



July 06, 2020

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001

Ref: H.P. Cotton Textile Mills Limited (Scrip Code: 502873)

Sub: Outcome of Board Meeting of H.P. Cotton Textile Mills Limited held on July 06, 2020

Dear Sir,

We wish to inform you that the Board of Director's in their Meeting held today i.e. July 06, 2020 has inter alia, considered and approved the:

1. Audited Financial Results for the quarter and year ended March 31, 2020.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the following:

- Audited Financial Results along with Auditor's Report for the quarter and year ended March 31, 2020; and
- Declaration pursuant to regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements), as amended regarding unmodified opinion of the Statutory Auditors on the aforesaid Results.

The copies of the above results are also uploaded on the Company's website <https://www.hpthreads.com>

2. Re-Appointment of Mr. Kailash Kumar Agarwal (DIN: 00063470) as a Managing Director of the Company for further period of five (5) years w.e.f. August 06, 2020.

The said meeting of the Board of Directors commenced at 01:00 P.M. and concluded at 04:55 P.M.

You are requested to kindly take the same on your record.

Yours Faithfully,

For H.P. Cotton Textile Mills Limited

Shubham Jain
Company Secretary and Compliance Officer



Encl: As above

H.P. Cotton Textile Mills Limited

(A Government of India recognised Star Export House)

Corporate Office:

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

www.hpthreads.com

T: +91 11 26927387, 49073415
+91 11 41540471 / 72 / 73

F: +91 11 49073410

E: info@hpthreads.com

Regd. Office & Works:

15 K.M. Stone, Delhi Road,
V.P.O. Mayar, Hisar - 125 044,
Haryana, India

CIN NO. L18101HR1981PLC012274



Walker Chandiook & Co LLP
L 41, Connaught Circus,
Outer Circle,
New Delhi – 110 001
India
T +91 11 45002219
F +91 11 42787071

Independent Auditor's Report on Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of H.P. Cotton Textile Mills Limited

Opinion

1. We have audited the accompanying annual financial results ('the Statement') of H.P. Cotton Textile Mills Limited ('the Company') for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations') including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, and
 - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the net profit after tax and other comprehensive income and other financial information of the Company for the year ended 31 March 2020.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement 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 ('the 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 obtained by us, is sufficient and appropriate to provide a basis for our opinion.



Walker Chandiook & Co LLP

Independent Auditor's Report on Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (contd.)

Emphasis of Matter – Uncertainties and the impact of COVID 19 on financial statements

4. We draw attention to note 11 of the accompanying statement, which describes the effect of uncertainties relating to COVID-19 pandemic outbreak on the Company's operations and management's evaluation of its impact on the accompanying Statement as at the balance sheet date, the extent of which is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

5. This Statement has been prepared on the basis of the annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
6. In preparing the Statement, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, will always detect a material misstatement 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 this Statement.
9. As part of an audit in accordance with the 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 Statement, 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.



Walker Chandiook & Co LLP

Independent Auditor's Report on Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (contd.)

- 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 in place adequate internal financial controls with reference to financial statements 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 the management.
 - Conclude on the appropriateness of the 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 Statement 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
10. 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.
11. 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.

Other Matter

12. The Statement includes the financial results for the quarter ended 31 March 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013


Digitally signed
by Rohit Arora
Date:
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Rohit Arora
Membership No. 504774
UDIN: 20504774AAAADO6617



Place: New Delhi

Date: 06 July 2020

Statement of audited financial results for the quarter and financial year ended 31 March 2020

(Rs. in lacs except as stated otherwise)

Particulars	Three months ended 31 March 2020 (Refer note 10)	Three months ended 31 December 2019	Corresponding three months ended 31 March 2019 (Refer note 10)	Year ended 31 March 2020	Year ended 31 March 2019
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Income:					
I. Revenue from operations	2,426	2,136	2,945	8,175	9,141
II. Other income	72	22	21	188	209
III. Total income (I + II)	2,498	2,158	2,966	8,363	9,350
Expenses:					
IV. Cost of materials consumed	828	859	1,096	3,406	4,285
Changes in inventories of finished goods and work-in-progress	244	(161)	344	(308)	(264)
Employee benefits expense	547	584	597	2,221	2,136
Finance costs	72	87	112	334	303
Depreciation and amortisation expenses	65	66	39	260	185
Other expenses	621	683	713	2,412	2,703
Total expenses (IV)	2,377	2,118	2,901	8,325	9,348
V. Profit before tax (III - IV)	121	40	65	38	2
VI. Tax expense:					
- Current tax	8	(19)	-	(11)	-
- Deferred tax	24	11	24	15	30
Total tax expense/(income)	32	(8)	24	4	30
VII. Profit/(loss) for the period (V - VI)	89	48	41	34	(28)
VIII. Other comprehensive income					
(i) Items that will not be reclassified to profit or loss	41	-	2	41	2
(ii) Income tax relating to these items that will not be reclassified to profit or loss	(11)	-	-	(11)	-
IX. Total comprehensive income for the period {comprising profit/(loss) and other comprehensive income for the period} (VII+ VIII)	119	48	43	64	(26)
X. Paid-up equity share capital (face value per share Rs. 10)	381	381	381	381	381
XI. Other equity				1,519	1,445
XII. Earnings/(loss) per share (of Rs. 10 each)	(not annualized)	(not annualized)	(not annualized)	(annualized)	(annualized)
(a) Basic (Rs.)	2.34	1.25	1.07	0.90	(0.73)
(b) Diluted (Rs.)	2.34	1.25	1.07	0.90	(0.73)

Notes:

- The above financial results of H.P. Cotton Textile Mills Limited ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 06 July 2020 and have been audited by the statutory auditors of the Company.
- The above results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), specified under section 133 of the Companies Act, 2013.
- In accordance with Ind AS 108, the Board of Directors being the chief operating decision maker of the Company has determined its only business segment viz Textile (spinning). Since the Company's business is from manufacturing and sale of textile (spinning) and there are no other identifiable reportable segments, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year is as reflected in the financial results.
- As notified vide disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 19 March 2019, the Company's promoters have entered into a family agreement dated 14 March 2019, which would result in inter-se transfer of equity shares of the Company by and among member of the Promoter Group over next two years (collectively, the "Proposed Family Re-arrangement").
- In continuance of the above family arrangement, Mr. Ravindra Agarwal, Mr. Surendra Kumar Agarwal and Mr. Kailash Kumar Agarwal have executed another re-arrangement agreement dated 12 February 2020, which would result in an inter-se transfer of all equity shares of Mr. Ravindra Agarwal & family and Mr. Surendra Kumar Agarwal & family to Mr. Kailash Kumar Agarwal. The proposed family re-arrangement would also entail an indirect acquisition of shares of the Company held by certain entities, namely, Jainish Products Limited, Sailesh textile Manufacturing Company Limited, Achhar Investments Limited and Sacred Trading & Investment Co. Limited, all of which belong to the Promoter Group (collectively, the and "Promoter group Companies"), by the same persons belonging to the promoter group.
- Ind AS 116, Leases, is mandatory for reporting periods beginning on or after 1 April 2019 (being transition date) and has replaced earlier leases accounting and reporting requirements under Ind AS 17 "Leases". The Company has adopted revised reporting i.e. Ind AS 116 with effect from 1 April 2019 using "Modified Retrospective Approach". There is no impact of adoption of Ind AS 116 on the retained earnings of the Company on transition date as the Company has availed practical expedients available in the revised reporting standard for transition.
- As-notified vide disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), 2015 dated 29 September 2019, 38th Annual General Meeting ("AGM") was cancelled due to complaint received from some of the large shareholders of the Company as their e-voting rights had been fraudulently been exercised without their knowledge, consent and authorisation. The Company had filed an application with Registrar of Companies ("ROC") on 29 September 2019, requesting for an extension of time for re-convening the AGM. The Company received the extension from MCA vide letter dated 04 October 2019 and conducted the AGM on 08 November 2019 within the extended time period.
- In the Annual General Meeting of the members of the Company held on 8 November 2019, the ordinary resolutions for appointment of Mr. Surendra Kumar Agarwal and Mr. Ravindra Kumar Agarwal, additional directors (Non-Executive), as Directors have not been passed, and hence they have ceased to be directors of the Company w.e.f. 8 November 2019.
- Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ("Ordinance") promulgated on 20 September 2019 with 01 April 2019, Section 115BAA has been inserted whereby the Company has an option to pay income tax at 22% plus applicable surcharge and cess ("new tax regime") as against current tax rate of 25% plus applicable surcharge and cess, subject to certain conditions such as Company would not be able to set off any brought forward loss on account of additional depreciation and would not be able to take credit of the MAT credit. The Company has evaluated the option available in the Ordinance and has decided not to opt for the revised rates under Section 115BAA and would exercise such option after utilising the MAT credit and loss arising on additional depreciation.
- Figures for the quarters ended 31 March 2020 and 31 March 2019 represents the balancing figures between audited figures for the full financial year and published year to date figures upto the third quarter of the years ended 31 March 2020 and 31 March 2019 respectively.



11. World Health Organisation (WHO) declared outbreak of Coronavirus Disease (Covid-19) a global pandemic on 11 March 2020. Consequent to this, Government of India declared lockdown on 23 March 2020 and the Company temporarily suspended the operations in the factory in compliance with the lockdown instructions. Covid-19 had impacted the business operations of the Company, only during the tenure of the lockdown period from 23 March 2020 to 24 April 2020, subsequent to which the company was able to restore its normal production capacity to its pre-covid production levels during the month of June 2020.

The Company has made detailed assessment of its liquidity position to continue operations for the next year and recoverability and carrying value of its assets comprising property, plant and equipment, inventory and trade receivables. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

12. During the current year, the managerial remuneration paid by the Company is in excess of limited laid down under Section 197 of the Companies Act, 2013 ("the Act"). The managerial remuneration paid in FY 2019-20 is within the specified limits as per the provisions of Schedule V of the the Act, as per the limits of effective Capital of the Company, duly passed by the Nomination and Remuneration Committee, and the Company has taken approval of the Shareholders in respective AGM's, but the provisions of Schedule V shall not be applicable as the Company has not complied with clause (iv) of the second proviso after Item B of Section 11 of Part II of the Schedule V of the Act.

The Company will ensure compliance by seeking approval from the shareholders of the Company within the specified time period as prescribed under the Act.

13. The figures for the corresponding previous period/year have been regrouped/reclassified/recasted, wherever necessary, to make them comparable.

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H.P. COTTON TEXTILE MILLS LIMITED

Regd. Office:- 15th Km Stone, Delhi Road, VPO- Mayar, Hisar, Haryana-125044

14. Audited statement of assets and liabilities as at 31 March 2020

Particulars	(₹ in lacs)	
	As at 31 March 2020 (Audited)	As at 31 March 2019 (Audited)
I ASSETS		
Non-current assets		
(a) Property, plant and equipment	2,001	2,150
(b) Capital work-in-progress	-	81
(c) Right-of-use assets	154	-
(d) Other intangible assets	83	3
(e) Financial assets		
(i) Loans	142	142
(ii) Other financial assets	-	223
(f) Deferred tax assets (net)	34	49
(g) Other non-current assets	23	27
	2,437	2,675
Current assets		
(a) Inventories	2,137	2,494
(b) Financial assets		
(i) Trade receivables	608	729
(ii) Cash and cash equivalents	11	23
(iii) Bank balance other than (ii) above	131	667
(iv) Other financial assets	186	273
(c) Current tax assets (net)	51	32
(d) Other current assets	523	471
	3,647	4,689
Total assets	6,084	7,364
II EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	381	381
(b) Other equity	1,519	1,445
	1,900	1,826
LIABILITIES		
Non current liabilities		
(a) Financial liabilities		
(i) Borrowings	31	68
(ii) Lease liability	104	-
(b) Provisions	242	295
	377	363
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	1,322	1,980
(ii) Trade payables		
i) total outstanding dues of micro enterprises and small enterprises	71	58
ii) total outstanding dues of creditor other than micro enterprises and small enterprises	1,570	1,740
(iii) Lease liability	48	-
(iv) Other financial liabilities	279	1,031
(b) Other current liabilities	330	158
(c) Provisions	184	208
(d) Current tax liabilities (net)	3	-
	3,807	5,175
Total equity and liabilities	6,084	7,364



15. Audited statement of cash flow for the year ended 31 March 2020

Particulars	(₹ in lacs)	
	Year ended 31 March 2020	Year ended 31 March 2019
	(Audited)	(Audited)
A. Cash flows from operating activities		
Net profit before tax	38	2
Adjustment for:		
Depreciation and amortisation expenses	260	185
Liabilities no longer required written back	-	(32)
Miscellaneous balances written off	2	-
Loss on sale of fixed assets	1	1
Unrealised foreign exchange fluctuation	(30)	(2)
Interest income	(48)	(56)
Interest expense	311	255
Interest and expenses for fair valuation of deposits	(1)	(1)
Operating profit before working capital changes	533	352
Movements in working capital :		
(Increase) in other bank balance	-	(2)
Decrease in Other non-current asset	4	23
Decrease/(increase) in other financial assets	39	(217)
Decrease in trade receivables	154	188
(Increase)/decrease in other current assets	(53)	197
Decrease/(increase) in inventories	357	(544)
(Decrease)/increase in trade payables	(159)	107
(Decrease)/increase in other financial liabilities	(9)	32
Increase/(decrease) in other liabilities	172	(135)
(Decrease) in provisions	(36)	(64)
Cash generated from/(used in) operations	1,002	(63)
Taxes paid	(5)	(5)
Net cash flow generated from/(used in) operating activities	997	(68)
B. Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(85)	(235)
Proceeds from/(investment in) fixed deposits	735	(495)
Proceeds from sale of fixed assets	1	4
Interest received	76	35
Net cash flow generated from/(used in) investing activities	727	(691)
C. Cash flows used in financing activities		
Proceeds from long term borrowings	-	7
Repayment of long term borrowings	(746)	(121)
Repayment of short-term borrowings(net)	(658)	595
Payment of principal portion of lease liability	(37)	-
Payment of interest portion of lease liability	(18)	-
Dividend paid	-	(46)
Finance charges paid	(277)	(252)
Net cash flow (used in)/generated from financing activities	(1,736)	183
D. Net decrease in cash and cash equivalents (A+B+C)	(12)	(576)
E. Cash and cash equivalents at the beginning of the year	23	599
F. Cash and cash equivalents at the end of the year (D+E)	11	23
G. Components of cash and cash equivalents:		
i. Balances with scheduled banks in current accounts	10	18
ii. Cash on hand	1	5
	11	23

Note:
The above cash flow statement has been prepared under the 'indirect method' as set out in Ind AS 7, 'Statement of cash flows'.

For HP Cotton Textile Mills Limited

Raghav Kumar Agarwal
Executive Director
DIN: 02836610

Place : New Delhi
Date : 06 July 2020





DECLARATION ON UNMODIFIED OPINION OF STATUTORY AUDITORS ON THE AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2020

This is to declare that Walker Chandiook & Co. LLP, Statutory Auditors of the Company, has formed their unmodified opinion on the Audited Financial Results of the Company for the year ended March 31, 2020 being published after review of the Audit Committee and approval of Board of Directors of the Company at their respective meetings held on July 06, 2020.

The above declaration is made pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

For H.P. Cotton Textile Mills Limited

RaghavKumar Agarwal
Executive Director, CEO & CFO
DIN: 02836610



Date: July 06, 2020

Place: New Delhi



H.P. Cotton Textile Mills Limited
(A Government of India recognised Star Export House)

Corporate Office:

F-0, The Mira Corporate Suites,
1 & 2, Old Ishwar Nagar, Mathura Road,
New Delhi - 110065, India
www.hpthreads.com

T: +91 11 26927387, 49073415
+91 11 41540471 / 72 / 73
F: +91 11 49073410
E: info@hpthreads.com

Regd. Office & Works:

15 K.M. Stone, Delhi Road,
V.P.O. Mayar, Hisar - 125 044,
Haryana, India

CIN NO. L18101HR1981PLC012274



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