,690	-	2,379,690	62.46	2,379,690	-	2,379,690	62.46	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	600	600	0.02	-	600	600	0.02	0.00
b) Banks / FI	-	2,150	2,150	0.06	-	2,150	2,150	0.06	0.00
c) Central Govt	-	-	-	0.00	-	-	-	0.00	0.00
d) State Govt(s)	-	-	-	0.00	-	-	-	0.00	0.00
e) Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
f) Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
g) FIs	-	50	50	0.00	-	50	50	0.00	0.00
h) Foreign Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
i) Others (specify)	-	-	-	0.00	-	-	-	0.00	0.00
Sub-total (B)(1):	-	2,800	2,800	0.07	-	2,800	2,800	0.07	0.00
2. Non Institutions									
a) Bodies Corporate									
i) Indian	121,932	750	122,682	3.22	-	-	-	0.00	(3.22)
ii) Overseas	-	-	-	0.00	-	-	-	0.00	0.00
b) Individuals	-	-	-	0.00	-	-	-	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	466,685	190,860	657,545	17.26	530,708	177,160	707,868	18.58	1.32
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	647,164	-	647,164	16.99	602,249	-	602,249	15.81	(1.18)

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2018]				No. of Shares held at the end of the year [As on March 31, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) others (specify)									-
i) NRI	119	-	119	0.003	116,643	750	117,393	3.08	3.08
Sub-total (B)(2)	1,235,900	191,610	1,427,510	37.47	1,249,600	177,910	1,427,510	37.47	0
Total Public Shareholding (B)	1,235,900	194,410	1,430,310	37.54	1,249,600	180,710	1,430,310	37.54	0
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3,615,590	194,410	3,810,000	100.00	3,629,290	180,710	3,810,000	100	0

(ii) Shareholding of Promoters*

S. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% Change 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	KASHMIRILAL GHANSHYAMDAS HUF	22,500	0.59	-	-	-	-	-0.59
2	AGARWAL ARJUNDAS KASHMIRILAL HUF	13,850	0.36	-	-	-	-	-0.36
3	KASHMIRILAL RAJKUMAR HUF	13,950	0.37	-	-	-	-	-0.37
4	RAJ KUMAR KASHMIRILAL HUF	14,000	0.37	-	-	-	-	-0.37
5	"K.K. AGARWAL HUF Kashmiri LalAgarwal"	11,450	0.30	-	-	-	-	-0.30
6	GHANSHYAM Dass AGARWAL HUF	136,736	3.59	-	136,736	3.59	-	0.00
7	JAINARAYAN AGARWAL HUF	85,000	2.23	-	85,000	2.23	-	0.00
8	VIJAY KUMAR AGARWAL HUF	49,000	1.29	-	49,000	1.29	-	0.00
9	K. GHANSHYAMDASS HUF	11,500	0.30	-	-	-	-	-0.30
10	KASHMIRI LAL AGARWAL HUF	114,804	3.01	-	114,804	3.01	-	0.00
11	ARJUN Dass AGARWAL HUF	90,250	2.37	-	104,100	2.73	-	0.36
12	KAILASH KUMAR AGARWAL (H.U.F)	31,150	0.82	-	31,150	0.82	-	0.00
13	RAJ KUMAR AGARWAL HUF	127,164	3.34	-	127,164	3.34	-	0.00
14	SURENDRA KUMAR AGARWAL HUF	27,650	0.73	-	27,650	0.73	-	0.00
15	RAVINDRRA AGARWAAL HUF	30,500	0.80	-	30,500	0.80	-	0.00
16	RAGHUBIR AGARWAL HUF	39,500	1.04	-	39,500	1.04	-	0.00
17	VIJAY KUMAR AGARWAL	57,800	1.52	-	57,800	1.52	-	0.00
18	ASHOK KUMAR AGARWAL	75,896	1.99	-	75,896	1.99	-	0.00
19	KASHMIRI LAL AGARWAL	12,010	0.32	-	-	-	-	-0.32
20	RUCHI AGARWAL	35,500	0.93	-	35,500	0.93	-	0.00

S. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% Change 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	
21	RAJ KUMAR AGARWAL	6,786	0.18	-	46,466	1.22	-	1.04
22	KAILASH KUMAR AGARWAL	89,385	2.35	-	89,385	2.35	-	0.00
23	SURENDRA KUMAR AGARWAL	98,265	2.58	-	98,265	2.58	-	0.00
24	RAVINDRRA AGARWAAL	106,066	2.78	-	106,066	2.78	-	0.00
25	RAGHUBIR PRASAD AGARWAL	93,750	2.46	-	93,750	2.46	-	0.00
26	RENU AGARWAL	7,400	0.19	-	7,400	0.19	-	0.00
27	MRIDULA AGARWAL	7,300	0.19	-	7,300	0.19	-	0.00
28	ATMA DEVI AGARWAL	10,000	0.26	-	10,000	0.26	-	0.00
29	ANURADHA AGARWAL	18,954	0.50	-	18,954	0.50	-	0.00
30	RAGHAVKUMAR AGARWAL	10,054	0.26	-	10,054	0.26	-	0.00
31	RACHIT AGARWAL	5,600	0.15	-	5,600	0.15	-	0.00
32	PREMLATA AGARWAL	20,000	0.52	-	20,000	0.52	-	0.00
33	GHANSHYAM Dass AGARWAL	-	-	-	45,730	1.20	-	1.20
	Sub Total	1,473,770	38.68	-	1,473,770	38.68	-	0.00
	Body Corporate							
1	ACHHAR INVESTMENTS LIMITED	227,400	5.97	-	231,900	6.09	-	0.12
2	ATISHAY INVESTMENTS AND FINANCE PVT LTD	4,500	0.12	-	-	-	-	-0.12
3	JAINISH PRODUCTS LIMITED	242,850	6.37	-	242,850	6.37	-	0.00
4	SACRED TRADING AND INVESTMENT COMPANY LIMITED	224,170	5.88	-	224,170	5.88	-	0.00
5	SAILESH TEXTILE MANUFACTURING COMPANY LIMITED	207,000	5.43	-	207,000	5.43	-	0.00
	Sub Total	905,920	23.78	-	905,920	23.78	-	0.00
	Total	2,379,690	62.46	-	2,379,690	62.46	-	0.00

III) Change in Promoters Shareholding

S. No.		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	KASHMIRILAL GHANSHYAMDAS HUF				
	At the beginning of the year	22,500	0.59	22,500	0.59
	16.03.2019 -19.03.2019, Inheritance	-22,500	-0.59	0	0.00
	At the end of the year	0	0	0	0
2	KASHMIRILAL RAJKUMAR HUF				
	At the beginning of the year	13,950	0.37	13,950	0.37
	16.03.2019 -19.03.2019, Inheritance	-13,950	-0.37	0	0.00
	At the end of the year	0	0	0	0

S. No.		Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
3	RAJ KUMAR KASHMIRILAL HUF				
	At the beginning of the year	14,000	0.37	14,000	0.37
	16.03.2019 -19.03.2019, Inheritance	-14,000	-0.37	0	0.00
	At the end of the year	0	0	0	0
4	K.K. AGARWAL HUF				
	At the beginning of the year	11,450	0.30	11,450	0.30
	16.03.2019 -19.03.2019, Inheritance	-11,450	-0	0	0
	At the end of the year	0	0	0	0
5	K. GHANSHYAMDASS HUF				
	At the beginning of the year	11,500	0.30	11,500	0.30
	16.03.2019 -19.03.2019, Inheritance	-11,500	-0.30	0	0.00
	At the end of the year	0	0	0	0
6	KASHMIRI LAL AGARWAL				
	At the beginning of the year	12,010	0.32	12,010	0.32
	16.03.2019 -19.03.2019, Inheritance	-12,010	-0.32	0	0.00
	At the end of the year	0	0	0	0
7	AGARWAL ARJUNDAS KASHMIRILAL HUF				
	At the beginning of the year	13,850	0.36	13,850	0.36
	08.06.2018, Inter-se Transfer	-13,850	-0.36	0	0.00
	At the end of the year	0	0	0	0
8	ARJUN Dass AGARWAL HUF				
	At the beginning of the year	90,250	2.37	90,250	2.37
	08.06.2018, Acquisition	13,850	0.36	104,100	2.73
	At the end of the year	104,100	2.73	104,100	2.73
9	RAJ KUMAR AGARWAL				
	At the beginning of the year	6,786	0.18	6,786	0.18
	16.03.2019-19.03.2019, Acquisition due to Inheritance	39,860	1.04	46,466	1.22
	At the end of the year	46,466	1.22	46,466	1.22
10	GHANSHYAM Dass AGARWAL				
	At the beginning of the year	0	0.00	0	0.00
	16.03.2019-19.03.2019, Acquisition due to Inheritance	45,730	1.20	45,730	1.20
	At the end of the year	45,730	1.20	45,730	1.20
11	ATISHAY INVESTMENTS AND FINANCE PVT LTD				
	At the beginning of the year	4,500	0.12	4,500	0.12
	09.07.2018, Inter-se Transfer	-4,500	-0.12	0	0.00
	At the end of the year	0	0.00	0	0.00
12	ACHHAR INVESTMENTS LIMITED				
	At the beginning of the year	227,400	5.97	227,400	5.97
	09.07.2018, Acquisition	4,500	0.12	231,900	6.09
	At the end of the year	231,900	6.09	231,900	6.09

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

S. No.	Particulars	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.18 to 31.03.19)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	KULVINDER SINGH							
		225,000	5.91	01.04.2018			225,000	5.91
			0.00	05.10.2018	(1,951)	Sale	223,049	5.85
			0.00	01.02.2019	2,951	Purchase	226,000	5.93
		226,000	5.93	31.03.2019			226,000	5.93
2	VINOD KUMAR OHRI							
		199,996	5.25	01.04.2018	NIL movement during the year		199,996	5.25
		199,996	5.25	31.03.2019			199,996	5.25
3	VEENA K JAGWANI							
		97,123	2.55	01.04.2018			97,123	2.55
					2,877	Purchase	100,000	2.62
					1040	Purchase	101,040	2.65
					90	Purchase	101,130	2.65
		101,130	2.65	31.03.2019			101,130	2.65
4	MUKESH JAIN							
		53,614	1.41	01.04.2018	NIL movement during the year		53,614	1.41
		53,614	1.41	31.03.2019			53,614	1.41
5	MANISHKUMAR SUMATILAL MEHTA							
		26,682	0.70	01.04.2018			26,682	0.70
				06.08.2018	(1,000)	Sale	25,682	0.67
				07.08.2018	(930)	Sale	24,752	0.65
				10.08.2018	(1,100)	Sale	23,652	0.62
				17.08.2018	(1)	Sale	23,651	0.62
				07.09.2018	(401)	Sale	23,250	0.61
				13.09.2018	(480)	Sale	22,770	0.60
				14.09.2018	(500)	Sale	22,270	0.58
				21.09.2018	(435)	Sale	21,835	0.57
				28.11.2018	(120)	Sale	21,715	0.57
				09.11.2018	(206)	Sale	21,509	0.56
		21,509	0.56	31.03.2019			21,509	0.56
6	TRADESWIFT BROKING PRIVATE LIMITED							
		18,514	0.49	01.04.2018			18,514	0.49
				13.04.2018	586	Purchase	19,100	0.50
				01.06.2018	100	Purchase	19,200	0.50

S. No.	Particulars	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.18 to 31.03.19)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
				22.06.2018	1	Purchase	19,201	0.50
				29.06.2018	1	Purchase	19,202	0.50
				06.07.2018	2	Purchase	19,204	0.50
				20.07.2018	2	Purchase	19,206	0.50
				27.07.2018	(6)	Sale	19,200	0.50
				03.08.2018	(300)	Sale	18,900	0.50
				07.08.2018	(100)	Sale	18,800	0.49
				10.08.2018	350	Purchase	19,150	0.50
				17.08.2018	1,020	Purchase	20,170	0.53
				24.08.2018	10	Purchase	20,180	0.53
				31.08.2018	1,510	Purchase	21,690	0.57
				07.09.2018	(590)	Sale	21,100	0.55
				13.09.2018	(900)	Sale	20,200	0.53
				21.09.2018	(300)	Sale	19,900	0.52
				05.10.2018	200	Purchase	20,100	0.53
				19.10.2018	(131)	Sale	19,969	0.52
				09.11.2018	10	Purchase	19,979	0.52
				16.11.2018	41	Purchase	20,020	0.53
				14.12.2018	30	Purchase	20,050	0.53
				15.12.2018	90	Purchase	20,140	0.53
				25.01.2019	235	Purchase	20,375	0.53
				01.02.2019	(265)	Sale	20,110	0.53
				08.02.2019	60	Purchase	20,170	0.53
				22.02.2019	10	Purchase	20,180	0.53
				01.03.2019	80	Purchase	20,260	0.53
				08.03.2019	270	Purchase	20,530	0.54
				15.03.2019	(90)	Sale	20,440	0.54
				22.03.2019	1	Purchase	20,441	0.54
				30.03.2019	95	Purchase	20,536	0.54
		20,536	0.54	31.03.2019			20,536	0.54
7	SWIFT MAIL COMMUNICATIONS LIMITED							
		24,351	0.64	01.04.2018			24,351	0.64
				06.08.2018	(5,000)	Sale	19,351	0.51
		19,351	0.51	31.03.2018			19,351	0.51
8	ANIL BHAVANJI SHAH							
		13,967	0.37	01.04.2018	NIL movement during the year		13,967	0.37
		13,967	0.37	31.03.2019			13,967	0.37

S. No.	Particulars	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.18 to 31.03.19)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
9	ANIL KUMAR AGRAWAL							
		500	0.01	01.04.2018			500	0.01
				14.12.2018	12,200	Purchase	12,700	0.33
				08.02.2019	600	Purchase	13,300	0.35
				22.02.2019	1,000	Purchase	14,300	0.38
		14,300	0.38	31.03.2019			14,300	0.38
10	HITENDRA LILADHAR SIDHPURA							
		9,500	0.25	01.04.2018			9,500	0.25
				26.10.2018	1,500	Purchase	11,000	0.29
		11,000	0.29	31.03.2019			11,000	0.29
11	SANGEETHA S							
		10,396	0.27	01.04.2018	NIL movement during the year		10,396	0.27
		10,396	0.27	31.03.2019			10,396	0.27
12	KETAN BABULAL SHAH							
		10,246	0.27	01.04.2018	NIL movement during the year		10,246	0.27
		10,246	0.27	31.03.2019			10,246	0.27
13	SATYA SONI							
		9,900	0.26	01.04.2018	NIL movement during the year		9,900	0.26
		9,900	0.26	31.03.2019			9,900	0.26
14	PANNU BHANSALI							
		0	0.00	01.04.2018			0	0.00
				28.09.2018	8,225	Purchase	8,225	0.22
				15.02.2019	500	Purchase	8,725	0.23
				08.03.2019	275	Purchase	9,000	0.24
		9,000	0.24	31.03.2019			9,000	0.24
15	NIKHIL H SHAH							
		5,100	0.13	01.04.2018	NIL movement during the year		5,100	0.13
		5,100	0.13	31.03.2019			5,100	0.13
16	NIKHIL H SHAH HUF							
		3,500	0.09	01.04.2018	NIL movement during the year		3,500	0.09
		3,500	0.09	31.03.2019			3,500	0.09

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	Particulars	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.18 to 31.03.19)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
A. Executive Directors :								
1	MR. RAJ KUMAR AGARWAL							
		6,786	0.18		Resigned w.e.f. 05.02.2019		-	-
		6,786	0.18	31.03.2018			-	-
2	MR. ASHOK KUMAR AGARWAL							
		75,896	1.99	01.04.2017	Resigned w.e.f. 05.02.2019		-	-
		75,896	1.99	31.03.2018			-	-
3	MR. KAILASH KUMAR AGARWAL							
		89,385	2.35	01.04.2017	NIL movement during the year		89,385	2.35
		89,385	2.35	31.03.2018			89,385	2.35%
B. Non Executive Directors								
4	MR. P. D. AGARWAL							
		-	0.00	01.04.2018	NIL movement during the year		-	0.00%
		-	0.00	31.03.2019			-	0.00%
5	MR. B. C. TALUKDAR							
		-	0.00	01.04.2018	NIL movement during the year		-	0.00%
		-	0.00	31.03.2019			-	0.00%
6	MR. MOHAN LAL JAIN							
		-	0.00	01.04.2018	NIL movement during the year		-	0.00%
		-	0.00	31.03.2019			-	0.00%
7	MS. RITU BANSAL							
		-	0.00	01.04.2018	NIL movement during the year		-	0.00%
		-	0.00	31.03.2019			-	0.00%
C. Key Managerial Personnel (KMPs)								
8	MR. RAGHAVKUMAR AGARWAL (CHIEF EXEXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER)							
		10,054	0.26	01.04.2018	NIL movement during the year		10,054	0.26%
		10,054	0.26	31.03.2019			10,054	0.26%
9	*MR. SHASHI RANJAN KUMAR (COMPANY SECRETARY & COMPLIANCE OFFICER)							
		-	0.00	01.04.2018	NIL movement during the year		-	0.00%
		-	0.00	31.03.2019			-	0.00%

* Mr. Shashi Ranjan Kumar resigned w.e.f. May 28, 2019

(VI) INDEBTEDNESS

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

(Amount in ₹ Lacs)

Particulars	Unsecured Loans	Secured Loans	Cash Credit	WHR	Overdraft (Against FD)	Total Indebtedness
Indebtedness at the beginning of the financial year						
i) Principal Amount	6.93	928.11	963.68	421.65	-	2,320.37
ii) Interest due but not paid	0.09	1.87	-	-	-	1.96
iii) Interest accrued but not due	-	-	-	-	-	-
Total (i+ii+iii)	7.02	929.98	963.68	421.65	-	2,322.33
Change in Indebtedness during the financial year						
Addition	-	-	107.8	230.16	256.61	594.57
Reduction	0.04	110.32	-	-	-	110.36
Net Change	(0.04)	(110.32)	107.8	230.16	256.61	484.21
Indebtedness at the end of the financial year						
i) Principal Amount	5.98	814.4	1,071.48	651.81	256.61	2,801.28
ii) Interest due but not paid	1	5.26	-	-	-	5.26
iii) Interest accrued but not due	-	-	-	-	-	-
Total (i+ii+iii)	6.98	819.66	1,071.48	651.81	256.61	2,806.54

(VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹ Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr.Kailash Kumar Agarwal	*Mr. Ashok Kumar Agarwal	#Mr. Rajkumar Agarwal	
		Managing Director	Joint Managing Director	Whole Time Director	
1	Gross salary				
	(a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	22.28	19.34	18.08	59.70
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
*Mr. Ashok Kumar Agarwal resigned w.e.f. February 5, 2019					
# Mr. Rajkumar Agarwal resigned w.e.f. February 5, 2019					
Total		22.28	19.34	18.08	59.70

B. Remuneration to other Directors

(Amount in ₹ Lacs)

Sl. No.	Particulars of Remuneration					Total Amount
	Independent Directors	Mr. Bibhuti Charan Talukdar	Mr. Parshoam Dass Agarwal	Mr. Mohan Lal Jain	Ms. Ritu Bansal	
1	Fee for attending board / committee meetings	40,000	100,000	85,000	75,000	300,000
2	Commission	-	-	-	-	-
3	Other- monthly allowances	-	-	-	-	-
	Total	40,000	100,000	85,000	75,000	300,000

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Amount in ₹ Lacs)

S. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Designation	CEO & CFO	CS and Compliance Officer	
	Name	Mr. RaghavKumar Agarwal	*Mr. Shashi Ranjan Kumar	
1	Gross salary			
	(a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	15.78	10.78	26.56
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	15.78	10.78	26.56

*Mr. Shashi Ranjan Kumar resigned w.e.f. May 28, 2019

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2018-19, there was no penalty/punishment/ compounding of offences under the Companies Act, 2013.

For and on behalf of the Board

Place: New Delhi
Date: August 13, 2019Mr. Kailash Kumar Agarwal
Managing Director
DIN:00063470Mr. RaghavKumar Agarwal
Executive Director CEO & CFO
DIN: 02836610

ANNEXURE to the Directors' Report

'Annexure C'

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2019

- a. The ratio of the remuneration of each Director to the median remuneration of the employees and the performance of the Company for the year 2018-19:**

(₹ in lac)

Name of the Director	Title	Financial Year 2018-19	Financial Year 2017-18	% increase of remuneration as compared to Previous Year	Ratio to MRE*
Mr. Kailash Kumar Agarwal	Managing Director	24.00	18.29	31.21	25.00
Mr. Ashok Kumar Agarwal#	Joint Managing Director	17.75	16.72	^	18.49
Mr. Raj Kumar Agarwal#	Whole-time Director	16.23	15.70	^	16.91

* MRE – Median Remuneration of Employees.

Mr. Ashok Kumar Agarwal and Mr. Raj Kumar Agarwal resigned w.e.f February 05, 2019

^ Since the remuneration is only part of the year, the percentage increase in remuneration is not comparable and hence, not stated

- b. The percentage increase in remuneration of each Key Managerial Personnel (KMP) of the Company for the year 2018-19:**

(₹ in lac)

Name of the KMP	Title	Financial Year 2018-19	Financial Year 2017-18	% increase of remuneration as compared to Previous Year
Mr. Shashi Ranjan Kumar	Company Secretary	12.95	9.99	29.62
Mr. RaghavKumar Agarwal	CEO/CFO	18.00	13.69	31.48

- c. The Increase in MRE (including WTDs) in financial year 2018-19, as compared to financial year 2017-18 was 14.65%.
- d. The number of permanent employees on the rolls of the Company as on March 31, 2019 and March 31, 2018 were 1614 and 1418, respectively.
- e. The average increase in the salaries of the employees other than managerial personnel in the last financial year was 18.96 %. There was 30.87% average increase in managerial remuneration. The remuneration and perquisites provided to the employees including that of the management are on par with industry levels. The nomination and remuneration committee continuously reviews the compensation of Executive Directors & Key Managerial Personnel to align both the short-term and long-term business objectives of the Company and to link compensation with the achievement of measurable performance goals; and
- f. It is affirmed that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board

Place: New Delhi
Date: August 13, 2019

Mr. Kailash Kumar Agarwal
Managing Director
DIN:00063470

Mr. RaghavKumar Agarwal
Executive Director CEO & CFO
DIN: 02836610

INDEPENDENT AUDITOR’S REPORT

**To the Members of H.P. Cotton Textile Mills Limited
Report on the Audit of the Financial Statements**

Opinion

1. We have audited the accompanying financial statements of H.P. Cotton Textile Mills Limited (the ‘Company’), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Inventory valuation</p> <p>At the balance sheet date 31 March 2019, the Company holds inventories comprising of raw materials and components, finished goods, work-in-progress aggregating to ₹ 2,493.78 lacs as disclosed in note 8 to the accompanying financial statements of the Company. Such inventory is carried at cost, or net realisable value whichever is lower, as per the accounting policy disclosed in note 2.</p> <p>Determination of cost of inventory, inter alia, involves internal classification and groupings of classes of inventory, and allocation of various production and administration overheads incurred to bring the inventory to its present location and condition, which involves management judgement and estimation.</p>	<p>Our audit work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the Company’s accounting policy and valuation method of inventory in accordance with the accounting standards. • Assessed the design and implementation of controls in respect of the inventory valuation and tested the effectiveness of key inventory controls operating across the business. • Discussed with management the rationale supporting assumptions and estimates used in carrying out the inventory valuation, and corroborated the same to our understanding of the business. Tested the computation of various overhead absorption rates by tracing the underlying data to audited historical operational results of the company.

Key audit matter	How our audit addressed the key audit matter
<p>Amongst the other overheads, fixed production overheads are allocated to the costs of conversion based on the normal capacity of the production facilities in accordance with the principles of Ind AS 2, Inventory. The management has revisited the normal capacity of machinery for all phases of production, and has revised such estimate of the available capacity as compared to earlier estimate, based on expected use of the production facilities. Such change in estimate has led to absorption of additional fixed overheads as disclosed in note 49 to the financial statements.</p> <p>Further, at the end of each reporting period, the management of the Company also assesses whether there is any objective evidence that net realizable value of any item of inventory is below the carrying value. If so, such inventories are written down to their net realizable value in accordance with Ind AS 2, Inventories.</p> <p>Considering the complexities and materiality of amounts involved, and change in estimate in the current year with respect to revision in normal capacity of machinery for all the phases of production, this matter is considered to be a key audit matter for current year audit.</p>	<ul style="list-style-type: none"> • Discussed and examined the approach followed by the management for the revision in normal capacity of machineries; • Verified the expenses considered as cost of conversion including estimates for apportionment of the conversion on the different classes of finished goods and work in progress and recomputed the arithmetical accuracy thereof for calculating the conversion cost considered as part of the finished goods and work in progress. • Obtained understanding of management process for identification of slow moving, non-moving or obsolete inventories and ensured that the same is consistently applied. • Recomputed the net realisable value of the finished goods and reviewed the management assessment for carrying inventory at lower of cost and net realisable value. • Tested ageing of inventory items obtained through system reports, as applicable. • Evaluated the disclosures made in the financial statements in accordance with the applicable accounting standards.
<p>Initial Audit Engagement - Opening Balances</p> <p>We have been appointed as the Statutory Auditors of Company for financial year ended 31 March 2019. Standard on Auditing 510, Initial Audit Engagements – Opening Balances, in conducting an initial audit engagement, several considerations are involved which are generally not associated with recurring audits. The audit transition, including the audit of the opening balances requires additional planning activities and considerations necessary to establish an appropriate audit plan and strategy. This includes</p> <ul style="list-style-type: none"> • Gaining an initial understanding of the Company and its business including its control environment and information systems, sufficient to make an audit assessment and develop the audit strategy and plan; • Obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting policies • Communicating with the predecessor auditors, as required and permitted under applicable professional regulations. 	<p>Our audit work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> • Prepared a detailed transition plan, including ensuring compliance with independence requirements, prior to the start of the audit; • Inspected management's process and control documentation to assist us in obtaining and understanding of the Company's financial reporting and business processes including control environment. • Obtained and read management reports, policies, instructions as well as planning and governing documents, minutes of the board of directors, audit committee and other committees of the board, internal audit reports. • Held discussions with management at various levels of the Company and heads of various departments of the Company, to understand their roles in the business and company's financial reporting process; • Read previous year financial statements to identify material opening balances. Obtained underlying accounting schedules prepared by the management and reviewed unusual items. • Senior members of the audit team visited the plant and observed the manufacturing process.

Key audit matter	How our audit addressed the key audit matter
<p>The aforesaid activities required involvement of considerable audit efforts, and accordingly, audit of the opening balances was identified as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> • Traced the account balances from the trial balance for the previous financial year to the audited financial statements, and traced the balance sheet account balances to the opening trial balance of the current year • On a sample basis, tested the opening balances for certain financial statement line items, as considered necessary. • Obtained an understanding of and evaluated appropriateness and consistency of the accounting policies used in prior years in the preparation of the financial statements of the Company for the financial year ended 31 March 2018.

Information other than the Financial Statements and Auditor’s Report thereon

6. The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Financial Statements

7. The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement

H. P. Cotton Textile Mills Limited

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

14. The financial statements for the year ended 31 March 2018 were audited by the predecessor auditor, Bhargava Associates, Chartered Accountants, who had expressed an unmodified opinion on those financial statements vide their audit report dated 30 May 2018.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.



H. P. Cotton Textile Mills Limited

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure I, 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 purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 30 May 2019 as per Annexure II expressed unmodified opinion;
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 35 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
 - ii. the Company, as detailed in note 38 to the financial statements, has made provision as at 31 March 2019, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rohit Arora

Partner

Membership No. 504774

Place: New Delhi

Date: 30 May 2019

Annexure I to the Independent Auditor's Report of even date to the members of H.P. Cotton Textile Mills Limited, on the financial statements for the year ended 31 March 2019

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management the title deeds of immovable properties amounting to ₹ 20.75 lacs included in fixed assets have been given as security (mortgage and charge) against the financing facility taken from banks and we have been explained that the original title deeds are kept as security with SBI Bank. Therefore, these title deeds could not be made available to us for verification. However, the same has been confirmed by the bank. Accordingly, based on the information and explanation given to us by the management and confirmation received from bank, we report that the title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues, as applicable, have been regularly deposited to the appropriate authorities, though there have been significant delays in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.



H. P. Cotton Textile Mills Limited

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rohit Arora

Partner

Membership No. 504774

Place: New Delhi

Date: 30 May 2019

Annexure II to the Independent Auditor's Report of even date to the members of H.P. Cotton Textile Mills Limited on the financial statements for the year ended 31 March 2019

Annexure II

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

1. In conjunction with our audit of the financial statements of H.P. Cotton Textile Mills Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 ("the Guidance Note") 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 the Company's business, including adherence to the 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing ("the standards") issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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 expenditures 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, 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 issued by ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rohit Arora

Partner

Membership No. 504774

Place: New Delhi

Date: 30 May 2019

H. P. Cotton Textile Mills Limited



CIN: L18101HR1981PLC012274

Balance sheet as at 31 March 2019

(All amounts in ₹ lacs, unless stated otherwise)

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
a) Property, plant and equipment	3	2,150.06	2,172.64
b) Intangible assets	3	3.30	2.74
c) Capital work-in-progress		80.90	35.93
d) Financial assets			
i) Loans	4	142.02	142.41
ii) Other financial assets	5	222.64	265.83
e) Deferred tax asset (net)	6	49.18	79.02
f) Other non-current assets	7	26.74	27.73
		2,674.84	2,726.30
Current assets			
a) Inventories	8	2,493.78	1,949.56
b) Financial assets			
i) Trade receivables	9	729.63	916.02
ii) Cash and cash equivalent	10	22.60	599.35
iii) Bank balances other than (ii) above	11	666.73	105.47
iv) Other financial assets	12	272.54	53.64
c) Current tax assets (net)	13	31.66	27.76
d) Other current assets	14	470.90	668.12
		4,687.84	4,319.92
		7,362.68	7,046.22
Equity and liabilities			
Equity			
a) Equity share capital	15	381.00	381.00
b) Other equity	16	1,444.69	1,517.39
		1,825.69	1,898.39
Liabilities			
Non-current liabilities			
Liabilities			
Borrowings	17	67.88	872.95
b) Provisions	18	294.85	291.15
		362.73	1,164.10
Current liabilities			
a) Financial liabilities			
i) Borrowings	19	1,979.90	1,385.33
ii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		57.53	29.70
-total outstanding dues of creditors other than micro enterprises and small enterprises		1,739.44	1,692.35
iii) Other financial liabilities	21	1,031.34	305.71
b) Other current liabilities	22	158.30	293.47
c) Provisions	23	207.75	277.17
		5,174.26	3,983.73
		7,362.68	7,046.22

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration Number: 001076N/N500013

Rohit Arora
Partner
Membership No. 504774

Place: New Delhi
Date: 30 May 2019

For and on behalf of the Board of Directors of
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Managing Director
DIN: 00063470

Parshotam Dass Agarwal
Director
DIN: 00063017

Raghav Kumar Agarwal
Chief Executive Officer
and Chief Financial Officer

H. P. Cotton Textile Mills Limited



CIN: L18101HR1981PLC012274

Statement of profit and loss for the year ended 31 March 2019

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	24	9,140.85	10,742.88
Other income	25	209.34	80.07
Total Income		9,350.19	10,822.95
Expenses			
Cost of materials consumed	26	4,285.24	5,354.28
Changes in inventories of finished goods, work-in-progress and cotton scrap	27	(264.40)	(2.58)
Employee benefits expense	28	2,135.94	2,297.28
Other expenses	29	2,702.75	2,742.69
Total expenses		8,859.53	10,391.67
Earnings before interest, tax, depreciation and amortisation (EBITDA)		490.66	431.28
Finance costs	30	303.42	249.66
Depreciation and amortisation expense	31	185.47	161.49
Profit before exceptional items and tax		1.77	20.13
Exceptional items	34	-	334.40
Profit before tax		1.77	354.53
Tax expense :	32		
Current tax		0.36	72.29
Deferred tax		29.41	46.83
Total tax expense		29.77	119.12
(Loss)/profit for the year		(28.00)	235.41
Other comprehensive income :			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		1.66	8.26
Income tax relating to above items		(0.43)	(2.30)
Total comprehensive income		(26.77)	241.37
Earning per equity share (in ₹)	33		
Basic		(0.73)	6.18
Diluted		(0.73)	6.18

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration Number: 001076N/N500013

Rohit Arora
Partner
Membership No. 504774

Place: New Delhi
Date: 30 May 2019

For and on behalf of the Board of Directors of
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Managing Director
DIN: 00063470

Parshotam Dass Agarwal
Director
DIN: 00063017

Raghav Kumar Agarwal
Chief Executive Officer
and Chief Financial Officer

Cash flow statement for the year ended 31 March 2019

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flows from operating activities		
Profit before tax	1.77	355.50
Adjustment for:		
Depreciation and amortisation	185.47	160.52
Liabilities no longer required written back	(32.31)	-
Loss on sale of fixed assets	0.76	-
Interest income	(55.78)	(79.37)
Interest expense	255.34	196.39
Interest and expenses for fair valuation of deposits	-	0.10
Operating profit before working capital changes	<u>355.25</u>	<u>633.14</u>
Adjustments for :		
(Increase) in other bank balances	(561.25)	(30.73)
Decrease in other non current assets	23.04	16.32
(Increase)/decrease in other financial assets	(175.31)	22.40
Decrease/(increase) in trade receivables	185.81	(48.55)
Decrease/(increase) in other current assets	197.23	(221.78)
(Increase)/decrease in inventories	(544.23)	150.92
Increase in trade payables	107.24	619.94
Increase/(decrease) in other financial liabilities	31.75	(142.15)
(Decrease) in other liabilities	(135.17)	(17.14)
(Decrease)/increase in provisions	(64.05)	149.82
Cash (used in)/generated from operating activities	<u>(579.69)</u>	<u>1,132.19</u>
Taxes paid	(4.62)	(84.18)
Net cash flow (used in)/generated from operating activities	<u><u>(584.31)</u></u>	<u><u>1,048.01</u></u>
B. Cash flows from investing activities		
Addition to property, plant and equipment, intangible assets, capital work-in-progress and capital advances	(234.71)	(628.39)
Proceeds from sale of property, plant and equipment	3.51	-
Interest received	55.78	79.37
Net cash flow (used in) investing activities	<u><u>(175.42)</u></u>	<u><u>(549.02)</u></u>
C. Cash flows from financing activities		
Proceeds from long term borrowings	6.98	896.37
Repayment of long term borrowings	(120.69)	(740.05)
Proceeds from short term borrowings (net)	594.57	138.85
Dividend paid	(45.93)	-
Finance charges paid	(251.95)	(202.46)
Net cash flow generated from financing activities	<u><u>182.98</u></u>	<u><u>92.71</u></u>
D. Net (decrease)/increase in cash and cash equivalents (A+B+C)	(576.75)	591.70
E. Cash and cash equivalents at the beginning of the year	599.35	7.65
F. Cash and cash equivalents at the end of the year (D+E)	22.60	599.35

Reconciliation of cash and cash equivalents as per the cash flow statement

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Cash and cash equivalents comprise the following-		
Cash in hand	4.49	5.19
Balances with scheduled banks		
Balances in current accounts	18.11	8.33
Balances in cash credit accounts	-	26.40
Deposits with maturity less than 3 months	-	559.43
	22.60	599.35

Reconciliation of financial liabilities arising from financing activities for the year ended 31 March 2019:

Particulars	Interest accrued on borrowings	Non-current borrowings*	Current borrowings**
Opening balance as at 1 April 2018	1.87	928.11	1,385.33
Add: Interest expenses	255.34	-	-
Cash inflows/outflows:			
Add: loan disbursed	-	6.98	594.57
Less: loan repaid	-	(120.69)	-
Less: Interest expenses paid	(251.95)	-	-
Closing balance as at 31 March 2019	5.26	814.40	1,979.90

Reconciliation of financial liabilities arising from financing activities for the year ended 31 March 2018:

Particulars	Interest accrued on borrowings	Non-current borrowings *	Current borrowings**
Opening balance as at 1 April 2017	7.94	771.79	1,246.48
Add: Interest expenses	196.39	-	-
Cash inflows/outflows:			
Add: loan disbursed	-	896.37	138.85
Less: loan repaid	-	(740.05)	-
Less: Interest expenses paid	(202.46)	-	-
Closing balance as at 31 March 2018	1.87	928.11	1,385.33

* Includes current maturities of long-term debts.

** Inflows/outflows from current borrowings has been presented on net basis.

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration Number: 001076N/N500013

Rohit Arora
Partner
Membership No. 504774

Place: New Delhi
Date: 30 May 2019

For and on behalf of the Board of Directors of
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Managing Director
DIN: 00063470

Parshotam Dass Agarwal
Director
DIN: 00063017

Raghav Kumar Agarwal
Chief Executive Officer
and Chief Financial Officer

H. P. Cotton Textile Mills Limited



CIN: L18101HR1981PLC012274

Statement of changes in equity for the year ended 31 March 2019 (All amounts in ₹ lacs, unless stated otherwise)

	Number of shares		Amount			
A. Equity share capital						
Balance as at 1 April 2017		3,810,000		381.00		
Change in equity share capital		-		-		
Balance as at 31 March 2018		3,810,000		381.00		
Change in equity share capital		-		-		
Balance as at 31 March 2019		3,810,000		381.00		
B. Other equity						
Particulars	Capital reserve	General reserve	Retained earnings	Securities premium	Other comprehensive income	Total
Balance as at 1 April 2017	0.11	784.41	498.96	0.18	(7.64)	1,276.02
Profit for the year	-	-	235.41	-	-	235.41
Remeasurement of defined benefit obligations	-	-	-	-	5.96	5.96
Balance as at 31 March 2018	<u>0.11</u>	<u>784.41</u>	<u>734.37</u>	<u>0.18</u>	<u>(1.68)</u>	<u>1,517.39</u>
Profit for the year	-	-	(28.00)	-	-	(28.00)
Remeasurement of defined benefit obligations	-	-	-	-	1.23	1.23
Dividend paid	-	-	(38.10)	-	-	(38.10)
Payment of dividend distribution tax	-	-	(7.83)	-	-	(7.83)
Balance as at 31 March 2019	<u>0.11</u>	<u>784.41</u>	<u>660.44</u>	<u>0.18</u>	<u>(0.45)</u>	<u>1,444.69</u>

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration Number: 001076N/N500013

Rohit Arora
Partner
Membership No. 504774

Place: New Delhi
Date: 30 May 2019

For and on behalf of the Board of Directors of
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Managing Director
DIN: 00063470

Parshotam Dass Agarwal
Director
DIN: 00063017

Raghav Kumar Agarwal
Chief Executive Officer
and Chief Financial Officer

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

NOTE 1: CORPORATE INFORMATION

H P Cotton Textiles Mills Ltd. ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. It has its registered office at Delhi Road, V.P.O Mayar, Hisar. The Company is a leading manufacturer of cotton specialty yarns and cotton sewing threads catering to both local and export markets. The shares of the Company are currently listed at Bombay Stock Exchange.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

(a) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standard ("Ind AS"), as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rule, 2015 as amended from time to time and the guidelines issued by the Securities and Exchange Board of India (SEBI).

The accounting policies have been consistently applied to all the periods presented in the financial statements 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. Refer point (e) below for new standards and certain amendments to existing standards which are effective for annual periods beginning on or after 1 April 2018.

The financial statements for the year ended 31 March 2019 were authorised and approved for issue by the Board of Directors on 30 May 2019.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value; and
- 2) defined benefit plans - plan assets measured at fair value.

(c) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act.

(d) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, unless otherwise stated.

(e) New and amended standards adopted by the Company

The Company has applied the following standards and amendments from the annual reporting period commencing

1 April 2018:

- Ind AS 115- Revenue from contracts with customers
- Amendments to Ind AS 20- Accounting for government grants and disclosure of government assistance
- Appendix B, Foreign currency transactions and advance consideration to Ind AS 21- The effect of changes in foreign exchange rates
- Amendments to Ind AS 12- Income taxes

H. P. Cotton Textile Mills Limited

- Amendments to Ind AS 40- Investment property
- Amendments to Ind AS 28- Investments in joint ventures and Ind AS 112- Disclosure of interests in other entities

The Company had to change its accounting policies following adoption of Ind AS 115. This is disclosed in Note 47. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

1.2 Standards issued but not yet effective

(i) New Indian Accounting Standard (Ind AS) issued but not yet effective

Ind AS 116 Leases

Ind AS 116 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Lessees are required to initially recognise a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term.

The new standard permit lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs.

Ind AS 116, was notified on 30 March 2019 by Ministry of Corporate Affairs and will be effective for periods beginning on or after 1 April 2019. This standard will replace the existing lease standard, Ind AS 17 Leases, and related interpretations. The Company is currently evaluating the impact that the adoption of this standard will have on its financial statements.

(ii) Amendment to Ind AS issued but not yet effective

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any material impact of the amendment on its financial statements.

Ind AS 109 Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any material impact on its financial statements.

Ind AS 19 Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any material impact on its financial statements.

Ind AS 23 Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect this amendment to have any material impact on its financial statements.

Ind AS 28 Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 Financial instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

Ind AS 103 Business combinations and Ind AS 111 joint arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not expect this amendment to have any impact on its financial statements.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require material adjustment to the carrying value of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Critical judgments in applying accounting policies

The key judgments, made by the management, in applying the Company's accounting policies having an effect on these financial statements are as follows:

- (i) **Recognition of deferred tax-** The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.
- (ii) **Evaluation of indicators for impairment of assets-** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- (iii) **Recognition of revenue-** The price charged from the customer is treated as stand- alone selling price of the goods transferred to the customer. At each balance sheet date, basis the past trends and management judgment, the Company assesses the requirement of recognising provision against the sales returns for its products and in case, such provision is considered necessary, the management

make adjustment in the revenue. However, the actual future outcome may be different from this judgement.

- (iv) **Provisions and contingencies-** amount of provisions and contingencies that have been recognised in accordance with Ind AS 37 Provisions, contingent liabilities and contingent assets as the evaluation of the likelihood of the contingent events requires best judgment by management regarding the probability of exposure to potential loss.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- (i) **Useful lives of property, plant and equipment-** The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the assets. The Company reviews the useful life of property, plant and equipment at the end of each reporting date.
- (ii) **Recoverable amount of property, plant and equipment-** The recoverable amount of property plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.
- (iii) **Post-retirement benefit plan-** Employee benefit obligation (gratuity) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- (iv) **Fair value measurement of financial instruments-** The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are not available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.4 Summary of significant accounting policies

i. Use of estimates

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

ii. Property, plant and equipment

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1 April 2016 as the deemed cost under Ind AS and hence, regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. All costs including borrowing costs relating to the acquisition and installation of property, plant and equipment are capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

iii. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortisation method and useful lives are reviewed periodically at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss. Useful life considered for calculation of amortisation for various intangible assets are as follows-

Asset category	Estimated useful life (in years)
Software	3 years
Server	6 years

iv. Depreciation

The Company depreciates its property, plant and equipment (PPE) over the useful life on Straight line basis in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act. Useful life considered for calculation of depreciation for various assets class are as follows-

Asset category	Estimated useful life (in years)
Computers	3 Years
Furniture and fixtures	10 Years
Building	30 Years
Leasehold improvement	3 Years
Vehicles	8 Years
Plant and machinery	15 Years
Office equipment	5 Years

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on additions / deletions is calculated pro-rata from the month of such addition/ deletion, as the case maybe.

v. **Impairment of non-financial asset**

The Company tests the assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

vi. **Revenue recognition**

The Company derives revenues primarily from sale of manufactured cotton, specialty yarns and cotton sewing threads.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised goods to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods. The Company, based on historical results, assess and recognise provision for sales return, if any, measured on net basis of the margin of the sale.

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company's performance obligation is satisfied at a point in time when the goods are dispatched to the customers.

Revenue from contracts with customers is reported net of rebates, discounts, sales tax/value added tax/ goods and service tax.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (xii) Investment and other financial assets – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company

has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Financing component

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Cost to obtain a contract with customer

The Company pays sales commission to selling agents for each contract that they obtain for sales of Company's products. Such commission are in nature of incremental cost to obtain contract with customer and the Company has elected to apply the optional practical expedient for costs to obtain a contract wherein it immediately expenses off such sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Other operating revenue- Duty drawbacks and other export incentives

Duty drawbacks and other export incentives under various schemes are recognised as revenue in the year of export when no significant uncertainty exists with respect to their recovery.

Insurance and other claims: Revenue in respect of claims is recognised when no significant uncertainties exist with regard to the amount to be realised and the ultimate collection thereof.

vii. Inventories

Inventories are valued at cost or net realisable value, whichever is lower. The cost of raw materials, loose yarn, color and chemicals, stores and spares, packing material and oil and fuel is determined using First in-First out (FIFO) formula and includes cost of purchase and other cost incurred in bringing the inventory to their present location and condition.

Work-in-progress is valued at raw material cost plus conversion cost incurred on them depending upon stage of completion based on weighted average formulae.

Cost of finished goods include raw material cost, packing cost and other overheads incurred to bring the goods to their present location and condition.

Goods in transit are stated at cost. Net realisable value of the inventories is measured at estimated selling price of each item of inventory in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale.

Raw materials, loose yarn, color and chemicals, packing material etc are not written down below cost if the finished product in which they will be manufactured are expected to be sold at or above cost.

viii. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential

equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

ix. **Government grants**

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight – line basis over the expected lives of related assets and presented within other income.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Government grant receivable as compensation for expenses or losses already incurred with no future related cost are recognised in statement of profit and loss of the period in which it becomes receivable.

x. **Dividend**

Final dividends on shares are recognised as a liability on the date of approval by the shareholders and interim dividends are recognised as a liability on the date of declaration by the Company's Board of Directors.

xi. **Investments and other financial assets**

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Initial recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sale the financial asset.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

Debt instruments at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ losses. Impairment losses are presented as separate line item in the statement of profit and loss.

Debt instrument at FVTOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ losses and impairment expenses are presented as separate line item in statement of profit and loss.

Debt instrument at FVTPL

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/ losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ losses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

De-recognition

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if it has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Income recognition

Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVTOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividends

Dividends are received from financial assets at fair value through profit or loss and at FVTOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

xii. Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loan and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

The Company's financial liabilities include trade payables, other payables, short-term and long-term borrowings.

Measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI.

These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60-90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

xiii. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

xiv. Fair value measurement of financial instruments

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes:

- Disclosure regarding significant estimates and assumptions- Note 2.3
- Quantitative disclosures of fair value measurement hierarchy- Note 2.4, paragraph xiv.
- Financial instruments (including those carried at amortised cost)- Note 2.4, paragraph xi.

xv. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms

of future outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed in the financial statements to the extent it is probable that economic benefits will flow to the Company from such assets.

xvi. Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xvii. Employees benefits

(i) Short term employee benefits:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefits obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the discount rates for Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

(iii) Post-employment benefits

The Company operates the following post-employments schemes:

- (a) defined contribution plans- provident fund; and
- (b) defined benefit plans- gratuity

(a) Defined contribution plan

Provident fund

The Company makes payment to statutory fund in accordance with the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense in the statement of profit and loss as and when they are due.

(b) Defined benefit plans

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value

of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

xviii. Foreign currency translations

i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

ii) Transaction and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the statement of profit and loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance cost. All other foreign exchange gains/ losses are presented in the statement of profit and loss on net basis.

xix. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates

to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum alternate tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

xx. Leases

Where the Company is a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xxi. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

xxii. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xxiii. Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2019

(All amounts in ₹ lacs, unless stated otherwise)

3. Property, plant and equipment & intangible assets

	Property, plant and equipment									Intangible assets Software
	Freehold land	Buildings	Leasehold improvement	Plant and machinery	Furniture and fixtures	Office equipments	Computer	Vehicles	Total	
Gross carrying amount										
As at 1 April 2017	20.75	611.39	-	3,574.45	55.31	34.21	36.00	269.63	4,601.74	0.63
Additions	-	35.70	15.19	1,490.94	6.80	33.81	6.02	-	1,588.44	3.67
Disposal	-	-	-	-	-	-	-	-	-	-
As at 31 March 2018	<u>20.75</u>	<u>647.09</u>	<u>15.19</u>	<u>5,065.39</u>	<u>62.11</u>	<u>68.02</u>	<u>42.02</u>	<u>269.63</u>	<u>6,190.18</u>	<u>4.30</u>
As at 31 March 2018	20.75	647.09	15.19	5,065.39	62.11	68.01	42.02	269.63	6,190.19	4.29
Additions	-	0.13	4.75	98.84	4.27	29.09	19.81	8.91	165.80	1.90
Disposal	-	-	-	-	-	-	-	13.50	13.50	-
As at 31 March 2019	<u>20.75</u>	<u>647.22</u>	<u>19.94</u>	<u>5,164.23</u>	<u>66.38</u>	<u>97.10</u>	<u>61.83</u>	<u>265.04</u>	<u>6,342.49</u>	<u>6.19</u>
Accumulated depreciation/amortisation										
As at 1 April 2017	-	461.52	-	3,188.56	44.67	34.36	28.19	99.72	3,857.02	0.59
Charge for the year	-	7.26	0.59	112.12	1.88	4.00	3.02	31.65	160.52	0.97
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31 March 2018	<u>-</u>	<u>468.78</u>	<u>0.59</u>	<u>3,300.68</u>	<u>46.55</u>	<u>38.36</u>	<u>31.21</u>	<u>131.37</u>	<u>4,017.54</u>	<u>1.56</u>
As at 31 March 2018	-	468.78	0.59	3,300.68	46.54	38.35	31.22	131.36	4,017.51	1.57
Charge for the year	-	19.61	5.26	111.30	2.15	10.90	5.07	29.85	184.15	1.32
Disposals	-	-	-	-	-	-	-	9.23	9.23	-
As at 31 March 2019	<u>-</u>	<u>488.39</u>	<u>5.85</u>	<u>3,411.98</u>	<u>48.69</u>	<u>49.25</u>	<u>36.29</u>	<u>151.98</u>	<u>4,192.43</u>	<u>2.89</u>
Carrying amount (net)										
As at 31 March 2018	<u>20.75</u>	<u>178.31</u>	<u>14.60</u>	<u>1,764.71</u>	<u>15.56</u>	<u>29.66</u>	<u>10.81</u>	<u>138.26</u>	<u>2,172.64</u>	<u>2.74</u>
As at 31 March 2019	<u>20.75</u>	<u>158.83</u>	<u>14.09</u>	<u>1,752.25</u>	<u>17.69</u>	<u>47.85</u>	<u>25.54</u>	<u>113.06</u>	<u>2,150.06</u>	<u>3.30</u>

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Notes to financial statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless stated otherwise)

Particulars	As at 31 March 2019	As at 31 March 2018
4. Loans		
Security deposits (unsecured, considered good)	142.02	142.41
	142.02	142.41
5. Other non-current financial assets		
Fixed deposits with more than 12 months maturity*	222.64	265.83
	222.64	265.83
*Fixed deposits with maturity of more than 12 months includes fixed deposits of ₹ 222.64 lacs (previous year: ₹ 265.83 lacs) under lien for buyer's credit classified under "other financial liabilities" and presented as current maturities of long-term debts" .		
6. Deferred tax assets (net)		
Tax effect of items constituting deferred tax liabilities		
Difference between accounting base and tax base of property, plant and equipment	293.82	182.97
	293.82	182.97
Tax effect of items constituting deferred tax assets		
Unabsorbed losses/depreciation carried forward	139.67	21.79
Timing difference on account of expense allowable on payment basis	130.68	167.91
Mat credit entitlement	72.65	72.29
	343.00	261.99
	49.18	79.02

Movement in deferred tax assets during year ended 31 March 2019

Particulars	As at 31 March 2018	Recognised in other comprehen- sive income	Recognised in profit and loss	As at 31 March 2019
Deferred tax assets				
Unabsorbed losses/depreciation carried forward	21.79	-	117.88	139.67
Timing difference on account of expense allowable on payment basis	167.91	(0.43)	(36.80)	130.68
Mat credit entitlement	72.29	-	0.36	72.65
Deferred tax liability				
Difference between accounting base and tax base of property, plant and equipment	182.97	-	110.85	293.82
Total	79.02	(0.43)	(29.41)	49.18

Movement in deferred tax assets during year ended 31 March 2018

Particulars	As at 31 March 2017	Recognised in other comprehen- sive income	Recognised in profit and loss	As at 31 March 2018
Deferred tax assets				
Unabsorbed losses/depreciation carried forward	93.06	-	(71.27)	21.79
Timing difference on account of expense allowable on payment basis	115.39	(2.30)	54.82	167.91
Mat credit entitlement	-	-	72.29	72.29
Deferred tax liability				
Difference between accounting base and tax base of property, plant and equipment	80.31	-	102.66	182.97
Total	128.14	(2.30)	(46.83)	79.02
7. Other non-current assets				
Capital advances			22.04	22.04
Prepaid expenses			4.70	5.69
			26.74	27.73
8. Inventories[^] (valued at lower of cost or net realizable value)				
Raw material			924.82	654.42
Work-in-progress *			852.16	820.48
Finished goods			472.05	219.53
Stores and spares			216.12	206.70
Goods-in-transit			-	0.22
Scrap			28.63	48.21
			2,493.78	1,949.56
			684.29	761.22
*Includes loose yarn				
[^] Inventories have been pledged as security for borrowings, for details refer note 42.				
9. Trade receivables				
Considered good - secured			43.63	86.07
Considered good - unsecured			686.00	829.95
			729.63	916.02
Less: loss allowance			-	-
			729.63	916.02
10. Cash and cash equivalents				
Cash on hand			4.49	5.19
Balances with banks				
- in current accounts			18.11	8.33
- in cash credit account			-	26.40
Deposits with original maturity of less than 3 months*			-	559.43
			22.60	599.35

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*Deposits with original maturity of less than 3 months includes fixed deposits of ₹ Nil (previous year: ₹ 559.43 lacs) under lien for buyer's credit classified under "other financial liabilities" and presented as "current maturities for long-term debts".

Particulars	As at 31 March 2019	As at 31 March 2018
11. Other bank balances		
Deposits with maturity of more than 3 months but less than 12 months*	628.35	89.85
Interest accrued on fixed deposits	30.76	9.67
Unpaid dividend	7.62	5.95
	666.73	105.47
12. Other current financial assets		
Insurance claim receivable (refer note 34)	43.31	50.89
Dues against acquisition of land	2.75	2.75
Export incentives receivable	226.48	-
	272.54	53.64
13. Current tax assets (net)		
Advance tax (net of provision of income tax)	31.66	27.76
	31.66	27.76
14. Other current assets		
(Unsecured considered good unless otherwise stated)		
Prepaid expenses	17.71	19.20
Balances with government authorities	414.01	599.68
Advance to suppliers	21.07	33.27
Other advances	18.11	15.97
	470.90	668.12
15. Share capital		
Authorised share capital		
4,250,000 (previous year: 4,250,000) equity shares of ₹10 each	425.00	425.00
	425.00	425.00
Issued, subscribed and paid up share capital		
3,810,000 (previous year: 3,810,000) equity shares of ₹10 each	381.00	381.00
	381.00	381.00

a) Reconciliation of equity shares outstanding at the beginning and end of the year

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	3,810,000	3,810,000	3,810,000	38,100,000
Addition/(deletion) during the year	-	-	-	-
Balance at the end of the year	<u>3,810,000</u>	<u>3,810,000</u>	<u>3,810,000</u>	<u>38,100,000</u>

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share (previous year: ₹ 10). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

c) Details of equity shareholders holding more than 5% shares in the Company*

Name of the Shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Jainish Products Limited **	242,850	6.37%	242,850	6.37%
Kulvinder Singh	225,000	5.91%	206,400	5.42%
Achhar Investments Limited **	227,400	5.97%	227,400	5.97%
Sacred Trading and Investment Company Limited **	224,170	5.88%	224,170	5.88%
Sailesh Textile Manufacturing Company Limited **	207,000	5.43%	207,000	5.43%
Vinod Kumar Ohri	199,996	5.25%	199,996	5.25%

*As per the records of the Company, including its register of shareholder/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**The Company has received intimation dated 19 March 2019 that the Company's promoters have entered into a family agreement dated 14 March 2019, which would result in inter-se transfer of 961,900 equity shares (constituting 25.45% of the Company's total paid up capital) by and among members of the Promoter Group over next two years (collectively, the "Proposed Family Re-arrangement") and that such Proposed Family Re-arrangement shall be completed by means of causing the shares to be pledged by the transferors (belonging to the Promoter Group) in favour of the transferees (also belonging to the Promoter Group). Proposed Family Re-arrangement would also entail indirect acquisition of the shares of the Company held by certain promoter group entities. (The Proposed Family Re-arrangement shall have no impact on the "shareholding" and the degree and nature of "voting rights" of the Promoter Group in the Company shall remain unchanged following the completion of the Proposed Family Re-arrangement.)

d) The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the current financial year.

16. Other equity

Securities premium	0.18	0.18
Retained earnings	660.44	734.37
Other comprehensive income	(0.45)	(1.68)
Capital reserve	0.11	0.11
General reserve	784.41	784.41
	<u>1,444.69</u>	<u>1,517.39</u>

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Securities premium*		
Balance at the beginning of the year	0.18	0.18
Addition/(deletion) during the year	-	-
Balance at the end of the year	0.18	0.18
*Securities premium has been created due to premium on issue of shares. Securities premium can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.		
(ii) Retained earnings		
Balance at the beginning of the year	735.34	498.96
Add: Transferred from statement of profit & loss	(28.00)	236.37
Less: Dividend paid during the year	(38.10)	-
Less: Payment of dividend distribution tax	(7.83)	-
Balance at the end of the year	<u>661.41</u>	<u>735.33</u>
(iii) Other comprehensive income		
Balance at the beginning of the year	(1.68)	(7.64)
Other comprehensive income (net of tax)	1.23	5.96
Balance at the end of the year	<u>(0.45)</u>	<u>(1.68)</u>
(iv) Capital reserve**		
Balance at the beginning of the year	0.11	0.11
Addition/(deletion) during the year	-	-
Balance at the end of the year	<u>0.11</u>	<u>0.11</u>
**Capital reserve can be utilised by the Company in accordance with the provisions of the Companies Act, 2013		
(v) General reserve***		
Balance at the beginning of the year	784.41	784.41
Addition/(deletion) during the year	-	-
Balance at the end of the year	<u>784.41</u>	<u>784.41</u>
***Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Act, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.		

17. Non-current financial liabilities-borrowings

	Non-current maturities		Current maturities	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Secured loans				
From banks				
Vehicle loan	5.67	9.58	10.89	22.16
Term loan	62.21	863.37	735.63	33.00
	<u>67.88</u>	<u>872.95</u>	<u>746.52</u>	<u>55.16</u>

(i) Details of security, terms of repayment and interest rate on the borrowings is provided below-

Particulars	Rate of interest (%)	Terms of repayment	Security details	As at 31 March 2019	As at 31 March 2018
Kotak Mahindra Prime Limited	Ranges from 9.43% to 11.08%	Monthly	Hypothecation of vehicles acquired under respective loans	9.58	31.74
State Bank of India	1 year MCLR + 1%	Monthly	Primary security- First Charge by hypothecation of all property plant and equipments created from such bank finance.	99.72	144.89
State Bank of India Frankfurt	12M EURIBOR + 0.70%	Bullet repayment	Collateral security- First pari-passu charge on all property plant and equipments of the Company (other than the charge on plant and equipments given as primary security); both present and future.	222.35	238.75
State Bank of India Antwerp	12M EURIBOR + 0.50%	Bullet repayment	Personal guarantees of -Mr. Kailash Kumar Agarwal, Mr. Raj Kumar Agarwal and Mr. Ashok Kumar Agarwal (promoters/ directors of the Company in their personal capacity)	93.08	95.69
State Bank of India Tokyo	12M EURIBOR + 1.29%	Bullet repayment		382.69	417.04
HDFC Bank	9.25%	Monthly	Hypothecation of vehicles acquired under respective loans	6.98	-
Total				<u>814.40</u>	<u>928.11</u>

	As at 31 March 2019	As at 31 March 2018
18. Non-current provisions		
Provision for gratuity (refer note 39)	229.27	228.74
Provision for compensated absences (refer note 39)	65.58	62.41
	<u>294.85</u>	<u>291.15</u>

Particulars	As at 31 March 2019	As at 31 March 2018
19. Current financial liabilities-borrowings		
Secured loans		
Cash credits facilities		
State Bank of India	1,723.29	1,385.33
Bank overdraft		
State Bank of India	256.61	-
	<u>1,979.90</u>	<u>1,385.33</u>

(i) Details of security, terms of repayment and interest rate on the borrowings is provided below-

Particulars	Rate of interest(%)	Security details	As at 31 March 2019	As at 31 March 2018
Cash credits from banks (secured)		Hypothecation of all current assets of the Company including inventories, trade receivables and other current assets both present and future, first and exclusive charge by way of hypothecation of plant & machinery & Miscellaneous property plant and equipments and collateral security of equitable mortgage of factory land & building. Cash Credits from State Bank of India are guaranteed by Mr. Kailash Kumar Agarwal, Mr. Raj Kumar Agarwal and Mr. Ashok Kumar Agarwal (promoter/directors of the Company in their personal capacity)		
State Bank of India - loan 1	1 year MCLR + 1%		1,071.48	963.68
State Bank of India - loan 2	1 year MCLR + 1.25%		651.81	421.65
Bank Overdraft				
State Bank of India	Ranges from 7.25% to 7.70%		256.61	-

Particulars	As at 31 March 2019	As at 31 March 2018
20. Trade payables		
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises (refer note below)	57.53	29.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,739.44	1,692.35
	<u>1,796.97</u>	<u>1,722.05</u>

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Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars		As at 31 March 2019	As at 31 March 2018
(a)	The principal amount remaining unpaid to any supplier at the end of the year	49.53	29.70
(b)	Interest due remaining unpaid to any supplier at the end of the year	8.00	-
(c)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year;	-	-
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	-	-
(e)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	8.00	-
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	8.00	-
21.	Other current financial liabilities		
	Current maturities of long-term debts (refer note 17)	746.52	55.16
	Employee related payables	191.43	213.00
	Interest accrued but not due on borrowings	5.26	1.87
	Unclaimed dividend*	7.62	5.95
	Unpaid Dividend-Liability		
	Other payables	80.51	29.73
		1,031.34	305.71
	*Unclaimed dividend pertains to financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2017-18 amounting to ₹ 1.41 lacs, ₹ 1.38 lacs, ₹ 1.60 lacs, ₹ 1.56 lacs and ₹ 1.67 lacs respectively. The same is not due for deposit to Investor Education and Protection Fund.		
22.	Other current liabilities		
	Statutory dues payable	79.87	70.71
	Trade deposits	6.98	7.02
	Advance from customers	71.45	215.74
		158.30	293.47
23.	Current provisions		
	Provision for bonus	151.59	220.68
	Provision for gratuity (refer note 39)	30.55	36.22
	Provision for compensated absences (refer note 39)	25.61	20.27
		207.75	277.17

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
24. Revenue from operations		
Sale of products	8,488.57	10,253.40
Revenue from operations	8,488.57	10,253.40
Sale of products comprises :		
Yarn & threads	8,529.72	10,330.60
Less: rebate and discount	(41.15)	(77.20)
	8,488.57	10,253.40
Other operating revenue		
Process waste sale	322.36	347.49
Other scrap sales	17.25	26.60
Duty drawback and other export incentives	312.67	115.39
	652.28	489.48
	9,140.85	10,742.88
25. Other income		
Interest income on fixed deposits	48.78	21.08
Interest on insurance claim received (refer note 34)	-	50.89
Interest on fair valuation of security deposits	0.76	0.67
Interest income-others	6.95	7.26
Foreign exchange fluctuation gain (net)	120.48	0.03
Liabilities no longer payable written back	32.31	-
Miscellaneous income	0.06	0.14
	209.34	80.07
26. Cost of materials consumed		
Raw Material:		
Cotton	3,331.84	4,012.86
Man made fibre	96.37	74.17
Colour and chemicals	506.37	835.07
Packing materials	350.66	432.18
	4,285.24	5,354.28
27. Changes in inventories of finished goods, work-in-progress and cotton scrap		
Inventories at the end of the year		
Finished goods	472.05	219.75
Work-in-progress	852.16	820.48
Cotton scrap	28.63	48.21
	1,352.84	1,088.44
Inventories at the beginning of the year		
Finished goods	219.75	235.81
Work-in-progress	820.48	832.15
Cotton scrap	48.21	17.90
	1,088.44	1,085.86
(Increase) in inventories	(264.40)	(2.58)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
28. Employee benefits expense		
Salaries and wages	1,846.00	1,996.82
Contributions to provident fund and other funds	196.04	214.32
Gratuity expenses (refer note 39)	68.01	62.96
Workmen and staff welfare expenses	25.89	23.18
	2,135.94	2,297.28
29. Other expenses		
Consumption of stores and spare parts	169.08	220.92
Power and fuel expenses	1,296.02	1,381.02
Freight and forwarding	322.22	418.56
Water and water recycling	111.77	70.92
Rent including lease rentals	83.50	77.45
Travelling and conveyance	82.44	74.74
Security expenses	77.96	20.92
Sales commission	64.25	77.63
Vehicle running	55.97	48.78
Business promotion and advertisement	50.42	47.30
Electricity and water	15.55	8.73
Repairs and maintenance - buildings	32.51	26.96
Repairs and maintenance - machinery	22.40	20.24
Repairs and maintenance - others	6.86	5.14
Legal and professional	168.47	95.47
Insurance	15.50	15.11
Rates and taxes	7.33	9.32
Communication expenses	23.59	25.47
Printing and stationery	11.65	11.87
Loss on sale of fixed assets	0.76	-
Payment to statutory auditors - Audit fee*	18.00	12.00
- Reimbursement of expenses	1.10	0.81
Miscellaneous expenses	65.40	73.33
	2,702.75	2,742.69
*Auditor remuneration for the year ended 31 March 2019 doesn't includes the remuneration paid by Company to the erstwhile auditors amounting to ₹ 3 lacs which has been classified under "Legal and professional".		
30. Finance costs		
Interest expense - borrowings	255.34	196.39
Interest expense - others	0.80	0.49
Other borrowing costs	47.28	52.78
	303.42	249.66

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
31. Depreciation and amortisation expenses /		
Depreciation on property, plant and equipment	184.15	160.52
Amortisation of intangible assets	1.32	0.97
	185.47	161.49
32. Income tax		
(a) Income tax expense		
- Current tax	0.36	72.29
- Minimum alternate tax credit	(0.36)	(72.29)
- Deferred tax	29.77	119.12
(b) Income tax expense	29.77	119.12
Reconciliation of tax expense and the accounting profit		
Profit before income tax expense	1.77	354.53
Statutory income tax rate	26.00%	25.75%
Amount of tax at statutory income tax rate	0.46	91.29
Adjustments:		
Tax impact of non-deductible expense	0.30	0.41
Impact due to uncertain tax provisioning	18.77	29.52
Liabilities written off being no longer payable	10.67	-
Effect of different tax rate on certain items	0.10	-
Other differences	(0.53)	(2.10)
Total	29.31	27.83
Amount of tax at statutory income tax rate post adjustments	29.77	119.12
33. Earnings per share		
(Loss)/profit for the year	(28.00)	235.41
Nominal value per share (in ₹)	10.00	10.00
Weighted average number of equity shares for basic earnings per share	38.10	38.10
Weighted average number of equity shares for diluted earnings per share	38.10	38.10
Earnings per share (in ₹)		
Basic earnings per share	(0.73)	6.18
Diluted earnings per share	(0.73)	6.18
34. Exceptional items		

During the previous year ended 31 March 2018, exceptional items comprised of following :

- Excess insurance claim received as per the order of Hon'ble Delhi High Court amounting to ₹ 129.58 lacs over and above claim receivable as per the books of accounts, interest on delayed payment of claim of ₹ 332.79 lacs and reimbursement of arbitration expenses of ₹ 4.09 lacs total amounting to ₹ 466.46 lacs related to a fire incident that occurred during FY 2010-11. Further, out of interest of ₹ 50.89 lacs recognised in the previous year, the Company has received ₹ 7.58 lacs in current year and the balance amount is still recoverable from the Insurance Company.

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2. The Company had made another insurance claim of ₹ 15.42 lacs for a fire incident occurred in factory during FY 2016-17 which was shown as recoverable. The claim was settled during the year ended 31 March 2018 for ₹ 4.79 lacs and consequently ₹ 10.63 lacs representing under recovery of claim was accounted (written off) as an exceptional item.
3. Exceptional items also includes an amount of bonus paid to the employees of the Company by way of ex-gratia at the rate of 11.67% amounting to ₹ 117.66 lacs for FY 2016-17. This amount was paid in FY 2017-18 which was over and above the provision made for FY 2016-17.
4. Interest charges and suit expenses of ₹ 3.35 lacs and ₹ 0.42 lacs respectively payable to M/s Veer Vardhman Textile Mills Limited as per order of additional Civil Judge, Hisar pertaining to liability standing in books of accounts for FY 2010-11.

35. Contingent liabilities and commitments

	As at 31 March 2019	As at 31 March 2018
i) Contingent liabilities		
Claim against the Company not acknowledged as debts*	77.87	77.87
	77.87	77.87
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	20.00
	-	20.00

*The Entry tax was imposed by the Haryana Government but was struck down by the Hon'ble Punjab & Haryana High Court. The Haryana Government has gone into appeal before the Hon'ble Supreme Court of India against the judgement of Punjab & Haryana High Court and the same is currently pending disposal. The management is confident that the matter shall be decided in its favour and accordingly, no adjustment is considered necessary in these financial statements.

36. Related party disclosures

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures' the names of the related party where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

(a) List of related parties and nature of relationship where control exists

Key managerial personnel	Relationship
Mr. Kailash Kumar Agarwal	Managing Director
Mr. Ashok Kumar Agarwal (till 4 Feb 2019)	Joint Managing Director
Mr. Raghav Kumar Agarwal	Chief Executive Officer cum Chief Financial Officer
Mr. Raj Kumar Agarwal (till 4 Feb 2019)	Whole time Director
CS Shashi Ranjan Kumar (till 27 May 2019)	Company Secretary
Non-executive Directors	
Mr. Bibhuti Talukdar Charan	Independent Director
Mr. Parshotam Dass Agarwal	Independent Director
Mr. Mohan Lal Jain	Independent Director
Ms. Ritu Bansal	Independent Director

Relatives of key managerial personnel

Mr. Raj Kumar Agarwal (w.e.f. 5 Feb 2019)	Relative of Mr. Kailash Kumar Agarwal
Mr. Ashok Kumar Agarwal (w.e.f. 5 Feb 2019)	Relative of Mr. Kailash Kumar Agarwal
Mr. Ravindra Agarwal	Relative of Mr. Kailash Kumar Agarwal
Mr. Surender Agarwal	Relative of Mr. Kailash Kumar Agarwal
Mr. Kashmiri Lal Agarwal	Relative of Mr. Kailash Kumar Agarwal

Persons/entities in which directors and key managerial personnel are interested

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

(b) The following transactions were carried out with related parties in the ordinary course of business:-

Nature of transaction & name of related party	31 March 2019	31 March 2018
Board sitting fees		
Mr. Bibhuti Talukdar Charan	0.40	0.80
Mr. Parshotam Dass Agarwal	1.00	0.85
Mr. Mohan Lal Jain	0.85	0.65
Ms. Ritu Bansal	0.75	0.80
Salary/remuneration*		
Mr. Raj Kumar Agarwal (till 4 Feb 2019)	18.08	16.10
Mr. Ashok Kumar Agarwal (till 4 Feb 2019)	19.34	16.45
Mr. Kailash Kumar Agarwal	22.28	16.90
Mr. Ravindra Agarwal	11.91	12.13
Mr. Surender Agarwal	11.51	11.89
Mr. Raghav Kumar Agarwal	15.78	13.28
CS Shashi Ranjan Kumar (till 27 May 2019)	10.78	10.04
*Break-up of key managerial personnel remuneration		
Short-term employee benefits	86.26	72.77
Post-employment benefits	-	-
Long-term employee benefits#	-	-
Termination benefits	-	-

Nature of transaction & name of related party	31 March 2019	31 March 2018
#As the liability for gratuity and leave encashment are provided on actuarial basis for the Company, as a whole, amounts accrued pertaining to key management personnel are not included above.		
Professional fees to relatives of key managerial personnel		
Mr. Raj Kumar Agarwal (w.e.f. 5 Feb 2019)	2.88	-
Mr. Ashok Kumar Agarwal (w.e.f. 5 Feb 2019)	2.88	-
Details of lease rentals paid:		
Jawala Prasad Ram Pat	1.08	1.08
Supermax Promoters Pvt Ltd.	-	0.36
Siram Appartments Pvt.Ltd.	-	0.36
Sanjay Mercantile Pvt.Ltd.	1.50	1.50
Kashmiri Lal Agarwal H.U.F.	0.60	0.60
Jai Narain Agarwal H.U.F.	0.15	0.15

c) Balances outstanding with related parties at the year end

Nature of outstanding & name of related party	31 March 2019	31 March 2018
Salary/remuneration payable		
Mr. Raj Kumar Agarwal	-	0.39
Mr. Ashok Kumar Agarwal	22.25	0.95
Mr. Kailash Kumar Agarwal	1.85	0.48
Mr. Ravindra Agarwal	1.04	0.27
Mr. Surender Agarwal	1.16	0.43
Mr. Raghav Kumar Agarwal	1.85	0.49
Professional fees payable		
Mr. Raj Kumar Agarwal	2.59	-
Mr. Ashok Kumar Agarwal	2.59	-

Outstanding personal guarantee by Mr. Kailash Kumar Agarwal, Mr. Raj Kumar Agarwal and Mr. Ashok Kumar Agarwal, against various credit facilities availed by the Company and the balance of such facilities as at 31 March 2019 being ₹ 2,777.74 lacs (previous year: ₹ 2,281.70 lacs), sanctioned limit of such credit facilities: ₹ 3,730.00 lacs (previous year: ₹ 3,730.00 lacs).

37. Fair value measurements

(i) Financial instruments by category

	31 March 2019				31 March 2018			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
Financial assets								
Loans-security deposits	-	-	142.02	142.02	-	-	142.41	142.41
Other financial assets	-	-	495.18	495.18	-	-	319.47	319.47
Trade receivables	-	-	729.63	729.63	-	-	916.02	916.02
Cash and cash equivalents	-	-	22.60	22.60	-	-	599.35	599.35
Other bank balances	-	-	666.73	666.73	-	-	105.47	105.47
Total financial assets	-	-	2,056.16	2,056.16	-	-	2,082.72	2,082.72
Financial liabilities								
Borrowings	-	-	2,047.78	2,047.78	-	-	2,258.28	2,258.28
Trade payables	-	-	1,796.97	1,796.97	-	-	1,722.05	1,722.05
Other financial liabilities	32.85	-	998.49	1,031.34	-	-	305.71	305.71
Total financial liabilities	32.85	-	4,843.24	4,876.09	-	-	4,286.04	4,286.04

(ii) Fair value hierarchy

Financial assets and liabilities measured at amortised cost for which fair values are disclosed

	31 March 2019				31 March 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans-security deposits	-	-	142.02	142.02	-	-	142.41	142.41
Other financial assets	-	-	495.18	495.18	-	-	319.47	319.47
Trade receivables	-	-	729.63	729.63	-	-	916.02	916.02
Cash and cash equivalents	-	-	22.60	22.60	-	-	599.35	599.35
Other bank balances	-	-	666.73	666.73	-	-	105.47	105.47
Total financial assets	-	-	2,056.16	2,056.16	-	-	2,082.72	2,082.72
Financial liabilities								
Borrowings	-	-	2,047.78	2,047.78	-	-	2,258.28	2,258.28
Trade payables	-	-	1,796.97	1,796.97	-	-	1,722.05	1,722.05
Other financial liabilities	-	32.85	998.49	1,031.34	-	-	305.71	305.71
Total financial liabilities	-	32.85	4,843.24	4,876.09	-	-	4,286.04	4,286.04

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Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates;

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfers between level 1 and level 2, and no transfers into and out of level 3 fair value measurements.

The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels as at the end of reporting period

(iii) Specific valuation techniques used to value financial instruments include the use of quoted market prices and NAV of the instrument.

(iv) **Fair value of financial assets and liabilities measured at amortised cost.**

	31 March 2019		31 March 2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Loans				
Security deposits	145.11	142.02	146.20	142.41
Financial liabilities				
Borrowings	2,047.78	2,047.78	2,258.28	2,258.28

The carrying amount of trade receivables, other financial assets, trade payables, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using the current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

38. Financial instruments

A. Capital risk management

"The Company's objective when managing capital are to

- safeguard their ability to continue as a going concern, so they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital, in order to maintain capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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The Company monitors capital on the basis of net debts to total equity on a periodic basis. The following table summarizes the capital of the Company:

	As at 31 March 2019	As at 31 March 2018
(a) Particulars		
Long term borrowings (including current maturities)	814.40	928.11
Short term borrowings	1,979.90	1,385.33
Total debt	2,794.30	2,313.44
Less: cash and cash equivalent	22.60	599.35
Net debt	2,771.70	1,714.09
Equity share capital	381.00	381.00
Other equity	1,444.69	1,517.39
Total equity	1,825.69	1,898.39
Net debt to equity ratio	1.52	0.90
(b) Dividends		
(i) Equity shares		
Final dividend for the year ended 31 March 2017 of ₹ nil per share	-	-
Final dividend for the year ended 31 March 2018 of ₹ 1.00 per share	38.10	-
Dividend distribution tax on final dividend for the year ended 31 March 2017	-	-
Dividend distribution tax on final dividend for the year ended 31 March 2018	7.83	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, the Board of Directors have recommended a dividend of ₹ nil (previous year: ₹ 1.00) per fully paid equity share. This proposed dividend is subject to approval of shareholders at the ensuing Annual General Meeting.	-	38.10
Dividend distribution tax on the proposed dividend for equity shareholders	-	7.83

B. Financial risk management

(I) Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade payables, employee related payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, other bank balances, security deposits and export incentives receivable that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The management is responsible for formulating an appropriate financial risk governance framework for the Company and for periodically reviewing the same. The senior management ensures that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(l) Market risk :

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

(i) Interest rate risk :

(a) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	31 March 2019	31 March 2018
Variable rate borrowings	2,521.13	2,281.70
Fixed rate borrowings*	273.17	31.74
Total borrowings	2,794.30	2,313.44
Amount disclosed under other current financial liabilities	746.52	55.16
Amount disclosed under borrowings	2,047.78	2,258.28

*For fixed rate borrowing, the management has assessed that their fair value is almost equivalent to their carrying amounts, largely due to the rate of interest of these instruments, which is approximately equal to market rate of interest for the Company and being entire loan taken from third party.

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	31 March 2019	31 March 2018
Interest sensitivity*		
Interest rates – increase by 5 percent	126.06	114.08
Interest rates – decrease by 5 percent	(126.06)	(114.08)

*Holding all other variables constant

(b) Assets

The Company's fixed deposits are carried at fixed rate. Therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(ii) Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas markets in various foreign currencies and through foreign currency loans. Foreign currency exchange rate exposure is balanced by hedging through forward contracts.

Derivative instruments

Derivative contracts outstanding

	As at 31 March 2019			As at 31 March 2018		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
Forward contract to buy	EURO	9.00	698.13	EURO	9.00	751.48

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

Particulars of unhedged foreign currency risk exposure expressed in INR at the reporting date

	As at 31 March 2019			As at 31 March 2018		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
Financial assets						
Trade receivables	USD	5.72	396.08	USD	9.42	612.85
	EURO	3.15	244.80	EURO	2.76	222.74
	GBP	0.06	5.14	GBP	0.06	5.25
			646.02			840.84

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

	As at 31 March 2019		As at 31 March 2018	
	5% increase	5% decrease	5% increase	5% decrease
USD	19.80	(19.80)	30.64	(30.64)
EURO	12.24	(12.24)	11.14	(11.14)
GBP	0.26	(0.26)	0.26	(0.26)
Increase/(decrease) in profit	32.30	(32.30)	42.04	(42.04)

(II) Credit Risk:

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

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The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counterparty,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised as income in the statement of profit and loss. The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The Company's maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. The credit limit of each customer is defined in accordance with the assessment. Outstanding customer receivables are regularly monitored by the management.

Detail of trade receivables that are past due is given below:

	As at 31 March 2019	As at 31 March 2018
0-90 days past due	676.84	884.80
91-180 days past due	50.59	31.22
More than 180 days past due	2.20	-
Total	729.63	916.02

The credit risk for cash and cash equivalents, bank deposits and loans is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

Concentration of financial assets

Concentration of credit risk with respect to trade receivables are limited, due to the Company's consumer base being large and diverse. All trade receivable are reviewed and assessed for default on a quarterly basis.

The Company's exposure to credit risk for trade receivables is presented below:

	As at 31 March 2019	As at 31 March 2018
Export wholesale customers	646.02	840.84
Domestic wholesale customers	83.61	75.18
Total	729.63	916.02

Liquidity Risk :

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year	1-5 Year	Total
As at 31 March 2019			
Borrowings	2,726.42	67.88	2,794.30
Trade payables and other accruals	2,081.79	-	2,081.79
As at 31 March 2018			
Borrowings	1,440.49	872.95	2,313.44
Trade payables and other accruals	1,972.60	-	1,972.60

Undrawn borrowing facilities

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2019	As at 31 March 2018
Expiring within one year (cash credit and other facilities)	505.90	1,156.77

39. Employee benefits

Employee benefit obligations	31 March 2019			31 March 2018		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	30.55	229.27	259.82	36.22	228.74	264.96
Compensated absences	25.61	65.58	91.19	20.27	62.41	82.68
Total employee benefit obligations	56.16	294.85	351.01	56.49	291.15	347.64

Contribution to provident fund

The Company makes contribution to statutory provident fund and employee state insurance. These are post-employment benefits and are in nature of defined contribution plans. Contribution made by the Company during the year is ₹ 191.65 lacs (previous year: ₹ 211.93 lacs).

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan.

(a) Disclosure of gratuity

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Amount
Balance as at 1 April 2017	234.56
Current service cost	45.27
Interest expense	17.69
Total amount recognised in profit or loss	62.96
Remeasurements	
Past service cost including curtailment gains/losses	13.29
(Gain)/loss from change in financial assumptions	(4.46)
(Gain)/loss arising from experience (gains)/losses	(3.80)
Total amount recognised in other comprehensive income	(8.26)
Benefits paid	
	(37.59)
Balance as at 31 March 2018	264.96
Balance as at 1 April 2018	264.96
Current service cost	47.53
Interest expense	20.48
Total amount recognised in profit or loss	68.01
Remeasurements	
(Gain)/loss from change in financial assumptions	1.68
(Gain)/loss arising from experience (gains)/losses	(3.34)
Total amount recognised in other comprehensive income	(1.66)
Benefits paid	(71.49)
Balance as at 31 March 2019	259.82

(b) Assumptions:**1. Economic assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is Company's long term best estimate as to salary increases and takes into account inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.66%	7.73%
Salary growth rate	6.00%	6.00%
Average remaining working life (years)	19.80	19.17

2. Demographic assumptions

Attrition rates are the Company's best estimate of employee turnover in future determined considering factors such as nature of business and industry, retention policy, demand and

supply in employment market, standing of the Company, business plan, HR Policy as provided in the relevant accounting standard. Attrition rates used for valuation are given below:

	As at 31 March 2019	As at 31 March 2018
Retirement age	58	58
Withdrawal rate, based on age		
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
Mortality rate	100% of IALM	100% of IALM

(c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31 March 2019	As at 31 March 2018
i) Impact of the change in discount rate		
Present value of Obligation at the end of the period	259.82	264.96
Impact due to increase of 0.50%	(12.04)	(11.50)
Impact due to decrease of 0.50%	13.06	12.48
ii) Impact of the change in salary increase		
Present value of Obligation at the end of the period	259.82	264.96
Impact due to increase of 0.50%	13.21	12.63
Impact due to decrease of 0.50%	(12.27)	(11.73)

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these are not calculated. Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(d) The expected expense of the Company during the next year is ₹ 78.53 lacs (previous year: ₹ 73.26 lacs).

(e) The maturity analysis of the defined benefit obligation is as below:

	As at 31 March 2019	As at 31 March 2018
Within next 1 year	30.55	36.22
Between 1 to 5 years	35.73	158.24
After 5 years	193.54	70.50
Total expected payments	259.82	264.96

40. Disclosure in respect of non-cancellable operating leases

	31 March 2019	31 March 2018
Payable within 1 year	56.84	71.46
Payable between 1-5 years	7.77	64.61
Payable after 5 years	-	-
	<u>64.61</u>	<u>136.07</u>

41. Operating Segments

The business activity of the Company fall within the single primary business segment viz Textile (spinning). Hence there is no other reportable business segment as per Ind As 108 "Operating segments". The segment assets, segment liabilities, segment cash flows and segment results are represented through financial statements only. The Company's Board of Director uses additional analysis based on sales location which is presented below-

	31 March 2019	31 March 2018
Revenue from operations		
India	1,696.83	2,128.07
Outside India	6,791.74	8,125.33
	<u>8,488.57</u>	<u>10,253.40</u>

The Company does not have any non-current assets, as defined in Ind AS 108, which is located outside India.

42. Assets pledged as security

The carrying amounts of asset pledged as security for current and non-current borrowings are:

	31 March 2019	31 March 2018
Current		
Financial assets		
i) Trade receivables	729.63	916.02
ii) Cash and cash equivalent	22.60	599.35
iii) Bank balances other than (ii) above	666.73	105.47
iv) Other financial assets	272.54	53.64
Non-financial assets		
i) Inventories	2,493.78	1,949.56
ii) Other current assets	470.90	668.12
Total current assets pledged as security	<u>4,656.18</u>	<u>4,292.16</u>
Non-current		
Financial assets		
i) Loans	142.02	142.41
ii) Other financial assets	222.64	265.83
Non-financial assets		
i) Property, plant and equipment	2,153.36	2,175.38
Total non-current assets pledged as security	<u>2,518.02</u>	<u>2,583.62</u>
Total assets pledged as security	<u>7,174.20</u>	<u>6,875.78</u>

43. Foreign Exchange earning and expenditure

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
FOB value of exports	6,687.10	7,828.95
	6,687.10	7,828.95
CIF value of imports:		
Components, stores & spare parts	2.22	12.06
Capital goods	31.43	63.51
Total	33.65	75.57

44. Expenditure in foreign currency

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Travelling and conveyance	18.30	33.11
Sales commission	66.35	66.39
Business promotion and advertisement	6.24	-
Miscellaneous expenses	13.24	9.24
Total	104.13	108.74

45. Company's foreign currency exposure:

	31 March 2019		31 March 2018	
	In foreign currency	In INR	In foreign currency	In INR
Unhedged				
Trade receivables				
USD	5.72	396.08	9.42	612.85
EURO	3.15	244.80	2.76	222.74
GBP	0.06	5.14	0.06	5.25
Hedged				
Borrowings				
EURO	9.00	698.13	9.00	751.48

46. Corporate social responsibility

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

47. Changes in accounting policies due to application of Ind AS 115

This note explains the impact on adoption of Ind AS 115 Revenue from Contracts with Customers on the financial statements of the Company.

(i) Impact on financial statements

The Company applied Ind AS 115 for the first time using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the Company is

required to adjust the cumulative effect of initially applying Ind AS 115 in the opening balance of retained earnings as at 1 April 2018. Comparative prior period are not required to be adjusted. Entities applying the modified retrospective method can elect to apply the revenue standard only to the contracts that are not completed as at the date of initial application (i.e. they would ignore the effects of applying the revenue standard to the contracts that were completed prior to the date of initial application). However, the Company elected to apply the standard to all the contracts as at 1 April 2018.

Since the Company is in the business of the selling yarn and cotton threads, each sale transaction is as separate contract with customer and the performance obligation is satisfied as and when the goods are sold to the customer. The management has assessed principles for the revenue recognition as per erstwhile Ind AS 18 and the new Ind AS 115 and there is no material impact to be recognised in the retained earnings as at 1 April 2018.

Particulars	As at 1 April 2018
Retained earnings	734.37
Adjustments:	
Impact on deferred tax assets	-
Adjustments to retained earnings on adoption of Ind AS 115	-
Retained earnings	734.37

The following table presents the amounts by which each financial statement line item is affected in the current year ended 31 March 2019 by the application of Ind AS 115 as compared with the previous revenue recognition requirements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more details by notes below.

Balance sheet extract		31 March 2019 without adoption of Ind AS 115	Increase/ (decrease)	31 March 2019 as reported
Non-current assets				
Deferred tax assets		49.18	-	49.18
Other non-current assets		2,625.66	-	2,625.66
Total non-current assets	(I)	2,674.84	-	2,674.84
Total Current assets	(II)	4,687.84	-	4,687.84
Total assets	(III=I+II)	7,362.68	-	7,362.68
Total non-current liabilities	(IV)	362.73	-	362.73
Current liabilities				
Contract liabilities		-	-	-
Other current liabilities		5,174.26	-	5,174.26
Total current liabilities	(V)	5,174.26	-	5,174.26
Total liabilities	(VI=IV+V)	5,536.99	-	5,536.99
Net assets	(VII=III-VI)	1,825.69	-	1,825.69
Retained earnings		660.44	-	660.44
Total equity		1,825.69	-	1,825.69

Statement of profit and loss (extract) for the year ended 31 March 2019		31 March 2019 without adoption of Ind AS 115	Increase/ (decrease)	31 March 2019 as reported
Revenue from operations		9,140.85	-	9,140.85
Other income		209.34	-	209.34
Total income	(I)	9,350.19	-	9,350.19
Total expenses	(II)	9,348.42	-	9,348.42
Profit before income tax from continuing operations	(III=I-II)	1.77	-	1.77
Income Tax expense	(IV)	29.77	-	29.77
Profit after tax from continuing operations	(V=III-IV)	(28.00)	-	(28.00)
Other comprehensive income	(VI)	1.23	-	1.23
Total comprehensive income for the year	(VII=V+VI)	(26.77)	-	(26.77)
Earnings per equity share for profit from continuing operations				
Basic earnings per share		(0.73)	-	(0.73)
Diluted earnings per share		(0.73)	-	(0.73)

(ii) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography.

Revenue from operations	31 March 2019	31 March 2018
Revenue by geography		
Domestic	1,696.83	2,128.07
Export	6,791.74	8,125.33
Total	8,488.57	10,253.40

(iii) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	203.27
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

(iv) Assets and liabilities related to contracts with customers

Description	31 March 2019	31 March 2018
Contract liabilities related to sale of goods		
Advance from customers	71.45	215.74
Total	71.45	215.74

(v) Reconciliation of revenue recognised in statement of profit and loss with contract price

Description	31 March 2019	31 March 2018
Contract price	8,529.72	10,330.60
Less: Discount, rebates, credits	41.15	77.20
Revenue from operations (excluding other operating revenue) as per statement of profit and loss	8,488.57	10,253.40

48 Previous year figures have been reclassified/regrouped, wherever considered necessary to make them comparable with those for the current year.**(a) The summary of regrouping related to balance sheet as at 31 March 2018 are as follows:**

Particulars	Notes	31 March 2018	Regrouping	31 March 2018 Regrouped
Assets				
Non-current assets				
Property, plant and equipment	3	2,175.38	(2.74)	2,172.64
Intangible assets	3	-	2.74	2.74
Financial assets				
Loans	4	-	142.41	142.41
Other financial assets	5	401.11	(135.28)	265.83
Deferred tax asset (net)	6	79.01	0.01	79.02
Other non-current assets	7	5.69	22.04	27.73
Current assets				
Other current assets	14	697.30	(29.18)	668.12
Current liabilities				
Financial liabilities				
Borrowings	19	1,652.14	(266.81)	1,385.33
Trade payables	20	1,286.31	435.74	1,722.05
Other financial liabilities	21	475.73	(170.02)	305.71
Other current liabilities	22	286.46	7.01	293.47
Provisions	23	283.09	(5.92)	277.17

- (b) The summary of regrouping related to statement of profit and loss for the year ended 31 March 2018 are as follows:

Particulars	Notes	31 March 2018	Regrouping	31 March 2018 Regrouped
Income				
Revenue from operations		10,744.95	(2.07)	10,742.88
Other income		80.04	0.03	80.07
Expenses				
Employee benefits expense		2,300.04	(2.76)	2,297.28
Other expenses		2,740.43	2.26	2,742.69
Finance costs		251.20	(1.54)	249.66

The above regroupings does not have material impact on the financial statements.

49. In accordance with the Ind AS 2 on Inventories, fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. During the current year, the management has carried out a re-assessment with regard to the normal capacity which can be achieved. Based on such assessment, the Company has revised normal capacity at all the phases of production considering the average production expected to be achieved over number of periods taking into account loss of capacity from planned maintenance. Considering the changes in the capacity, Company has absorbed additional fixed overheads of ₹ 136.63 lacs.
50. The office of the Company Secretary cum Compliance Officer has got vacant effective 28 May 2019. The Company is currently in the process of appointing a full time Company Secretary cum Compliance Officer.

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration Number: 001076N/N500013

Rohit Arora
Partner
Membership No. 504774

Place: New Delhi
Date: 30 May 2019

For and on behalf of the Board of Directors of
H.P. Cotton Textile Mills Limited

Kailash Kumar Agarwal
Managing Director
DIN: 00063470

Parshotam Dass Agarwal
Director
DIN: 00063017

Raghav Kumar Agarwal
Chief Executive Officer
and Chief Financial Officer

Form No. MGT-11

Proxy Form

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

H P COTTON TEXTILE MILLS LIMITED

CIN: L18101HR1981PLC012274

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

Name of Member(s):	
Registered Address:	
E-mail id:	
Folio No/Client Id.:	
DP ID:	

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

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

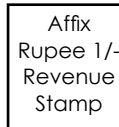
and whose signatures are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 38th Annual General Meeting of the Company to be held on Friday, 08th November, 2019 at 12 Noon at 15th K. M. Stone, Delhi Road, V.P.O. Mayar, Hisar (Haryana) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	FOR I/We assent to the Resolution	AGAINST I/We dissent to the Resolution
1.	To Consider and adopt Audited Financial Statements along with the reports of the Directors and Auditors thereon		
2.	Re-appointment of Mr. Kailash Kumar Agarwal, who retires by rotation		
3.	Appointment of Mr. Surendra Kumar Agarwal as a Director (Non-Executive) of the Company		

Resolution No.	Resolutions	FOR I/We assent to the Resolution	AGAINST I/We dissent to the Resolution
4.	Appointment of Mr. Ravindra Kumar Agarwal as a Director (Non-Executive) of the Company		
5.	Appointment of Mr. Raghav Kumar Agarwal as Director of the Company		
6.	Appointment of Mr. Raghav Kumar Agarwal as a Whole - Time Director (Executive Director) of the Company		
7.	Re-appointment of Mr. Parshotam Dass Agarwal as an Independent Director_		
8.	Re-appointment of Mr. Mohan Lal Jain as an Independent Director		

Signed this _____, the ____ day of _____, 2019.

Signature of shareholder



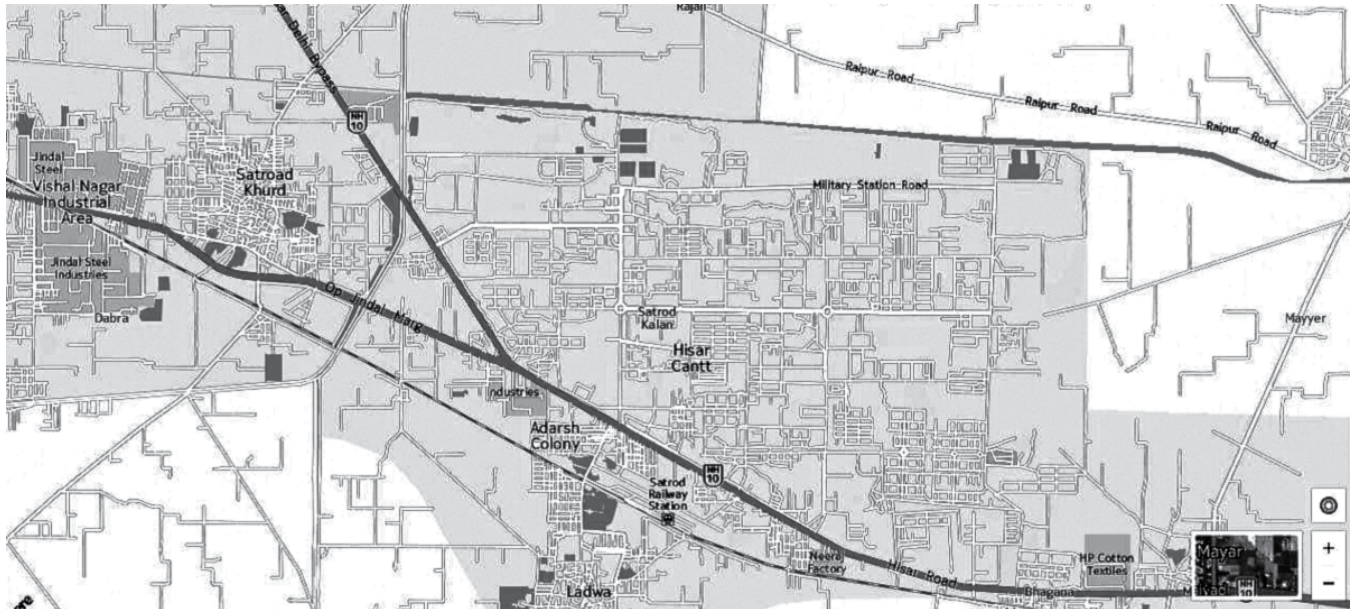
Signature of the Proxy Holders

1. 2. 3.

Notes:

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

ROUTE MAP



AGM Venue Route Map

Venue Address

15th K.M. Stone, Delhi Road, V.P.O. Mayar
Hisar-125044 (Haryana)

Route from Hisar

Straight through Dabra Chowk onto Delhi road/ Mall road
Turn on to NH-10
Cross Vid Textile Mills Limited



H. P. COTTON TEXTILE MILLS LIMITED

CIN: L18101HR1981PLC012274

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

38th ANNUAL GENERAL MEETING

Date: Friday, 08th November, 2019 at 12 Noon

ATTENDANCE SLIP

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

I hereby record my presence at the 38th Annual General Meeting of the Company being held on Friday, 08th November, 2019 at 12 Noon at the Registered Office of the Company at **15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125 044 (Haryana)**.

.....

Full name of the shareholder/Proxy Signature

(In Block Letters)

Folio No./DP ID & Client ID

No. of Shares Held:



CORPORATE OFFICE
F-0, The Mira Corporate Suites,
1 & 2, Old Ishwar Nagar, Mathura Road, New Delhi - 110065, India