



HINDOOSTAN MILLS LIMITED

**1873 - 2013
140 years**

**109th
Annual Report
2012 - 2013**

A THACKERSEY GROUP COMPANY





HINDOOSTAN MILLS LIMITED

BOARD OF DIRECTORS

SUDHIR THACKERSEY

Chairman Emeritus (Director upto 9.8.2012)

RAOUL THACKERSEY

Chairman

CHANDRAHAS THACKERSEY

Vice Chairman

HRISHIKESH THACKERSEY

Executive Director

ABHIMANYU THACKERSEY

Executive Director

KRISHNADAS D. VORA

NARESH R. KARA

D.M. POPAT *(Director upto 9.8.2012)*

R.N. BANSAL

P.B. DESAI

SUJAL A. SHAH

BHAVESH V. PANJUANI

NITIN P. SHINGALA

SOLICITORS

MULLA & MULLA AND
CRAIGIE BLUNT & CAROE

FEDERAL & RASHMIKANT

HARIANI & CO.

AUDITORS

M.A. PARIKH & CO.,
Chartered Accountants

BANKERS

HDFC BANK LTD.

UCO BANK

REGISTERED OFFICE

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

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**109TH ANNUAL GENERAL MEETING ON FRIDAY,
JULY 26, 2013 AT 10.30 A.M. AT SIR VITHALDAS
CHAMBERS, 6TH FLOOR, 16, MUMBAI SAMACHAR
MARG, MUMBAI - 400 001.**

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

Plant Locations:

- i) Textiles Unit
 - Plot No. D-1, MIDC Industrial Area,
Village - Taswade, Tal - Karad,
Dist. - Satara - 415 109, Maharashtra
- ii) Roll Manufacturing Unit
 - Plot No. B-24, Anand Nagar, MIDC Industrial
Area, Addl. Ambernath - 421 506
Dist. : Thane, Maharashtra
 - Plot No. D-1, MIDC Industrial Area,
Village - Taswade, Tal - Karad,
Dist. - Satara - 415 109, Maharashtra



HINDOOSTAN MILLS LIMITED

NOTICE

Notice is hereby given that the 109th Annual General Meeting of the Shareholders of the Company will be held on Friday, July 26, 2013 at 10.30 a.m. at the Registered Office of the Company at Sir Vithaldas Chambers, 6th Floor, 16, Mumbai Samachar Marg, Mumbai- 400 001 to transact the following business:

1. To receive, consider and adopt the audited statement of Profit and Loss for the year ended March 31, 2013 and the Balance Sheet as at that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. R. N. Bansal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. B. Desai, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sujal A. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint M/s. M.A. Parikh & Co., Chartered Accountants as Auditors of the Company for the Financial Year 2013-14 and to fix their remuneration.

By Order of the Board of Directors

RAOUL THACKERSEY
Chairman

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

Mumbai, May 4, 2013

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.

2. Corporate Members intending to send their authorized representatives or nominate proxies to attend the meeting are requested to send to the Company, a certified copy of the appropriate Board resolution authorizing their representative to attend and vote in their behalf at the meeting.

In case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 19, 2013 to Friday, July 26, 2013 (both days inclusive).
4. Dividend on equity shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those shareholders whose names are registered in the Register of Members of the Company as on July 26, 2013. The dividend, if declared at the Annual General Meeting shall be paid after July 26, 2013.
5. Members intending to require information about the accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.
6. Members are hereby informed that all unclaimed dividends up to the financial year ended March 31, 1996 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Those Members who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, in the prescribed manner.

Pursuant to the provisions of Section 205(A) and 205(C) of the Companies Act, 1956, as amended, all unclaimed dividends for the financial year ended March 31, 2005 have been transferred to the Investor Education and Protection Fund of Central Government and Members will not be able to claim any dividend so transferred.

It is hereby further informed that those Members who have so far not claimed or encashed their dividend for the financial year ended March 31, 2006 are requested to make their claim on or before December 2, 2013 at the registered office of the Company. The dividend which remains unpaid or unclaimed will thereafter be transferred to the Investor Education and Protection Fund of Central Government.

7. Members are requested to bring their copies of the Annual Report and Attendance Slip at the Meeting.
8. Since equity shares of the Company are required to be traded compulsorily in Dematerialised Form, the shareholders holding shares in physical form are requested to contact their Depository Participant where they hold a Client account to get their shares demated at the earliest in their own interest.

To avoid loss in transit of dividend warrants and/or undue delay in respect of receipt of dividend warrants, the Company has provided the facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). This facility is available at locations identified by the Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company or its Share Transfer Agent -M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai - 400 023.

9. Members holding shares in Electronic Segment are requested to notify the change of address, nomination of shares, power of attorney, change in bank details etc., to the depository participants (DP) only with whom they are having client account for effecting necessary corrections. However Members holding shares in physical form are requested to notify the change of address, nomination of shares etc., to M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai - 400 023, Company's Share Transfer Agent.

Members are also requested to submit their Permanent Account Number (PAN) which is compulsorily required as per the Securities Exchange Board of India (SEBI) notification for participating in the securities market, deletion of name or transmission/transposition of shares to either their Depository Participant where shares are held in dematerialized mode or to M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai - 400 023, Company's Share Transfer Agent where shares are held in physical mode.

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

Name of the Director	R.N. Bansal	P.B. Desai	Sujal A. Shah
Qualifications	B.Com., M.A.,F.C.A.,A.C.S., A.C.I.S.	B.Com.	B.Com., F.C.A.
Date of appointment	08.06.2011	08.06.2011	08.06.2011
Expertise in specific functional areas	Ex-Registrar of Companies & Ex-Member of Company Law Board.	Ex-Director General of Income-tax (Investigation), Income-tax Department and Ex-advisor (Taxation) with IDBI.	Founder Partner of SSPA & Co., Chartered Accountants heading the corporate consultancy practice of the firm. Has experience in mergers and acquisitions, advising on restructuring of business, due diligence and valuation of business, shares and brands.
List of Directorships held*	Chambal Fertilizers and Chemicals Limited Orient Bell Limited Essar Ports Limited Vadinar Oil Terminal Limited Essar Shipping Limited Essar Oilfield Services Limited Essar Logistics Limited Pushpsons Industries Limited Vadinar Ports & Terminal Limited	Phoenix Townships Ltd. Hede Resources Ltd.	Reliance MediaWorks Limited Gitanjali Gems Limited Keynote Corporate Services Limited Amal Limited Amrit Banaspati Company Ltd. Reliance Assets Reconstruction Company Limited Hindoostan Technical Fabrics Limited Sabero Organics Gujarat Limited Rudolf Atul Chemicals Limited



HINDOOSTAN MILLS LIMITED

Chairman / Member of the Committees of the Board of the Companies on which he is a Director**	<p><u>Audit Committee</u> Orient Bell Ltd.-Chairman Pushpsons Industries Ltd.-Chairman Essar Ports Ltd.-Chairman Chambal Fertilizers and Chemicals Ltd.-Member Essar Shipping Ltd.-Member Vadinar Oil Terminal Ltd. - Member Essar Logistics Ltd.-Member</p> <p><u>Shareholders'/Investors' Grievance Committee</u> Chambal Fertilizers and Chemicals Ltd.-Chairman Essar Ports Ltd.-Member</p>	<p><u>Audit Committee</u> Phoenix Township Ltd.-Member</p>	<p><u>Audit Committee</u> Reliance MediaWorks Ltd. - Chairman Gitanjali Gems Ltd.- Chairman Keynote Corporate Services Ltd.- Chairman Reliance Assets Reconstruction Company Ltd.- Chairman Amal Ltd.-Member Amrit Banaspati Company Ltd.- Member Rudolf Atul Chemicals Ltd.- Member</p>
Number of equity shares held in the Company	Nil	Nil	Nil

*Directorship of Private Limited Companies not considered.

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

By Order of the Board of Directors,

RAOUL THACKERSEY
Chairman

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

Mumbai, May 4, 2013

GREEN INITIATIVE

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

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

DIRECTORS' REPORT

TO

THE MEMBERS,

Your Directors have pleasure in presenting the 109th Annual Report on the affairs of your Company together with the Audited Statements of Accounts for the year ended March 31, 2013.

(₹ in lakhs)

SUMMARISED FINANCIAL RESULTS	Current Year Ended 31.03.2013	Previous Year Ended 31.03.2012
Gross Profit before Interest, Depreciation and Tax	1019.17	244.42
Less: Finance Cost	6.52	7.13
Gross Profit after interest but before Depreciation	1012.65	237.29
Less: Depreciation	471.57	423.22
Profit/(Loss) before Taxation	541.08	(185.93)
Less: Provision for Taxation	116.00	1.58
Less: Short Provision of Tax of earlier year	7.65	--
Balance brought forward from last year	438.45	712.87
Profit after Tax / Amount available for appropriation	855.88	528.52
Add: Transferred from Reserve under Section 45IC	48.47	--
Less: Transferred to General Reserve	43.00	72.70
Less: Proposed Dividend	124.84	83.23
Less: Tax on proposed Dividend	20.25	13.50
Balance carried to Balance Sheet	716.26	359.09

REVIEW OF OPERATIONS

The revenue from operations of the Company for the financial year 2012-13 is ₹10643.50 lakhs. The Profit before tax is ₹541.08 lakhs. The performance and overall view of the Textile as well as the Roll manufacturing business has been covered in the Management Discussion and Analysis which forms part of this Directors' Report.

In order to consolidate all activities at one centralized place, the Company set up a new factory for manufacturing Calendar Rolls with the latest technology and higher capacity at Karad, Satara. The commercial production in this new factory commenced from December 2012.

The Company's Roll manufacturing factory at Ambernath is considered to be obsolete and economically unsustainable by the management. Therefore it was decided to shift its activities to the aforesaid factory at Karad.

DIVIDEND

The Directors recommend a dividend of ₹7.50 per share (Face value of ₹10/- each) for the financial year ended on March 31, 2013. The total dividend payout for the year 2012-13 (inclusive of dividend tax) would aggregate to ₹145.09 lakhs.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year under review. There are no outstanding deposits remaining unpaid / unclaimed as on March 31, 2013.

DIRECTORS

During the year under review, in the Board Meeting held on August 9, 2012, Mr. Sudhir Thackersey, Chairman, relinquished his position as Chairman and Director after his long and fruitful association with the Company. The Board Members expressed their deep sense of gratitude to Mr. Sudhir Thackersey and placed on record their appreciation for his immense contribution and leadership, patience and courage which helped the Company steer through difficult times.

The Directors of the Company have conferred the title of 'Chairman Emeritus' upon the former Chairman of the Board, Mr. Sudhir Thackersey who, in their judgement, brought credit and distinction to the Company through his long and faithful service. Mr. Sudhir Thackersey thanked the Board and accepted the honour.



HINDOOSTAN MILLS LIMITED

In light of Mr. Sudhir Thackersey resigning from the position of Chairman and Director of the Company, the Board, after due deliberations in the same meeting held on August 9, 2012, unanimously decided that Mr. Raoul Thackersey be appointed as the Chairman in recognition of his vast experience and association with the Company. Mr. Raoul Thackersey has accepted the appointment with effect from August 9, 2012.

Mr. R.N. Bansal, Mr. P.B. Desai and Mr. Sujal A. Shah, retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment as Directors of the Company in accordance with Article 99 of the Articles of Association of the Company.

SUBSIDIARY

The Company has a wholly owned subsidiary viz. Hindoostan Technical Fabrics Limited (HTFL). The revenue from operations of the subsidiary for the third financial year 2012-13 is ₹99.64 lakhs. The Loss before tax is ₹128.87 lakhs. The audited annual accounts of HTFL is included in the audited Consolidated Financial Statements of the Company forming part of this Annual Report prepared in accordance with the relevant Accounting Standards issued by the Institute of Chartered Accountants of India and where applicable, Listing Agreement as prescribed by the Securities and Exchange Board of India.

The Ministry of Corporate Affairs, Government of India vide Circular No. 02/2011 dated February 8, 2011 granted a general exemption under Section 212(8) of the Companies Act, 1956 directing that provisions of Section 212 shall not apply in relation to subsidiaries of the Company subject to fulfillment of certain conditions. Accordingly, the Balance Sheet, Profit & Loss Account and other documents of the Subsidiary Company are not attached herewith.

The Company shall make available the Annual Accounts of the Subsidiary Company and related detailed information to any Member of the Company and the Subsidiary Company seeking the same and the same will also be available for inspection by any Member at the Registered Office of the Company and of the Subsidiary Company during their working hours upto the date of the Annual General Meeting.

The financial information of the Subsidiary Company as stipulated in the above Circular is disclosed in this Annual Report.

COST AUDITORS

As per the Order of the Central Government and in pursuance of Section 233B of the Companies Act, 1956, your Company carries out an audit of its cost records. The last date for filing of the Cost Audit Report for the Financial Year ended March 31, 2012 was January 15, 2013. The Company has filed the Cost Audit Report for the textiles division with a delay of 107 days on May 2, 2013.

Pursuant to Section 233B(2) of the Companies Act, 1956, the Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Anant Ashok Katyare, Cost Accountants, as the Cost Auditor for conducting audit of the Company's cost records for the financial year 2012-13 and 2013-14. M/s. Anant Ashok Katyare has confirmed that this appointment is within the limits of Section 224(1B) of the Companies Act, 1956 and has further certified that they are free from any disqualifications specified under Section 233B(5) read with Section 224 and Section 226 of the Companies Act, 1956.

The Audit Committee has received a Certificate from the above Cost Auditor certifying their independence and arm's length relationship with the Company.

CASH FLOW STATEMENT

In conformity with the Accounting Standard 3 issued by the Institute of Chartered Accountants of India and the provisions of Clause 32 of the Listing Agreement with the Bombay Stock Exchange Limited, the Cash Flow Statement for the year ended March 31, 2013 is annexed to the accounts.

PARTICULARS OF EMPLOYEES

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

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

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the senior management, confirm that:

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (ii) such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit for the year ended March 31, 2013;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a “going concern” basis.

AUDITORS

The retiring Auditors, M/s. M.A. Parikh & Co., Chartered Accountants, being eligible, offer themselves for reappointment. You are requested to appoint the Auditors to hold office from the conclusion of the meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The Company has obtained written confirmation from the Auditors as per the provisions of Section 224(1B) of the Companies Act, 1956, to the effect that the re-appointment if made, would be in conformity of the limit specified in the said section.

APPRECIATION

Your Directors place on record their appreciation for the continued support and valuable co-operation extended to the Company by shareholders and other stakeholders during the year under review. The Board also thanks the employees for their dedicated and sincere services at all levels of operations of the Company.

For and on behalf of the Board of Directors,

RAOUL THACKERSEY
Chairman

Place: Mumbai

Date : May 4, 2013

ANNEXURE – I

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013.

CONSERVATION OF ENERGY

TEXTILE DIVISION

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

(a) Energy Conservation Measures Taken

- i) Energy Conservation Cell is working continuously to conserve energy in functional areas.
- ii) Installation of dry run sensor for raw water pump used to supply water to boiler helped to reduce idle time consumption of power.
- iii) Continual inspection of running electric motors for improved life and to conserve energy.
- iv) Separation of common switches to reduce idle working of tube lights in Time Office, Folding and Weaving Preparatory.
- v) Use of LED tube lights on AIRJET looms by replacing conventional 36W tube light resulted in power savings.
- vi) Optimization of CFM required to run AIRJET looms resulted in lowering compressed air requirement.
- vii) Auditing done for air leakages and the outcome gets attended to conserve energy.
- viii) Steam leakages in the line get identified and get attended to conserve steam.

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

- i) Installation of VFD for humidification plant motors.



- ii) Installation of water pump over blow down water tank to re-use blow down water for spraying over coal in stock.
- iii) Installation of co-generation plant to fulfill power requirement.
- iv) Installation of LDR system for street lights.

(c) Impact

- i) Installation of a VFD for humidification plant will save considerable amount of electricity.
- ii) Installation of water pump will help to bring down water requirement and ultimately result into re-use of natural resources.
- iii) Installation of co-generation power plant will help to reduce power consumption cost.
- iv) Installation of LDR system for street light will help optimize power consumption.

ROLL MANUFACTURING DIVISION

(a) Energy Conservation Measures Taken

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

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

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

(c) Impact

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

FORM – A

Form for disclosure of particulars with respect to conservation of energy

	<u>Textiles</u>	<u>Roll Manufacturing</u>
A. Power & Fuel Consumption		
1. Electricity:		
(a) Purchased Units ('000' KWH)	11438	167
Total Amount (₹'000')	64582	1300
Rate/Unit (₹per KWH)	5.65	7.81
(b) Own Generation		
Through Diesel Generator Units ('000' KWH)	12	--
Units per Ltr. of diesel oil	2.30	--
Cost/Unit (₹per KWH)	19.33	--
2. Furnace Oil:		
Quantity (K.Ltrs.)	8	--
Total Amount (₹'000')	294	--
Average Rate (₹per K.Ltr.)	38519	--
3. Coal:		
Quantity (Tons)	2369	--
Total Amount (₹'000')	11211	--
Average Rate (₹per M.T.)	4732	--
4. Bagasse:		
Quantity (Tons)	--	--
Total Amount (₹'000')	--	--
Average Rate (₹per M.T.)	--	--
5. Firewood:		
Quantity (Tons)	--	--
Total Amount (₹'000')	--	--
Average Rate (₹per M.T.)	--	--

B. Consumption per Unit of Production

1. Electricity:

(Purchased & Own Generation)

KWH/Metre of Grey Production / Elastic Calender Bowls	0.947	1253.09
KWH/Sq. Mtr. of Grey Production	0.606	--

2. Furnace Oil:

Kgs./Mtr. of Grey Production	0.001	--
Kgs./Sq. Mtr. of Grey Production	--	--

3. Coal:

Kgs./Mtr. of Grey production	0.196	--
Kgs./Sq. Mtr. of Grey Production	0.125	--

4. Bagasse:

Kgs./Mtr. of Grey Production	--	--
Kgs./Sq. Mtr. of Grey Production	--	--

5. Firewood:

Kgs./Mtr. of Grey Production	--	--
Kgs./Sq. Mtr. of Grey Production	--	--

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company

Textiles Division

- Continual feedback via quality round supervisors of SQC resulted in better realization of cloth.
- Use of sample loom, sizing and warping helped to develop new samples from time to time in accordance to market requirements.
- Timely feedback over the areas where waste is generated being reported by SQC department to bring down waste and increase realization.
- Different trials being taken to bring down cost of Sizing chemical and uplift efficiencies in case of fine counts.
- Installation of new trash analyzer, Twist tester and moisture meter helped to detect the quality parameters according to norms in the product supplied by outside parties.

Roll Manufacturing Division

- Focus on reduction of raw material costs by trials using cost effective inputs.
- Substitution of existing imported non woven materials with more cost effective and preferably locally available and sustainable supplies.
- Continuous development of new products with applications in industry to diversify the Company's product portfolio.
- Efforts to improve manufacturing processes for higher productivity and quality levels.

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

Textiles Division

- ❖ Improved fabric quality, minimum damages in the end product along with better efficiency and productivity.
- ❖ Helped sales department to keep trend in the market.
- ❖ Resulted in lowering down raw material to sales ratio and improved yield%.
- ❖ Sizing department get rid of Conventional Sizing recopies with better performance of beams at weaving stage.
- ❖ Proper and focused results arrived from new electronic instrument helped in decision taking.

Roll Manufacturing Division

- ❖ Process and product development has resulted in more efficient manufacturing of existing products and introduction of new products.
- ❖ Application development resulted in new application with better durability and improved quality.
- ❖ Access to new markets with new products in order to increase sales as well as profitability.



3. Future Plan of action

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

4. Expenditure on R & D

(₹ In lakhs)

a) Capital	--
b) Recurring	6.45
c) Total	6.45
d) Total R. & D Expenditure as a percentage of total turnover	0.061%

Technology absorption, adaptation and innovation

Textile Division

- Use of Single shot sizing chemicals for sizing warp yarn removed conventional sizing recopies and working efficiency of loom shed get improved.
- Application of velcro over sizing beam resulted into reduction of waste generation which was happening due to beam burst.
- Development of industrial cloth using Sampling machine.

Roll Manufacturing Division

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

Information regarding technology imported during the last five years

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

Despite rupee depreciation and adverse market conditions, the Company has been able to achieve the exports at ₹1656.16 lakhs (FOB).

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

Roll Manufacturing Division

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

Total Foreign Exchange used and earned.

(₹in lakhs)

Used	199.67
Earned	1656.16

For and on behalf of the Board of Directors,

RAOUL THACKERSEY
Chairman

Place: Mumbai

Date : May 4, 2013

ANNEXURE – II

CORPORATE GOVERNANCE REPORT

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

1. Company's Philosophy on Code of Governance:

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

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

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

2.1 Board of Directors:

- (i) The Company's Board of Directors comprises of 11 Directors including 6 Independent Directors as on March 31, 2013. All the Independent Directors on the Board are eminent professionals, having wide range of skills and experience in business, industry, finance, law and public enterprises. The Non-Executive Chairman of the Company is the Promoter and the number of Non Executive Directors is more than half of the total number of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.
- (ii) The composition of Board of Directors during the year, their names and the category of position held, number of Directorships and Committee positions held by them and the details of attendance of each Director at the Board Meetings and Annual General Meeting (AGM) are given below as under:

Sr. No.	Name of Directors	Whether Promoter, Executive Director or Non-Executive Director / Independent Director	No. of Board Meetings attended	Attendance at last AGM	*No. of Outside Directorship held	#No. of Board Committees of other Companies in which a member
1	Mr. Sudhir Thackersey (Resigned on 9.8.2012)	Non-Executive Director – Promoter	2	Yes	5	--
2	Mr. Raoul Thackersey	Chairman - Non-Executive Director – Promoter	4	Yes	5	--
3	Mr. Chandrahas Thackersey	Vice Chairman - Non-Executive Director – Promoter	4	Yes	5	--
4	Mr. Hrishikesh Thackersey	Executive Director – Promoter	4	Yes	--	--
5	Mr. Abhimanyu Thackersey	Executive Director – Promoter	4	Yes	1	--
6	Mr. K. D. Vora	Non-Executive Director – Independent	4	Yes	1	--
7	Mr. N. R. Kara	Non-Executive Director – Non Independent	4	Yes	1	--
8	Mr. D.M. Popat (Resigned on 9.8.2012)	Non-Executive Director – Independent	1	No	3	--
9	Mr. R.N. Bansal	Non-Executive Director – Independent	3	Yes	9	9 (Chairman of 4)
10	Mr. P.B. Desai	Non-Executive Director – Independent	4	Yes	2	1
11	Mr. Sujal A. Shah	Non-Executive Director – Independent	4	Yes	9	7 (Chairman of 4)
12	Mr. Bhavesh V. Panjuani	Non-Executive Director – Independent	4	Yes	1	--
13	Mr. Nitin P. Shingala	Non-Executive Director – Independent	4	Yes	--	--



* Excludes Private Limited Companies.

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

The Board of Directors at its meeting held on August 9, 2012 accepted the request of Mr. Sudhir Thackersey to relinquish his position as Chairman and Director of the Company. In light of Mr. Sudhir Thackersey resigning from the position of Chairman and Director of the Company, the Board, after due deliberations in the same meeting held on August 9, 2012, unanimously decided that Mr. Raoul Thackersey, be appointed as the Chairman in recognition of his vast experience and association with the Company. Mr. Raoul Thackersey accepted the appointment with effect from August 9, 2012.

The Directors of the Company in the same meeting, have conferred the title of 'Chairman Emeritus' upon the former Chairman of the Board, Mr. Sudhir Thackersey, in honour of his long standing commitment and contribution to the Company's development and requested him to continue to guide and advise the Company. Mr. Sudhir Thackersey accepted the honour bestowed on him by the Board with effect from August 9, 2012.

(iii) Board Meetings and Annual General Meetings:

During the year under review, four Board Meetings were held, the dates being May 2, 2012, August 9, 2012, October 23, 2012 and February 11, 2013. The gap between two consecutive meetings did not exceed four months.

The last Annual General Meeting was held on August 9, 2012.

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

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

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

(v) Directors with Material Pecuniary or Business Relationships:

Table given below shows the relationship between the Directors:

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

*As per definition of Relative under Section 6 read with Schedule IA of the Companies Act, 1956.

2.2 Board Committees:

The Board has constituted the following Committees of Directors:

A) Audit Committee:

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

Four meetings of the Audit Committee were held during the year ended March 31, 2013 on the following dates: May 2, 2012, August 9, 2012, October 23, 2012 and February 11, 2013. The attendance of each member at the meetings was as under:

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

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

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

The scope and role of the Audit Committee is to review Internal Audit Reports, Statutory Auditor's Report on financial statements, to generally interact with Internal Auditors to review their finding, suggestions and other related matter and with Statutory Auditors, to review Quarterly Financial Statements before submission to the Board for approval, discuss the financial performance of subsidiaries, transactions with related parties etc.

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

The Chairman of the Audit Committee Mr. Sujal Shah was present at the last Annual General Meeting of the Company held on August 9, 2012, to address the shareholders' queries, pertaining to the Annual Accounts of the Company.

B) Remuneration Committee:

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

*Mr. Bhavesh Panjuani - Chairman-Independent Director
Mr. S. A. Shah - Member - Independent Director
Mr. P. B. Desai - Member - Independent Director

*Appointed by the Board of Directors with effect from May 4, 2013 in place of Mr. D. M. Popat who ceased to be the Director and Member of the Remuneration Committee on August 9, 2012.

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

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

- (iii) Remuneration Policy:

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

- (iv) Details of remuneration paid to Executive Directors during the year from April 1, 2012 to March 31, 2013:

Name	Salary	₹(in lakhs)	
		Contribution to P.F. & S.A.	Total
Mr. Hrishikesh Thackersey	10.20	2.75	12.95
Mr. Abhimanyu Thackersey	10.20	2.75	12.95

- (v) Details of fees paid to Non-Executive Directors during the year from April 1, 2012 to March 31, 2013 are given below:

Name of Directors	Sitting Fees in ₹		Total
	Board Meeting	Committee Meeting	
Mr. Sudhir Thackersey	20,000	--	20,000
Mr. Raoul Thackersey	40,000	25,000	65,000
Mr. Chandahas Thackersey	40,000	5,000	45,000
Mr. K.D. Vora	40,000	--	40,000
Mr. N.R. Kara	40,000	5,000	45,000
Mr. D.M. Popat	10,000	--	10,000
Mr. R.N. Bansal	30,000	15,000	45,000
Mr. P.B. Desai	40,000	20,000	60,000
Mr. S.A. Shah	40,000	20,000	60,000
Mr. B.V. Panjuani	40,000	--	40,000
Mr. N.P. Shingala	40,000	--	40,000

C) Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee was constituted in the meeting of the Board of Directors held on



June 8, 2011. The main object of the Committee is the satisfactory redressal of investors' complaints and providing quality services to the shareholders of the Company.

The Shareholders' / Investors' Grievance Committee consists of following Directors:

Mr. N. R. Kara	Chairman - Non Executive Director
Mr. Raoul Thackersey	Member
Mr. Abhimanyu Thackersey	Member
Mr. Chandrahas Thackersey	Member

The Shareholders' / Investors' Grievance Committee monitors the Shareholders' grievances, reviews existing investors' redressal system and suggests measures for improvement, discusses report of the Registrar and Transfer Agent and Practicing Company Secretary's Certificate under Clause 47 (c) of Listing Agreement. Ms. Kirti Desai, Company Secretary of the Company is the Compliance Officer.

The Committee had met on April 23, 2013. The Company received 26 complaints / queries from shareholders/investors which have been resolved to the satisfaction of the complainants. None of the shareholders'/investors' complaints were pending unresolved as on March 31, 2013.

Share Transfer system:

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

Shares lodged for transfer in the physical form either at the registered office of the Company or at the Registrar's office are normally processed at the earliest and within 15 days from the date of its receipt provided the documents are complete in all respects. There were no share transfers pending for more than 15 days as on March 31, 2013.

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

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

AGM	Year	Date	Time	Venue
106 th	2009-10	September 30, 2010	11.30 a.m.	Sir Vithaldas Chambers, Mumbai
107 th	2010-11	September 15, 2011	11.30 a.m.	Patkar Hall, Mumbai
108 th	2011-12	August 9, 2012	10.30 a.m.	Rama Watumull Auditorium, Mumbai

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

(ii) Special Resolution passed in previous three AGMs:

AGM Date	Special Resolutions passed
September 30, 2010	- Appointment of Mr. Hrishikesh Thackersey as Executive Director and payment of managerial remuneration thereof.
September 15, 2011	- Revision of remuneration of Mr. Hrishikesh Thackersey, Executive Director. - Appointment of Mr. Abhimanyu Thackersey as Executive Director and payment of managerial remuneration thereof. - Increase in number of Directors upto sixteen.
August 9, 2012	- Alteration in Articles of Association of the Company by inserting New Article No.108A after Article No.108.

(iii) Whether Special Resolution were put through postal ballot last year : No

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

3. Other Disclosures:

- There are no materially significant transactions with related parties viz., Promoters, Directors or the Management, their Subsidiaries or relatives etc., having potential conflict with Company's interest at large. Details of related party transactions are disclosed in Note no. XVIII to the annual accounts in this Annual Report.
- The Company has followed all relevant Accounting Standards and Indian GAAP as may be amended from time to time while preparing the financial statements.
- During the year under review, a detailed exercise on Business Risk Management was carried out and reviewed periodically covering the entire spectrum of business operations by the Risk Committees and Steering Committee formed by the Company. The Board has been informed about the risk assessment and minimization procedures through means of a properly defined framework as stipulated under Clause 49 of the Listing Agreement. Business risk assessment, evaluation and its management is an ongoing process within the Company.
- The Company did not make any Public Issues, Right Issues or Preferential Issues in the year under review.

- (e) The Company has complied with the requirements of the Bombay Stock Exchange / SEBI and any Statutory Authority on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by these authorities.
- (f) The Board has adopted the Code of Conduct and Ethics ('the Code'). The Code is a comprehensive guide applicable to all Directors and Members of Senior Management and employees of the Company. The Code is posted on the Company's website www.hindoostan.com and has been communicated to all the Directors and Senior Management Executives and the compliance of the same is affirmed by them every year. A Declaration signed by the Executive Directors affirming the compliance is annexed separately to this Annual Report.
- (g) There was no pecuniary relationship or transactions of Non-executive Directors vis-à-vis the Company during the year under review. The Company has no stock option policy as part of remuneration package applicable for Whole-time Directors or its employees.
- (h) The Executive Directors and Chief Finance Officer of the Company have certified regarding the financial statements for the year as stipulated in Clause 49 which is annexed separately in this Annual Report.
- (i) The FOREX exposures are monitored periodically and necessary cover is taken in consultation with FOREX experts to limit the risk of adverse exchange rate movement.

4. Reconciliation of Share Capital Audit:

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

5. Non-mandatory requirements:

- (i) The Chairman is a Non-executive Director. The Company has not reimbursed any expenses incurred for maintenance of his office or in the performance of his duties.
- (ii) The Company has an open-door policy where employees have access to their Head of Departments who participate in monthly forum meetings with the management and any concern or instances of unethical behaviour or non-adherence to the Code of Conduct or any issue concerning the business of the Company, is brought up to the notice of management and resolved from time to time while adequately safeguarding the employee who has availed this mechanism.

6. Means of Communication:

The Company is publishing its quarterly and half-yearly results in the newspapers, therefore they are not sent to each shareholder. However, the Company furnishes such results on receipt of a request from the shareholders.

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

7. General Shareholder information:

(i) AGM: Date, time and venue :

Friday, July 26, 2013 at 10.30 a.m. at the Registered Office of the Company at Sir Vithaldas Chambers, 6th Floor, 16, Mumbai Samachar Marg, Fort, Mumbai- 400 001.

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

- First Quarterly Results : July, 2013
- Second Quarterly Results : October/November, 2013
- Third Quarterly Results : January/February, 2014
- Fourth Quarterly Results : May, 2014

(iii) Date of Book Closure : July 19, 2013 to July 26, 2013 (both days inclusive)

(iv) Dividend payment date : After July 26, 2013 (Within 30 days from the date of Annual General Meeting subject to approval of shareholders)

(v) Listing on Stock Exchange : Bombay Stock Exchange Limited
(Annual Listing Fee for the year 2013-14 has been paid to Bombay Stock Exchange Limited).

(vi) Stock Code

- Scrip ID** : HINDMILLS
- Scrip Code** : 509895
- ISIN No.** : INE 832D01020
- CIN** : L17121MH1904PLC000195



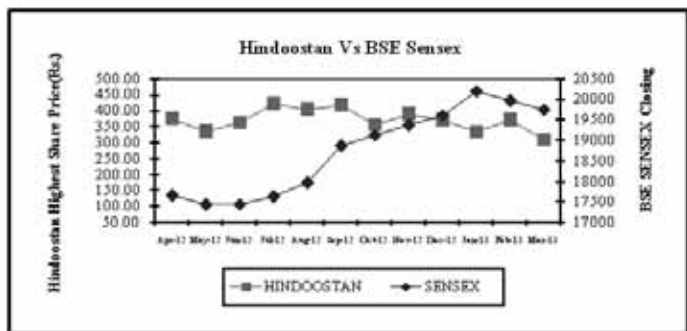
(vii) Market Price Data:

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

Months	Quotation at Bombay Stock Exchange Ltd.	
	High (₹)	Low (₹)
April, 2012	374.00	322.00
May, 2012	334.25	240.05
June, 2012	364.40	249.00
July, 2012	419.80	290.20
August, 2012	402.00	241.55
September, 2012	417.00	309.80
October, 2012	357.00	302.30
November, 2012	387.35	315.10
December, 2012	369.00	308.10
January, 2013	335.00	279.70
February, 2013	368.95	291.00
March, 2013	310.00	230.00

(viii) Performance in comparison to broad based indices:

ix) Registrar and Transfer Agent:



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

Services (India) Ltd. (CDSL) as the Company has entered into agreements with both these depositories.

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

(x) Dematerialisation of Equity Shares:

Trading in Equity Shares of the Company is permitted only in dematerialised form as per Notification No.CIR/MRD/DP/14/2011 dated December 20, 2011, issued by the Securities & Exchange Board of India (SEBI). Nearly 4.97% shares are still held under physical form as on March 31, 2013.

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

Not Applicable

(xii) Distribution of Shareholding as on March 31, 2013:

Group of Shares	No. of Shareholders	No. of shares held	% to Total Shares
1 to 50	9,797	1,34,032	8.05
51 to 100	912	68,100	4.09
101 to 250	587	94,182	5.66
251 to 500	162	57,427	3.45
501 to 1000	75	53,174	3.19
1001 to 5000	56	1,14,570	6.88
5001 and above	42	11,43,063	68.68
TOTAL	11,631	16,64,548	100.00

(xiii) Shareholding Pattern as at March 31, 2013:

Particulars	No. of Shares held	%
Promoters and Persons Acting in Concert	9,06,377	54.45
Banks, Financial institutions, Mutual Funds, Insurance companies	32,128	1.93
Private Corporate Bodies	24,566	1.48
Indian Public	6,77,675	40.71
NRIs / OCBs	23,802	1.43
TOTAL	16,64,548	100.00

(xiv) Plant Location:

- a) Textiles Unit
 Plot No.D-1, MIDC Industrial Area,
 Village - Taswade, Tal - Karad,
 Dist. - Satara - 415 109, Maharashtra
- b) Roll Manufacturing Unit
- Plot No.B-24, Anand Nagar, MIDC Industrial Area,
 Addl. Ambernath – 421 506
 Dist. : Thane, Maharashtra
 - Plot No. D-1, MIDC Industrial Area,
 Village- Taswade, Tal-Karad,
 Dist. Satara-415109, Maharashtra

(xv) Address for correspondence:

Registered Office & Head Office:

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

(The above report was placed before the Board at its Meeting held on May 4, 2013 and the same was approved).

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

HRISHIKESH THACKERSEY
 Executive Director

ABHIMANYU THACKERSEY
 Executive Director

Place : Mumbai
 Dated : May 4, 2013

CEO / CFO CERTIFICATION

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

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

There are no deficiencies in the design or operation of such internal controls and procedures.

- (d) As indicated by us to the auditors and the Audit Committee:
- (i) there have been no changes in the accounting policies during the year;
 - (ii) there have been no significant changes in internal controls over financial reporting during the year; and
 - (iii) there have been no instances of significant fraud of which we have become aware, nor any involvement of the management or any employee having a significant role in the Company's internal control system over financial reporting.

HRISHIKESH THACKERSEY
 Executive Director

ABHIMANYU THACKERSEY
 Executive Director

HEENA SHAH
 Chief Finance Officer

Place : Mumbai
 Dated : May 4, 2013



AUDITOR'S CERTIFICATE

To the Members

The Hindoostan Mills Limited

We have examined the compliance of conditions of Corporate Governance by Hindoostan Mills Limited, for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange.

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

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

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

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

For M. A. Parikh & Co.
Chartered Accountants

Mukul Patel
Partner
Membership No. 32489

Place : Mumbai

Date : May 4, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

A. BUSINESS SEGMENT – TEXTILES

Industry Structure & Developments

The Indian textile industry saw a year filled with opportunities as well as challenges. Instability of raw material and fabric prices seems to have become a standard characteristic of the industry. Domestic demand for fabrics was healthy for most of this year. The export markets also showed improved trends for our Company and we have capitalized on the opportunities.

The last quarter of the year saw a significant rise in fabric as well as raw material prices. The increases in fabric prices were more than that of raw material, which has benefited the Company by way of higher margins.

The textile industry on the whole has shown good potential. However, the road to success will depend on diversification and the ability to respond quickly to the changing market scenarios. The Company is well placed to participate in the opportunities that the industry has to offer.

Opportunities and Threats

The future of the textile industry is linked to the growth of India. It can be assumed that as India will see steady growth so will the consumption of textiles. Though volumes are bound to be good in commodity products, their margins will remain under pressure. Finding and penetrating niche product areas will present good opportunities for better margins in the years to come.

The ever rising power and fuel costs and the increase in labour costs are significant threats to the Company. Alternative power possibilities and automation of processes need to be given importance to overcome these potential threats. Global competition particularly from Pakistan and China and Preferential trade agreements with EU nations have been putting pressure on exports and fast action from the Indian government on these lines is imperative for sustainability of exports.

Risks and Concerns

Government policies are critical to the success of the textile industry and need to be aimed towards the long term sustainability of the Indian Textile Industry. High volatility in raw material prices has become a hindrance to long term planning particularly for exports and will be an ongoing concern which will need to be regularly addressed. The sharply rising energy price is another major concern faced by the industry today as well as in the years to come.

The Company is continuously focused on addressing these concerns by way of improving operational parameters, regular energy saving exercises and effective raw material procurement and sales strategies while never losing sight of superior service to our customers.

Outlook

The future outlook of our Company looks positive. The Company plans to continuously invest in new machineries, a skilled workforce and establishing a stronger goodwill in the market. The continued focus on delivering quality products to our customers with commitment and timeliness as well as diversification and value added products will help the Company to grow steadily and maintain healthy margins.

Domestic consumption on the whole has a positive outlook at the present time, but will be dictated by the behavior of raw material prices and threat of cheap imports in the near future. The Company is also focused on capturing key international markets but much depends on trade policy support from the government.

The Company continues to focus on its core values viz. Versatility, Quality and Commitment.

B. BUSINESS SEGMENT – ROLL MANUFACTURING

Industry Structure and Development

The year under review was a fairly stable year for the textile machinery industry. As a large part of the segment's products cater to the textile industry, the fluctuations in demand also move similarly. Considering a steady growth pattern for the textile industry, we expect our customers to increase their capacities gradually.

The export market has shown good promise and has a healthy demand for Calendar Rolls. Capitalizing on these overseas opportunities will be a key factor in the years to come.



Opportunities and Threats

The Company has opened an additional roll manufacturing facility in Karad with expanded capacity and modern machinery. This should enable us to increase domestic market share and more importantly that in the international market. Value added rolls for the steel and automotive industry as well as improvement of our current core product range will be crucial for success in the future. Continuous focus on customer needs and research and development will enable us to capitalize on growth opportunities

Maintaining quality standards and the highest levels of customer service are the biggest challenges which the Company needs to meet. Training and retaining of skilled manpower will also play a key role. The management is continuously taking steps to ensure customer satisfaction and building our goodwill in the market.

Risks and Concerns

Although the business operates in a niche industry segment, its competitors, both domestic and international are of constant concern. Market penetration, maintenance of quality and superior customer service need to be maintained to mitigate risks of losing market share.

Outlook

With the establishment of the new factory with improved technology and processes, the Company looks forward to improve quality and lower costs for its products, which should improve its position in the market. Focus on new product development and research and development will enable the Company to capitalize on the domestic and international opportunities and improve its performance.

C. REVIEW AND ANALYSIS

i) Financial Performance

The financial performance of the Company has been good despite the disruption due to the labour strike. The previous modernization and expansion plans have helped the Company strengthen its position in the market. The Company continues to focus on its core products and strong operational principles to sustain its growth. Flexibility to adapt quickly and strategic sale/purchase will be a key to success in volatile scenarios.

During the Year under review, Revenue from Operations is ₹ 106.44 crores as compared to ₹ 102.72 crores in the Previous Year. The segment wise details are as under:

₹in crores

Segment	Current Year	Previous Year
Textiles	99.79	95.89
Calender Roll	6.65	6.83
	106.44	102.72

The Export turnover on FOB basis is ₹16.56 crores as against ₹5.37 crores in the previous year.

Operational margins in Textile unit have improved mainly on account of higher sales realisations, improving Productivity, Procurement Cost, reductions in rejections and Product Mix as per market demand.

The roll manufacturing business has had a transitional year with focus on its new manufacturing plant at Karad. While production for this year was similar to that of last year, the additional costs of putting up of the new facility has affected profitability. The new plant has been erected and production began towards the end of the year. The outcome of this initiative will be seen in the next year and should improve both the top as well as bottom line for the business.

ii) Profitability

Overall Profit before Depreciation, Interest and Tax has improved at ₹10.19 crores in the current year as compared to ₹2.44 crores in the previous year. Net Profit before Tax of ₹5.41 crores as compared to Loss of ₹1.86 crores in the previous Year.

D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control Systems to ensure that all its assets are properly safeguarded. The systems and procedures of the Company are designed to ensure proper internal controls to give true and accurate information to the management. The management continuously reviews the Internal Control Systems and procedures to ensure smooth and efficient conduct of business. Various economic

measures and improvements in certain areas suggested by Internal Auditors are also discussed from time to time in the Audit Committee Meetings for all round improvement in the working of the Company.

E. HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company had around 462 employees as on March 31, 2013. Occupational health, safety and environment were given due importance through training and awareness programmes. Measures for safety of employees, their training, welfare and development, attracting and retaining talent continued to receive top priority. Functional trainings for plant employees at Karad were undertaken during the year towards competency building. HR activities are now becoming more focused and peaceful and healthy relations through regular interaction with recognized union/ workers is on topmost priority. The management and union have equally recognized the need of dialogue and flexible thinking to avoid any labour disruptions in future.

F. CAUTIONARY STATEMENT

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

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



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **HINDOOSTAN MILLS LIMITED** (the Company), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M. A. Parikh & Co.

Chartered Accountants

Firm Reg. No. 107556W

MUKUL M. PATEL

Partner

Membership No. 32489

Place: Mumbai

Date : May 4, 2013

ANNEXURE TO THE AUDITORS' REPORT

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

- i. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) We are informed that the physical verification of fixed assets was carried out by the management at year end. According to the information and explanations given to us, discrepancies noticed on such verification were not material and have been dealt with appropriately in the books of accounts.
 - (c) There has not been any substantial disposal of fixed assets during the year and hence the question of the disposal of fixed assets affecting the going concern status of the Company does not arise.
- ii. In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals except cloth lying with third party processors as on 31st March, 2013 aggregating to Rs 13.33 lakhs (previous year Rs. 9.12 lakhs) for which confirmations have been obtained.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. (a) According to information and explanations given to us, Company has granted interest free unsecured loan repayable on demand to its Subsidiary which is covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.622.96 lakhs. The maximum amount involved during the year and the outstanding balance of such loan as at the year end are Rs. 991.24 lakhs and Rs. 991.24 lakhs respectively.

Since the loan is interest free and repayable on demand, in our opinion:

 - (b) the terms and conditions of the loan are not prima facie prejudicial to the interest of the company.
 - (c) The question of its regular payment of principal and interest does not arise.
 - (d) Since the loan is repayable on demand, the question of their overdue amounts being more than Rs. 1 lakh, does not arise and hence clause 4(iii)(d) of the Order is not applicable.
 - (e) According to information and explanations given to us, during the year, the Company has not received unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. However, the Company has received an opening balance of Rs. 90 lakhs, being interest bearing unsecured loan repayable on demand during the previous year and which is since repaid in full during the year. The Maximum amount involved during the year and outstanding balance of such loan as at the year end are Rs. 90 lakhs and Rs. Nil respectively.
 - (f) The rate of interest and other terms and conditions of such unsecured loans, in our opinion, are not prima facie prejudicial to the interest of the Company.
 - (g) Since the loans are repaid/repayable on demand, the question of its regular payment of principal and interest does not arise and hence clause 4(iii)(g) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not noticed any major weaknesses in the internal control system during the course of audit.
- v. In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in section 301 that needed to be entered in the register, maintained under the said section have been so entered.



- (b) There is no such transaction (excluding loans reported under paragraph (iii) above), which is in excess of Rs. 5 lakhs in respect of any party.
- vi. The Company has not accepted any deposits from the public and hence, the provisions of section 58A, 58AA and its rules, and also the directions of the Reserve Bank of India, or any other relevant provisions of the Act and the rules framed there under not are applicable. Hence clause 4 (vi) of the Order is not applicable.
- vii. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management are commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of accounts and records maintained by the Company relating to the manufacture of textiles pursuant to the order made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. In respect of statutory dues:
- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Labour Welfare Fund, Income-tax, Wealth Tax, Central Sales-tax, Value Added Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable with the appropriate authorities during the year. Further, there are no disputed amounts payable in respect of statutory dues.
- (b) According to the information and explanations given to us, Income tax, Excise duty and Property Tax dues which have not been deposited as on March 31, 2013 on account of disputes are given below:

Name Of Statute	Nature of dues	Amount (Rs. in lakhs) (Gross)	Period to which the dues relate	Forum Where dispute is pending
Income Tax Act, 1961	Income Tax dues	3.12	A.Y. 2007-08	Commissioner of Income Tax.
		132.34	A.Y. 2010-11	Commissioner of Income Tax.
Central Excise Act	Excise Duty	4.06	1977-2002	Asst./Dy. Commissioner of Central Excise.
		2.49		Joint Commissioner of Central Excise
		38.04		Commissioner (Appeals) of Central Excise
		102.10	1996-2003	CESTAT
		44.93	1994-1999	Supreme Court
Maharashtra Sales Tax and Central Sales Tax	Sales Tax & Central Sales Tax	86.57	2000-01 to 2004-05	Dy. Commissioner of sales-tax (Appeal)-I
Maharashtra Sales Tax on the transfer of property in goods involved in the execution of the work contract (Reenacted) Act, 1989	Work contract Tax	59.03	1990-91 to 2000-01	Dy. Commissioner of sales-tax (Appeal)-I

- x. The Company does not have accumulated losses as at the end of the financial year and hence the question of accumulated losses being more than fifty per cent of its net worth does not arise. The Company has not incurred cash losses in the current financial year and the immediate preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company is not indebted to any bank and hence the question of default in repayment does not arise.

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

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

MUKUL M. PATEL
Partner
Membership No. 32489

Place: Mumbai
Date : May 4, 2013



HINDOOSTAN MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

₹ in lakhs

	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	166.45	166.45
Reserves And Surplus	2	9,330.39	9,058.05
Non-Current Liabilities			
Long Term Provisions	3	183.14	168.04
Current Liabilities			
Short-Term Borrowings	4	-	90.00
Trade Payables	5	448.31	670.76
Other Current Liabilities	6	727.92	642.08
Short-Term Provisions	7	216.91	145.42
TOTAL		11,073.12	10,940.80
II. ASSETS			
Non-Current Assets			
Fixed Assets	8		
Tangible Assets		5,053.24	4,395.51
Intangible Assets		6.00	6.00
Capital Work in Progress		66.02	815.99
Retired Fixed Assets		2.09	-
Non-Current Investments	9	43.01	43.01
Long Term Loans And Advances	10	104.15	196.74
Other Non Current Assets	11	6.96	8.38
Current Assets			
Current Investments	12	545.20	67.20
Inventories	13	1,967.42	2,067.71
Trade Receivables	14	1,634.53	1,583.16
Cash and Bank Balances	15	62.61	173.86
Short-Term Loans And Advances	16	1,576.78	1,579.23
Other Current Assets	17	5.11	4.01
TOTAL		11,073.12	10,940.80
SIGNIFICANT ACCOUNTING POLICIES	26 A		
OTHER NOTES TO ACCOUNTS	26 B		

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

As per our report of even date attached

FOR M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

Mukul M. Patel

Partner

Membership No. : 32489

PLACE : MUMBAI

DATE : May 4, 2013

For and on behalf of the Board

Abhimanyu Thackersey

Executive Director

Hrishikesh Thackersey

Executive Director

PLACE : MUMBAI

DATE : May 4, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹in lakhs

	Note No	Current Year	Previous Year
I. Revenue from Operations	18	10,643.50	10,272.13
II. Other Income	19	200.87	201.01
III. Provision for Diminution in Investment Written Back		2.55	14.63
IV. Total Revenue (I +II+ III)		10,846.92	10,487.77
V. Expenses:			
Cost of Materials Consumed	20	6,194.17	7,047.37
Purchase of Stock-in-Trade		651.96	613.33
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	49.85	(278.93)
Employee Benefits Expense	22	830.46	786.55
Finance costs	23	6.52	7.04
Depreciation and Amortisation Cost	24	471.57	411.97
Other Expenses	25	2,102.56	2,134.45
Total Expenses		10,307.09	10,721.78
VI. Profit/ (Loss) before Exceptional and Extraordinary Items and Tax	(IV - V)	539.83	(234.01)
VII. Exceptional Items		1.25	114.86
VIII. Profit/(Loss) Before Tax	(VI+VII)	541.08	(119.15)
IX. Tax Expense:			
Current Tax		116.00	-
Short Provision of Tax of Earlier Year		7.65	-
X. Profit/ (Loss) for the year	(VIII-IX)	417.43	(119.15)
XI. Earning per Equity Share of ₹ 10/- each Basic and Diluted (Refer Note 26B point no. XV of Other Notes to Accounts)	₹	25.08	(7.16)
SIGNIFICANT ACCOUNTING POLICIES	26 A		
OTHER NOTES TO ACCOUNTS	26 B		

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

As per our report of even date attached

FOR M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

For and on behalf of the Board

Abhimanyu Thackersey

Executive Director

Mukul M. Patel

Partner

Membership No. : 32489

Hrishikesh Thackersey

Executive Director

PLACE : MUMBAI

DATE : May 4, 2013

PLACE : MUMBAI

DATE : May 4, 2013


CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	Current Year		Previous Year
A. CASHFLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) before Taxation		541.08	(119.15)
Adjustment for :			
Depreciation	471.57		411.97
Finance Cost	6.52		7.04
Fixed Assets Written off	1.69		2.65
Provision for Doubtful Debts	27.58		9.82
Bad Debts and Debit Balances Written Off	1.74		5.15
Dividend Income	(0.69)		(12.55)
Lease Income	(48.72)		(50.34)
Profit on Sale of Investments (Net)	(24.27)		(24.10)
Profit on Sale of Fixed Assets (Net)	(7.89)		(117.51)
Provision for Diminution in Value of Investment	-		2.55
Provision no longer required written back	(4.35)		(46.44)
Sundry Credit Balance Written Back	(10.39)		(60.03)
Interest Income	(127.19)		(114.02)
Provision for Diminution in Investment Written Back	(2.55)		(14.63)
		283.03	(0.44)
Operating Profit before Working Capital Changes		824.11	(119.59)
Changes in :			
Inventories	100.28		23.05
Trade and Other Receivables	(69.86)		177.05
Trade and other Payables	(123.26)		193.16
Provisions	40.22		7.03
		(52.62)	400.29
Cash Generated from Operations		771.49	280.70
Direct Taxed paid (Net of Refunds)		583.83	(62.54)
Net Cash Generated From Operating Activities		1355.32	218.16
B. CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(385.13)		(2733.02)
Sale of Fixed Assets	9.92		162.11
Interest Received	127.19		114.02
Dividend Received	0.69		12.55
Lease Income Received	48.72		50.34
Investments Purchased and Sold (Net)	(451.18)		1102.16
Net Cash used in Investing Activities		(649.79)	(1291.84)

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

₹ in lakhs

	Current Year		Previous Year
C CASHFLOW FROM FINANCING ACTIVITIES			
Dividend Paid	(95.35)		(164.40)
Interest Paid	(8.46)		(5.19)
Short Term Borrowing	(90.00)		90.00
Loan to Subsidiary	(622.96)		(145.50)
Net Cash used in Financing Activities		(816.77)	(225.09)
Net Increase in Cash and Bank Balance		(111.24)	(1298.76)
Cash and Bank Balance at the beginning of the year			
Cash and Cash Equivalents	160.77		160.20
Other Bank Balances	13.09		1312.42
Cash and Bank Balance at the end of the year		173.86	1472.62
Cash and Cash Equivalents	47.41		160.77
Other Bank Balances	15.20		13.09
		62.61	173.86

Notes :

- 1 Cash and Cash equivalents denote cash and Bank balances at the year end.
- 2 The Cashflow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3- 'Cash Flow Statement' (AS -3) issued by the Institute of Chartered Accountants of India.
- 3 Direct Taxes paid (Net of refunds) is treated as arising from operating activities and is not bifurcated between investing and financing activities.
- 4 Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached

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

For and on behalf of the Board

Abhimanyu Thackersey
Executive Director

Mukul M. Patel
Partner
Membership No. : 32489

Hrishikesh Thackersey
Executive Director

PLACE : MUMBAI
DATE : May 4, 2013

PLACE : MUMBAI
DATE : May 4, 2013


NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
2,27,67,500 (P. Y. 2,27,67,500) Equity Shares of ₹ 10/- each	2,276.75	2,276.75
2,500 (P. Y. 2,500) 5% Redeemable Cumulative "A" Preference Shares of ₹ 10/- each	0.25	0.25
7,80,000 (P. Y. 7,80,000) 15% Non Convertible Redeemable Non Cumulative Preference Shares of ₹ 10/- each	78.00	78.00
1,00,00,000 (P. Y. 1,00,00,000) Preference Shares of ₹ 10/- each	1,000.00	1,000.00
TOTAL	3,355.00	3,355.00
ISSUED , SUBSCRIBED AND PAID UP CAPITAL		
16,64,548 (P. Y. 16,64,548) Equity Shares of ₹10 /- each fully paid up	166.45	166.45
TOTAL	166.45	166.45

- a) The Company has issued only one class of shares referred to as Equity Shares having a par value of ₹ 10/-. Each holder of Equity Shares is entitled to one vote per share.
9,58,708, Equity Shares of ₹ 10 /- each are allotted on 27th June 2011 as fully paid up without payment being received in cash pursuant to the scheme of Amalgamation Sanctioned by the High Court of Bombay dated 1st April 2011.
- b) **Reconciliation of No. of Shares outstanding at the beginning and at the end of the year**

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
16,64,548 Equity Shares at the beginning and at the end of the year of ₹ 10/- each fully paid up	166.45	166.45
	166.45	166.45

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

Name of Equity Shareholders	No. of Shares Held	Percentage of Holding
Chandrani Investments Private Limited		
Current year	83,396	5.01%
Previous year	83,396	5.01%
Mr. Jagdish Thackersey		
Current year	180,586	10.85%
Previous year	180,386	10.85%
Mr. Raoul Thackersey		
Current year	104,690	6.29%
Previous year	104,690	6.29%

NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 2 : RESERVES AND SURPLUS		
Capital Reserve	1,076.11	1,076.11
Capital Redemption Reserve	83.63	83.63
Securities Premium Account	587.78	587.78
Other Reserve		
Reserve under Section 45-IC of Reserve Bank of India Act	48.47	48.47
Less : Transferred to Surplus (Refer Note 26B point no. IV of Other Notes to Accounts)	48.47	-
	-	48.47
General Reserve		
Balance as per last Financial Statement	6,823.61	6,750.91
Add: Transfer from Surplus	43.00	72.70
Balance transferred to Balance Sheet	6,866.61	6,823.61
Surplus		
Balance as per last Financial Statement	438.45	727.03
Add : Transferred from Reserve under Section 45 -IC	48.47	-
	486.92	727.03
Add: Net Profit / (Loss) after tax transferred from Statement of Profit & Loss	417.43	(119.15)
Amount available for Appropriation (A)	904.35	607.88
Appropriations:		
Proposed Dividend	124.84	83.23
Tax on Proposed Dividend	20.25	13.50
Transfer to General Reserve	43.00	72.70
Total of Appropriations (B)	188.09	169.43
Balance in Surplus (A-B)	716.26	438.45
TOTAL	9,330.39	9,058.05
NOTE 3 : LONG TERM PROVISIONS		
<u>Provision for Employees Benefits</u>		
Provision for Leave Salary	38.63	37.23
Provision for Gratuity	144.51	130.81
TOTAL	183.14	168.04
NOTE 4 : SHORT TERM BORROWINGS (REPAYABLE ON DEMAND)		
12 % Unsecured Loan from Related Party	-	90.00
TOTAL	-	90.00


NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 5 : TRADE PAYABLES		
Trade Payables (Refer Note 26B point no. X of Other Notes to Accounts)	448.31	670.76
TOTAL	448.31	670.76
NOTE 6 : OTHER CURRENT LIABILITIES		
Interest accrued but not due on Borrowing	-	1.94
Unclaimed Dividend	5.63	4.25
Other Liabilities	677.37	579.91
Advances from Customers	33.16	39.99
Withholding Taxes Payable	11.76	15.99
TOTAL	727.92	642.08
NOTE 7 : SHORT TERM PROVISIONS		
<u>Provision For Employee Benefits</u>		
Provision for Leave Salary	6.57	12.36
Provision for Gratuity	47.58	16.68
Provision for Bonus	17.67	19.65
	71.82	48.69
<u>Others</u>		
Proposed Dividend	124.84	83.23
Corporate Dividend Tax on Proposed Dividend	20.25	13.50
	145.09	96.73
TOTAL	216.91	145.42

NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE 8 : FIXED ASSETS

₹ in lakhs

Description	GROSS BLOCK						DEPRECIATION BLOCK/AMORTISATION						NET BLOCK	
	Opening Block as at 1.4.2012	Additions during the year	Deductions during the year	Transferred to Retired Assets	Write off during the year	Closing Block as at 31.03.2013	Opening Block as at 1.4.2012	For the Year	Deductions during the Year	Transferred to Retired Assets	Write off during the year	Closing Block as at 31.03.2013	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS														
<u>Land</u>														
Freehold Land	5.90	-	-	-	-	5.90	-	-	-	-	-	-	5.90	5.90
Leasehold Land	117.12	-	-	-	-	117.12	21.65	1.23	-	-	22.88	94.24	95.47	95.47
<u>Buildings</u>	1,768.40	494.66	-	-	-	2,263.06	1,157.61	65.71	-	-	1,223.32	1,039.74	610.79	610.79
<u>Plant and Equipments</u>														
Plant and Machinery	10,279.18	538.62	32.63	-	4.29	10,780.88	6,777.38	357.86	30.99	-	2.60	7,101.65	3,679.23	3,501.80
Office Equipment	42.71	11.62	-	2.76	-	51.57	19.11	4.41	-	1.62	-	21.90	29.67	23.60
Electrical Installations	282.54	38.52	-	-	-	321.06	236.83	9.16	-	-	-	245.99	75.07	45.71
<u>Furniture & Fixture</u>	54.53	30.83	0.82	2.88	-	81.66	30.42	7.52	0.44	2.06	-	35.44	46.22	24.11
<u>Vehicle</u>	138.40	11.34	-	-	-	149.74	58.43	20.86	-	-	-	79.29	70.45	79.97
<u>Computer</u>	39.07	9.51	-	1.33	-	47.25	30.91	4.82	-	1.20	-	34.53	12.72	8.16
Total Tangible Asset	12,727.85	1,135.10	33.45	6.97	4.29	13,818.24	8,332.34	471.57	31.43	4.88	2.60	8,765.00	5,053.24	4,395.51
INTANGIBLE ASSETS														
<u>Tenancy Right</u>	6.00	-	-	-	-	6.00	-	-	-	-	-	-	6.00	6.00
Total Intangible Asset	6.00	-	-	-	-	6.00	-	-	-	-	-	-	6.00	6.00
<u>Capital Work In Progress</u>	815.99	66.02	815.99	-	-	66.02	-	-	-	-	-	-	66.02	815.99
Total (Current Year)	13,549.84	1,201.12	849.44	6.97	4.29	13,890.26	8,332.34	471.57	31.43	4.88	2.60	8,765.00	5,125.26	5,217.50
Total (Previous Year)	(11,680.85)	(3,036.48)	(1,143.17)	-	(24.32)	(13,549.84)	(8,737.15)	(411.97)	(795.11)	-	(21.67)	(8,332.34)	(5,217.50)	


NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in lakhs	
	As at 31.03.2013	As at 31.03.2012
NOTE 9 : NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)		
Trade Investments (Unquoted)		
50,000 Equity Shares of Hindoostan Technical Fabrics Ltd. of ₹ 10/- each fully paid up (A wholly owned subsidiary of Hindoostan Mills Limited) (Refer Note no. 26B. Point no VI A of Other Notes to Accounts)	5.00	5.00
Other Investments		
Quoted		
<u>Investments in Equity Instruments</u>		
60 (P.Y.60) Equity shares of ₹ 2/- each fully paid up in Siemens Ltd.	0.01	0.01
Unquoted		
<u>Investment in Property</u>		
5/8 th share (P.Y.5/8 th) in Bruce Street Property	35.34	35.34
42 (P.Y.42) Shares of ₹ 5000/- each in Yashwant Sahakari Sakhar Karkhana Ltd. Less : Provision for diminution in value (Refer Note no.26B . Point no VI B of other Notes to Accounts)	2.10 (2.10)	2.10 (2.10)
<u>Investments in Preference Shares</u>		
13,334 (P.Y.13,334) 0.10% Redeemable Preference Shares of ₹10/- each fully paid up in Bhishma Realty Limited	1.33	1.33
13,333 (P.Y.13,333) 0.10% Redeemable Preference Shares of ₹10/- each fully paid up in Capricon Realty Limited	1.33	1.33
TOTAL	43.01	43.01
Aggregate amount of Quoted Investments and Market Value		
Quoted Investments		
(Market Value as on 31.03.2013 ₹ 0.33 lakh (P.Y. ₹ 0.45 lakh))	0.01	0.01
TOTAL	0.01	0.01
Unquoted Investments		
Trade	5.00	5.00
Other	38.00	38.00
TOTAL	43.00	43.00
NOTE 10 : LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Capital Advances	22.00	117.81
Security Deposit	82.15	78.93
TOTAL	104.15	196.74

NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in lakhs	
	As at 31.03.2013	As at 31.03.2012
NOTE 11 : OTHER NON CURRENT ASSETS		
Long Term Trade Receivables (Unsecured)		
Considered Good	6.96	8.38
Doubtful	37.40	0.26
Less : Provision for Doubtful Debts	(37.40)	(0.26)
	-	-
TOTAL	6.96	8.38
NOTE 12 : CURRENT INVESTMENTS		
Quoted :		
Investments in Equity Instruments (At cost unless otherwise stated)		
C.Y Nil (P.Y. 550) Larsen and Toubro Ltd	-	9.74
Less : Provision for Diminution in Value of Investment	-	2.55
	-	7.19
Unquoted :		
Investments in Mutual Funds		
C.Y. Nil (P.Y. 5,98,235.182) HDFC Cash Management Fund	-	60.01
4,61677.671 (P.Y. Nil) units of Birla Short Term Fund	193.80	-
25,08,922.271 (P.Y.Nil) units of HDFC Short Term Opportunities Fund	308.38	-
2,14,543.251(P.Y.Nil) units of HDFC Floating Rate Fund	43.02	-
	545.20	60.01
TOTAL	545.20	67.20
Aggregate amount of Quoted Investments and Market Value		
(Market Value as on 31.03.2013 ₹ Nil (P.Y. ₹ 7.19 lakhs))	-	7.19
TOTAL	-	7.19
Aggregate amount of Unquoted Investments		
Other Unquoted Investments	545.20	60.01
TOTAL	545.20	60.01


NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 13 : INVENTORIES (LOWER OF COST OR NET REALISABLE VALUE)		
Raw Materials	909.19	978.31
Work-in-Process	382.20	364.47
Finished Goods	493.04	550.74
Stock-in-Trade	28.74	38.62
Stores, Spares and Loose tools	153.25	134.57
Property under Development	1.00	1.00
(Refer Note 26B point no. VII of Other Notes to Accounts)		
TOTAL	1,967.42	2,067.71
NOTE 14 : TRADE RECEIVABLES (CURRENT)		
Unsecured		
<u>Outstanding for a period exceeding six months</u>		
Considered Good	16.92	24.57
Doubtful	-	9.82
Less : Provision for Doubtful Debts	-	(9.82)
	16.92	24.57
<u>Others</u>		
Considered Good	1,617.61	1,558.59
TOTAL	1,634.53	1,583.16
NOTE 15 : CASH AND BANK BALANCES		
<u>Cash and Cash Equivalents</u>		
<u>Balances with Banks</u>		
In Current Accounts	39.65	159.27
<u>Cash On Hand</u>	7.76	1.50
<u>Other Bank Balances</u>		
Margin Money Deposit	9.57	8.84
In Current Account (Unpaid Dividend)	5.63	4.25
	15.20	13.09
TOTAL	62.61	173.86

NOTES TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 16 : SHORT TERMS LOANS AND ADVANCES		
Unsecured , Considered Good		
<u>Loans & Advances</u>		
To Subsidiary Company	991.24	368.28
(Refer Note 26B point no. VIII of Other Notes to Accounts)		
<u>Others</u>		
Advances to Employees	0.53	0.80
Advances to Suppliers	4.60	4.33
Balance with Central Excise	15.88	6.05
Vat Refund Receivable	197.02	159.27
Advance Tax (Net of Provisions)	259.15	966.63
Other Advances	157.26	122.80
Less : Provision	(48.90)	(48.93)
	108.36	73.87
TOTAL	1,576.78	1,579.23
NOTE 17 : OTHER CURRENT ASSETS		
Interest Receivable	5.11	4.01
TOTAL	5.11	4.01


NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	Current Year	Previous Year
NOTE 18 : REVENUE FROM OPERATIONS		
Sale of Products	10,226.76	9,782.17
Sale of Services	267.26	264.55
Less: Excise duty	33.45	36.76
	10,460.57	10,009.96
Other Operating Revenues		
Export Incentives	63.17	19.27
Sales Tax Setoff	42.75	61.10
Others	62.27	75.33
Provision no longer required written back	4.35	46.44
Sundry Credit Balance Written Back	10.39	60.03
	182.93	262.17
TOTAL	10,643.50	10,272.13
NOTE 19 : OTHER INCOME		
Interest Income	127.19	114.02
Dividend Income	0.69	12.55
Net Gain on sale of Investments	24.27	24.10
Lease Income (Net)	48.72	50.34
TOTAL	200.87	201.01
NOTE 20 : COST OF MATERIALS CONSUMED		
Opening Stock	978.31	1,292.21
Add : Purchase of Raw Materials	6,125.05	6,733.47
Less : Closing Stock	909.19	978.31
TOTAL	6,194.17	7,047.37

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Current Year	Previous Year
NOTE 21 : CHANGE IN INVENTORIES		
<u>Opening Stock</u>		
Work-in-Process	364.47	293.64
Finished Goods	550.74	294.61
Traded Goods	38.62	86.65
	953.83	674.90
Less : <u>Closing Stock</u>		
Work-in-Process	382.20	364.47
Finished Goods	493.04	550.74
Traded Goods	28.74	38.62
	903.98	953.83
TOTAL	49.85	(278.93)
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
<u>Salaries & Wages</u>		
Salaries & Wages	634.16	634.16
Bonus	18.14	19.95
Leave Encashment	8.14	2.86
<u>Contribution to Provident and Other Funds</u>		
Contribution to Provident Fund	57.63	55.57
Contribution to ESIC	1.80	1.57
Contribution to Labour Welfare Funds	0.37	0.35
Contribution to Gratuity	56.64	36.57
Contribution to Superannuation Fund	13.97	8.92
<u>Staff Welfare Expense</u>	39.61	26.60
TOTAL	830.46	786.55
NOTE 23 : FINANCE COST		
Interest Expense	6.52	7.04
TOTAL	6.52	7.04


NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Current Year	Previous Year
NOTE 24 : DEPRECIATION AND AMORTISATION COST		
Depreciation and Amortisation Cost	471.57	411.97
TOTAL	471.57	411.97
NOTE 25 : OTHER EXPENSES		
Consumption of Stores and Spares	432.55	514.49
Power and Fuel	774.43	808.21
Processing Charges	129.70	92.69
Rent	23.02	18.87
Rates and Taxes	33.56	37.44
Repairs to Buildings	7.44	30.81
Repairs to Machinery	10.16	20.66
Other Repairs	20.61	42.13
Insurance	25.20	21.51
Freight, Forwading and Clearing Charges	69.24	54.36
Commission, Brokerage and Incentives	161.60	150.21
Legal and Professional fees	111.95	29.92
Miscellaneous Expenses	260.11	283.11
Auditors Remuneration	9.16	9.34
Directors Fees	5.06	7.15
Provision for Diminution in Value of Investment	-	2.55
Provision for Doubtful Debts	27.58	9.82
Wealth Tax	1.19	1.18
TOTAL	2,102.56	2,134.45
<u>Auditors Remuneration:</u>		
For Audit fees	4.81	5.02
For Tax Audit	1.11	1.11
For other services	3.24	3.21
	9.16	9.34

NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES
1. Basis of Preparation of Financial Statements:

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2. Use of Estimates:

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

3. Fixed Assets:**A. Tangible Fixed Assets**

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

B. Intangible Fixed Assets

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

C. Assets taken on Lease:**a. Finance Lease**

Assets taken on finance lease after April 1, 2001 are accounted for as fixed assets in accordance with the Accounting Standard 19 "Lease" (AS 19) issued by the Institute of Chartered Accountants of India and prescribed by the Companies (Accounting Standards) Rules, 2006. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

b. Operating Lease

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

4. Depreciation of Tangible Fixed Assets:**I. Textile Unit:**

- a. Depreciation on all the Plant & Machineries acquired is provided on the Straight Line Method in accordance with Schedule XIV to the Companies Act, 1956.
- b. Depreciation on assets other than Plant & Machineries acquired is provided on the Written Down Method in accordance with Schedule XIV to the Companies Act, 1956.
- c. Cost of Reeds are written off over the period of 2 years.



NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

II. Roll Manufacturing Unit:

- a. Depreciation on Fixed Assets is provided on the Straight Line Method for the assets acquired upto March 31, 2001 in accordance with Schedule XIV to the Companies Act, 1956.
- b. Depreciation on Fixed Assets acquired after April 1, 2001 is provided on the Written Down Method in accordance with Schedule XIV to the Companies Act, 1956.

III. Depreciation on additions to fixed assets is provided on pro-rata basis from the date of acquisition or installation, and in case of new project from the date of commencement of commercial production.

IV. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

V. Cost of Leasehold Land is written off over the period of Lease.

5. Investments:

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

6. Inventories:

a. Textile Unit:

- i. Raw Materials
At monthly average cost or net realizable value whichever is lower.
- ii. Process Stock and Finished Goods
At quarterly average cost or net realizable value whichever is lower.
- iii. Stores and Spares
At cost or net realizable value whichever is lower.

b. Roll Manufacturing Unit:

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

- i. Raw Materials
At cost or net realizable value whichever is lower.
- ii. Process stock
Cost comprises of Raw Material cost and processing cost.
- iii. Stores & Other Consumables
Stores & Other Consumables are valued at cost. Cost is considered on First in First out Basis.
- iv. Finished goods
Finished Goods are valued at lower of cost or net realizable value.

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

NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (Contd.)**7. Employee Benefits:****Defined Contribution Plan:**

Employee Benefit in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Statement of Profit and Loss for the year when the contributions to the respective funds are due.

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

Defined Benefit Plan:

The liability for Leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard 15 "Employee Benefits" (AS-15) issued by the Institute of Chartered Accountants of India and prescribed by the Companies (Accounting Standards) Rules, 2006.

8. Foreign Currency Transactions:

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

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

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

9. Research and Development:

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

10. Revenue Recognition:

- a. Revenue from domestic sale is recognized on transfer of significant risks and rewards of ownership which is based on the dispatch of goods.
- b. Revenue from Export sale is recognized on transfer of significant risks and rewards of ownership which is based on Bill of lading date.
- c. Dividend income is recognized when the right to receive dividend is established.
- d. Income from property development is accounted on pro-rata basis taking into consideration amount receivable for property development, number of flats sold and construction work completed.
- e. Revenue in respect of other income/claims, etc is only when it is reasonably certain that ultimate collection will be made.



NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

11. Taxes on income:

Income Taxes are accounted for in accordance with Accounting Standard – 22 on “Accounting for Taxes on Income” (AS-22) issued by the Institute of Chartered Accountants of India and prescribed by the Companies (Accounting Standards) Rules, 2006. Tax expenses comprise both Current Tax and Deferred Tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred Tax Assets and Liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

12. Accounting of Value Added Tax (VAT):

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

13. Borrowing Costs:

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

14. Provision, Contingent Liabilities and Contingent Assets:

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

15. Impairment of Fixed Assets:

At the end of the each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with the Accounting Standard 28 “Impairment of Assets” (AS 28) issued by the Institute of Chartered Accountants of India and prescribed by the Companies (Accounting Standards) Rules, 2006. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

NOTE 26B: OTHER NOTES TO ACCOUNTS

₹ in lakhs

	Current Year	Previous Year
I. ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED		
A Estimated amount of contracts remaining to be executed on capital account and not provided for	48.84	114.19
B Other Commitments	680.68	551.10
II. CONTINGENT LIABILITIES IN RESPECT OF:		
A The Income-Tax demands in respect of earlier years under dispute are pending in appeal before higher authorities.	131.47	3.12
B Claims against the Company not acknowledged as debts [including disputed demands of Central Excise for ₹116.07 lakhs (P.Y. ₹116.07 lakhs), Sales Tax ₹78.90 lakhs (P.Y ₹ 79.30 lakhs) and Works Contract Tax ₹ 36.03 lakhs (P.Y. ₹ 36.03 lakhs)	748.45	748.85
C Demand for payment of electricity duty by Government of Maharashtra matter resting with Supreme Court	228.20	228.20
D Concessional Custom Duty on Machinery Imported	538.69	715.40
III. With a view to consolidate its manufacturing activities at one centralized place, the company has setup a new factory for manufacture of Calender Rolls at Karad, Maharashtra. The new factory has started functioning from December, 2012 and the Company has decided to shift its Roll manufacturing activities along with employees of Ambernath factory to the aforesaid new factory at Karad.		
IV. Reserves and Surplus as on 1st April, 2009 included Reserve under Section 45 IC of Reserve Bank of India Act, aggregating to ₹ 48.47 lakhs. Since the Company is engaged in manufacturing activities, the Company is of the view that there is no obligation to maintain the Reserve and accordingly, the amount of ₹ 48.47 lakhs is transferred to Surplus.		
V. The Board of Directors has recommended a dividend of ₹ 7.50 per share on 1,664,548 Equity Shares of ₹ 10/- each aggregating to ₹145.09 lakhs (Inclusive of Dividend Distribution Tax of ₹ 20.25lakhs)		
VI. INVESTMENTS:		
A. The investments in unquoted shares of Hindoostan Technical Fabrics Ltd., (Wholly owned subsidiary) have been acquired at par. Though their present book value is lower than their cost of acquisition, keeping in view their long term business synergies and potential, the management is of the opinion that no provision for fall in their values is required to be made.		
B. The Investment of 42 Shares in Yeshwant Sahakari Sakhar Karkhana Ltd. (Society), are held in the names of two Directors of the Company, being its nominees, as required by the bye-laws of the Society.		
VII. Property under Development reflected as stock in trade was written down to ₹ 1 lakh in the previous year as a measure of prudence. The settlement of account is a matter of dispute between the Company (owner) and developer and there are claims and counter claims. The matter has been referred to arbitration in 2002 which is pending resolution. Accordingly, impact of Arbitration Award will be captured in the Books as and when it will be crystallized.		
VIII. The Company has granted interest free unsecured loan to its Subsidiary which is repayable on demand. Hence, although the loan is outstanding for more than twelve months as on 31st March, 2013, it is presented as Short Term Loan.		
IX. During the year 2003-04, in terms of Sanctioned Scheme, the secured lenders dues were transferred to the SPVs in full settlement of their dues from the Company. All secured lenders except Union Bank of India (UBI) have released their charge on the assets of Karad unit. With respect to UBI, the charge will be released shortly.		


NOTE 26B: OTHER NOTES TO ACCOUNTS (Contd.)
X. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

		₹ in lakhs	
		Current Year	Previous Year
A	Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	NIL	NIL
B	Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	N.A.	N.A.
C	Payment made to suppliers (Other than interest) beyond the appointed date, during the year	N.A.	N.A.
D	Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	N.A.	N.A.
E	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	N.A.	N.A.
F	Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	N.A.	N.A.
G	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	N.A.	N.A.

XI. Current Tax: In view of carry forward losses under Income Tax Act, 1961, no provision for Income Tax is required to be made. However, the Company has provided for Minimum Alternate Tax under section 115JB of the Income Tax Act, 1961.

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

XII. ADDITIONAL INFORMATION:

		₹ in lakhs	
		Current Year	Previous Year
A	<u>SALES</u>		
	<u>Sale of Goods</u>		
	<u>Manufactured Goods</u>		
	Cloth	8,861.54	8,421.37
	Yarn	98.24	76.96
	Elastic Calender Bowls	377.47	346.60
	Waste	88.95	107.06
	Total Sale of Manufactured Goods	9,426.20	8,951.99
	<u>Traded Goods</u>		
	Cloth	765.15	778.27
	Mangle Machines	1.96	15.15
	Total Sale of Traded Goods	767.11	793.42
	<u>Services</u>		
	Refilling of Calender Bowls	232.58	233.06
	Job Work	34.68	31.49
	Total Services	267.26	264.55
	GRAND TOTAL	10,460.57	10,009.96
B	<u>CONSUMPTION OF RAW MATERIALS</u>		
	Cotton and Fiber	1,835.78	3,071.23
	Yarn	4,151.16	3,768.41
	Others	207.23	207.73
	TOTAL	6,194.17	7,047.37

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

		₹ in lakhs	
		Current Year	Previous Year
XII. ADDITIONAL INFORMATION: (Contd.)			
C	<u>PURCHASE OF TRADED GOODS</u>		
	Cloth	649.80	604.07
	Mangle Machines	2.16	9.26
	TOTAL	651.96	613.33
D (i)	<u>STOCK OF FINISHED GOODS</u>		
	<u>Opening Stock of Finished Goods:</u>		
	<u>Manufactured Goods</u>		
	Cloth	534.15	285.27
	Elastic Calender Bowl	7.40	2.80
	Waste	5.77	6.63
	<u>Traded Goods</u>		
	Cloth	36.27	84.02
	Mangle Machines	2.36	2.54
	Refilling of Calender Bowls	3.41	-
	Total opening Stock of Finished Goods	589.36	381.26
	<u>Closing Stock of Finished Goods:</u>		
	<u>Manufactured Goods</u>		
	Cloth	443.71	534.15
	Elastic Calender Bowl	14.52	7.40
	Waste	5.67	5.77
	<u>Traded Goods</u>		
	Cloth	26.38	36.27
	Mangle Machines	2.36	2.36
	Refilling of Calender Bowls	29.14	3.41
	Total Closing Stock of Finished Goods	521.78	589.36
(ii)	<u>STOCK OF WIP</u>		
	<u>Opening Stock of WIP</u>		
	<u>Manufactured Goods</u>		
	Cloth	20.65	34.50
	Yarn	336.66	239.87
	Calender Bowl	1.95	6.55
	<u>Traded Goods</u>		
	Cloth	1.76	11.74
	Refilling of Calender Bowls	3.45	0.98
	Total Opening Stock of WIP	364.47	293.64
	<u>Closing Stock of WIP</u>		
	<u>Manufactured Goods</u>		
	Cloth	12.50	20.65
	Yarn	359.92	336.66
	Calender Bowl	1.01	1.95
	<u>Traded Goods</u>		
	Cloth	8.77	1.76
	Refilling of Calender Bowls	-	3.45
	Total Closing Stock of WIP	382.20	364.47


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

		₹ in lakhs	
		Current Year	Previous Year
XIII. OTHER DISCLOSURES			
A. C.I.F. Value of Imports in respect of:			
Raw Material		64.94	88.72
Stores, Spares & Components		46.74	110.32
Capital Goods		51.02	1,938.31
TOTAL		162.70	2,137.35
B. Expenditure in Foreign Currency on account of:			
Commission		33.39	4.99
Foreign Travel		3.58	16.72
TOTAL		36.97	21.71

		₹ in lakhs			
		Current Year		Previous Year	
C. Value of Raw Materials Consumed:		Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
Imported		1.42%	87.79	1.37%	96.36
Indigenous		98.58%	6,106.38	98.63%	6,951.01
TOTAL		100.00%	6,194.17	100.00%	7,047.37

		₹ in lakhs			
		Current Year		Previous Year	
D. Value of Stores and Spares Consumed:		Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
Imported		16.02%	69.36	18.33%	94.36
Indigenous		83.98%	363.19	81.67%	420.13
TOTAL		100.00%	432.55	100.00%	514.49

		₹ in lakhs	
		Current Year	Previous Year
E. Earnings in Foreign Exchange on account of Export of goods on F.O.B. Basis		1,656.16	536.80

		₹ in lakhs	
		Current Year	Previous Year
XIV. DETAILS OF FOREIGN CURRENCY EXPOSURES			
A	Outstanding Forward Contracts at the end of the year	509.12	321.04
B	Export Receivable not covered by Forward Contract	4.00	2.92
XV. EARNINGS PER SHARE			
	Profit/(Loss) after taxation as per Statement of Profit & Loss - ₹ in lakhs	417.43	(119.15)
	No. of Equity Shares	16,64,548	16,64,548
	Earnings per Share (of ₹ 10/- each)	25.08	(7.16)

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

	₹ in lakhs	
	Current Year	Previous Year
XVI. EMPLOYEE BENEFITS:		
A. GRATUITY (FUND BASED) :		
Reconciliation of opening and closing balances of Defined Benefit Obligation		
Present value of Defined Benefit Obligation as on 1st April	151.28	114.03
Interest cost	13.24	9.47
Current Service Cost	13.44	14.55
Past Service Cost	-	-
Benefits paid	(2.04)	(3.11)
Benefits Paid From the Fund	(3.54)	-
Net Actuarial Loss	19.96	16.34
Present value of Defined Benefit Obligation as on 31st March (Current Year includes ₹ 8.49 lakhs due to workers pending settlement of account)	192.33	151.28
Fair value of plan assets	0.24	3.79
Net liability recognized in Balance Sheet	192.09	147.49
Expenses recognized during the year		
Current Service Cost	13.44	14.55
Interest Cost	13.24	9.47
Expected return on Plan Assets	(0.32)	(0.30)
Actuarial Loss	20.28	16.64
Past Service Cost	-	-
Net Cost	46.64	40.36
Actuarial Assumptions		
Mortality Table	Indian Assured life Mortality (2006-08)	LIC(1994-96)
Discount Rate (per annum)	8.25%	8.75%
Expected rate of return on Plan Assets	8.70%	8.60%
Salary Escalation	8% for First 3 Years and 6% thereafter	

Notes:

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

B. LEAVE ENCASHMENT (NON FUND BASED):

The liability towards leave encashment for the year ended 31st March, 2013 as per actuarial valuation is ₹ 45.20 lakhs (Includes ₹ 0.79 lakh due to workers pending settlement of account) (P.Y. ₹ 49.59 lakhs), which has been duly provided for.


NOTE 26B: OTHER NOTES TO ACCOUNTS (Contd.)
XVII. SEGMENT REPORTING:

₹ in lakhs

	Calender Bowls	Textile	Unallocable Corporate	Total
A. PRIMARY BUSINESS SEGMENT				
Segment Revenue				
Current Year	665	9,979	-	10,644
Previous Year	(683)	(9,589)	-	(10,272)
TOTAL REVENUE	665	9,979	-	10,644
Previous Year	(683)	(9,589)	-	(10,272)
RESULT				
Current Year	(98)	498	-	400
Previous Year	(41)	(355)	-	(314)
Unallocated Corporate Expense/Income (Net)	-	-	-	19
Previous Year	-	-	-	(40)
OPERATING PROFIT	-	-	-	419
Previous Year	-	-	-	(354)
Interest Expenses	-	-	-	(7)
Previous Year	-	-	-	(7)
Interest / Dividend Income	-	-	-	128
Previous Year	-	-	-	(127)
Exceptional Items	-	-	-	1
Previous Year	-	-	-	(115)
PROFIT BEFORE TAX	-	-	-	541
Previous Year	-	-	-	(119)
Income Taxes (Incl. Deferred Tax)	-	-	-	124
Previous Year	-	-	-	-
NET PROFIT	-	-	-	417
Previous Year	-	-	-	(119)
B. SECONDARY SEGMENT: GEOGRAPHICAL SEGMENT				
Revenue attributable to location of customers	10,644	8,972	1,672	
	(10,272)	(9,735)	(537)	
Segment assets based on their location	1,641	1,564	77	
	(1,592)	(1,513)	(79)	
Addition to Fixed Assets	385	385	-	
	(2,733)	(2,733)	-	

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

XVIII. RELATED PARTY INFORMATION:

A.

Associates/Companies where control exists	Capricon Realty Ltd., Bhishma Realty Ltd., Thackersey Moolji & Co., Delta Investments Ltd., Govindjee Madhowjee & Co. (Pvt) Ltd., Art Leather Ltd., Bintex Investments Co. Pvt. Ltd.
Key Management Personnel (KMP)	Mr.Chandahas Thackersey Mr. Raoul Thackersey Mr. Hrishikesh Thackersey Mr. Abhimanyu Thackersey
Relative of KMP	Mr.Sudhir Thackersey Mr.Jagdish Thackersey
Subsidiary Company	Hindoostan Technical Fabrics Limited

B. TRANSACTIONS WITH RELATED PARTIES:

Sr. No.	Nature of Transactions	₹ in lakhs	
		Current Year	Previous Year
1	Sale of Fixed Assets Capricon Realty Ltd.	-	3.16
2	Rent & Maintenance charges paid Thackersey Moolji & Co.	9.60	9.60
3	Managerial Remuneration Mr. Abhimanyu Thackersey Mr. Hrishikesh Thackersey	12.95 12.95	11.05 13.25
4	Directors Sitting Fees Mr. Sudhir Thackersey (resigned w.e.f. 9th August 2012) Mr. Chandahas Thackersey Mr. Raoul Thackersey Mr. Jagdish Thackersey	0.40 0.35 0.65 -	0.65 0.65 1.00 0.05
5	Interest Paid Art Leather Ltd. Bintex Investments Ltd. Delta Investments Ltd.	4.41 - -	4.59 1.68 0.53
6	Rent Received Hindoostan Technical Fabrics Limited	0.84	0.84
7	Expenditure incurred by related parties on behalf of the Company Hindoostan Technical Fabrics Limited Govindjee Madhowjee & Co. (Pvt) Ltd.	- -	3.90 0.43
8	Reimbursement of Expenditure incurred by Company on behalf of related parties Hindoostan Technical Fabrics Limited Govindjee Madhowjee & Co. (Pvt) Ltd.	13.02 0.59	10.62 0.53
9	Unsecured Loans Given Hindoostan Technical Fabrics Limited Balance as on 1st April Loan given during the year Balance as at 31st March	368.28 622.96 991.24	222.78 145.50 368.28



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

Sr.No.	Nature of Transactions	₹ in lakhs	
		Current Year	Previous Year
B. TRANSACTIONS WITH RELATED PARTIES: (Contd.)			
10	Unsecured Loan Received		
	<u>Balance as on 1st April</u>		
	Art Leather Ltd.	90.00	-
	<u>Loan Received during the year</u>		
	Art Leather Ltd.	-	185.00
	Bintex Investments Co. Pvt. Ltd.	-	80.00
	Delta Investments Ltd.	-	25.05
	Bhishma Realty Ltd.	-	30.00
	<u>Loan Repaid during the Year</u>		
	Art Leather Ltd.	90.00	95.00
	Delta Investments Ltd.	-	25.05
	Bintex Investments Co. Pvt. Ltd.	-	80.00
	Bhishma Realty Ltd.	-	30.00
	<u>Balance as at 31st March</u>		
	Art Leather Ltd.	-	90.00

Note:

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

XIX. LOANS AND ADVANCES IN THE NATURE OF LOANS TO COMPANY IN WHICH DIRECTORS ARE INTERESTED

Sr. No.	Name	Nature of transaction	Balance as on 31.03.2013 ₹ in lakhs	Maximum Amount outstanding during the year ₹ in lakhs	No. of shares of the Company held by the Loanee as at 31.03.2013
1.	Hindoostan Technical Fabrics Limited	Loan	991.24	991.24	50,000

XX. The figures in Balance Sheet and Statement of Profit and Loss are rounded off to the nearest lakhs and indicated in lakhs of Rupees.

XXI. Previous Year's figures have been regrouped wherever necessary.

Signatures to Notes "1" to "26"

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

For and on behalf of the Board

Abhimanyu Thackersey
 Executive Director

Mukul M. Patel
 Partner
 Membership No. : 32489

Hrishikesh Thackersey
 Executive Director

PLACE : MUMBAI
 DATE : May 4, 2013

PLACE : MUMBAI
 DATE : May 4, 2013

INDEPENDENT AUDITOR'S REPORT**TO THE BOARD OF DIRECTORS OF HINDOOSTAN MILLS LIMITED**

We have audited the accompanying consolidated financial statements of **HINDOOSTAN MILLS LIMITED** ("the Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year ended then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date;
- and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

MUKUL M. PATEL
Partner
Membership No. 32489

Place: Mumbai

Date : May 4, 2013



HINDOOSTAN MILLS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

₹ in lakhs

	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	166.45	166.45
Reserves And Surplus	2	9,143.70	8,978.69
Non-Current Liabilities			
Long Term Provisions	3	186.12	169.20
Current Liabilities			
Short-Term Borrowings	4	-	90.00
Trade Payables	5	449.47	670.88
Other Current Liabilities	6	743.82	649.11
Short-Term Provisions	7	217.53	145.42
TOTAL		10,907.09	10,869.75
II. ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	5,504.90	4,619.25
Intangible Assets		6.00	6.00
Capital Work in Progress		193.92	815.99
Retired Fixed assets		2.09	-
Non-Current Investments	9	38.01	38.01
Deferred Tax Asset (Net)		24.60	3.06
Long Term Loans And Advances	10	145.99	227.95
Other Non Current Assets	11	7.57	8.38
Current Assets			
Current Investments	12	545.20	67.20
Inventories	13	2,060.99	2,084.23
Trade Receivables	14	1,666.94	1,583.76
Cash and Bank Balances	15	100.41	192.33
Short-Term Loans And Advances	16	604.18	1,219.11
Other Current Assets	17	6.29	4.48
TOTAL		10,907.09	10,869.75
SIGNIFICANT ACCOUNTING POLICIES	26A		
OTHER NOTES TO ACCOUNTS	26B		

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

As per our report of even date attached

FOR M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

For and on behalf of the Board

Abhimanyu Thackersey
Executive Director

Mukul M. Patel

Partner

Membership No. : 32489

Hrishikesh Thackersey
Executive Director

PLACE : MUMBAI

DATE : May 4, 2013

PLACE : MUMBAI

DATE : May 4, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Note No	Current Year	Previous Year
I. Revenue from Operations	18	10,742.29	10,280.06
II. Other Income	19	203.17	201.60
III. Provision for Diminution in Investment Written Back		2.55	14.63
IV. Total Revenue (I +II+ III)		10,948.01	10,496.29
V. Expenses:			
Cost of Materials Consumed	20	6,259.92	7,060.25
Purchase of Stock-in-Trade		651.96	613.33
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	21	44.79	(283.34)
Employee Benefits Expense	22	884.15	805.10
Finance costs	23	7.76	7.13
Depreciation and Amortisation Cost	24	490.33	423.22
Other Expenses	25	2,198.14	2,171.39
Total Expenses		10,537.05	10,797.08
VI. Profit/ (Loss) before Exceptional and Extraordinary Items and Tax	(IV - V)	410.96	(300.79)
VII. Exceptional Items		1.25	114.86
VIII. Profit/(Loss) Before Tax	(VI + VII)	412.21	(185.93)
IX. Tax Expense:			
Current Tax		116.00	-
Short Provision of Tax of earlier Year		7.65	-
Deferred Tax		(21.54)	(1.58)
X. Profit/ (Loss) for the year	(VIII-IX)	310.10	(184.35)
XI. Earning per Equity Share of ₹ 10/- each			
Basic and Diluted	₹	18.63	(11.07)
(Refer Note 26B point no. XIV of Other Notes to Accounts)			
SIGNIFICANT ACCOUNTING POLICIES	26A		
OTHER NOTES TO ACCOUNTS	26B		

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

As per our report of even date attached

FOR M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

For and on behalf of the Board

Abhimanyu Thackersey

Executive Director

Mukul M. Patel

Partner

Membership No. : 32489

Hrishikesh Thackersey

Executive Director

PLACE : MUMBAI

DATE : May 4, 2013

PLACE : MUMBAI

DATE : May 4, 2013


CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	Current Year		Previous Year
A. CASHFLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) before Taxation		412.21	(185.93)
Adjustment for :			
Depreciation	490.33		423.22
Finance Cost	7.76		7.13
Fixed Assets Written off	1.69		2.65
Provision for Doubtful Debts	27.58		9.82
Bad Debts and Debit balances Written Off	1.90		5.15
Dividend Income	(0.69)		(12.55)
Lease Income	(48.72)		(50.34)
Profit on Sale of Investments (Net)	(24.27)		(24.10)
Profit on sale of Fixed Assets (Net)	(7.89)		(117.51)
Provision for Diminution in Value of Investment	-		2.55
Provision no longer required written back	(4.35)		(46.44)
Sundry Credit Balance Written Back	(10.41)		(60.03)
Interest Income	(129.49)		(114.61)
Provision for Diminution in Investment Written Back	(2.55)		(14.63)
		300.89	10.31
Operating Profit before Working Capital Changes		713.10	(175.62)
Changes in :			
Inventories	23.24		8.99
Trade and Other Receivables	(124.02)		33.41
Trade and Other Payables	(112.91)		190.48
Provisions	42.20		23.28
		(171.49)	256.16
Cash Generated from Operations		541.61	80.54
Direct Taxed paid (Net of Refunds)		583.60	64.32
Net Cash Generated from Operating Activities		1125.21	144.86
B. CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(759.71)		(2794.00)
Sale of Fixed Assets	9.92		162.11
Interest received	129.49		114.61
Dividend received	0.69		12.55
Lease Income received	48.72		50.34
Investments purchased and sold (Net)	(451.18)		1087.53
Net Cash used in Investing Activities		(1022.07)	(1366.86)

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

₹ in lakhs

	Current Year		Previous Year
C. CASHFLOW FROM FINANCING ACTIVITIES			
Dividend paid	(95.35)		(164.40)
Interest paid	(9.71)		(5.19)
Short Term Borrowing	(90.00)		90.00
Net Cash used in Financing Activities		(195.06)	(79.59)
Net Increase in Cash and Bank Balance		(91.92)	(1301.58)
Cash and Bank Balance at the beginning of the year			
Cash and Cash Equivalents	174.18		176.44
Other Bank Balances	18.15		1317.48
		192.33	1493.92
Cash and Bank Balance at the end of the year			
Cash and Cash Equivalents	63.38		174.18
Other Bank Balances	37.03		18.15
		100.41	192.33

Notes :

- 1 Cash and Cash equivalents denote Cash and Bank balances at the year end.
- 2 The Cashflow Statement has been prepared under the “Indirect Method” as set out in Accounting Standard 3- ‘Cash Flow Statement’ (AS -3) issued by the Institute of Chartered Accountants of India.
- 3 Direct Taxes paid (Net of refunds) is treated as arising from operating activities and is not bifurcated between investing and financing activities.
- 4 Previous year’s figures have been regrouped wherever necessary.

As per our report of even date attached

FOR M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

For and on behalf of the Board

Abhimanyu Thackersey

Executive Director

Mukul M. Patel

Partner

Membership No. : 32489

Hrishikesh Thackersey

Executive Director

PLACE : MUMBAI

DATE : May 4, 2013

PLACE : MUMBAI

DATE : May 4, 2013


NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
2,27,67,500 (P. Y. 2,27,67,500) Equity Shares of ₹10/- each	2,276.75	2,276.75
2,500 (P. Y. 2,500) 5% Redeemable Cumulative "A" Preference Shares of ₹ 10/- each	0.25	0.25
7,80,000 (P.Y. 7,80,000) 15% Non Convertible Redeemable Non Cumulative Preference Shares of ₹ 10/- each	78.00	78.00
1,00,00,000 (P. Y. 1,00,00,000) Preference Shares of ₹ 10/- each	1,000.00	1,000.00
TOTAL	3,355.00	3,355.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
16,64,548 (P. Y. 16,64,548) Equity Shares of ₹ 10 /- each fully paid up	166.45	166.45
TOTAL	166.45	166.45

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

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

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

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
16,64,548 Equity Shares at the beginning and at the end of the year of ₹ 10/- each fully paid up	166.45	166.45
	166.45	166.45

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

Name of Equity Shareholders	No. of Shares Held	Percentage of Holding
Chandrali Investments Private Limited		
Current year	83,396	5.01%
Previous year	83,396	5.01%
Mr. Jagdish Thackersey		
Current year	180,586	10.85%
Previous year	180,386	10.85%
Mr. Raoul Thackersey		
Current year	104,690	6.29%
Previous year	104,690	6.29%

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 2 : RESERVES AND SURPLUS		
Capital Reserve	1,076.11	1,076.11
Capital Redemption Reserve	83.63	83.63
Securities Premium Account	587.78	587.78
Other Reserve		
Reserve under Section 45-IC of Reserve Bank of India Act	48.47	48.47
Less : Transferred to Surplus (Refer Note 26B point no. IV of Other Notes to Accounts)	48.47	-
	-	48.47
General Reserve		
Balance as per last Financial Statement	6,823.61	6,750.91
Add: Transfer from Surplus	43.00	72.70
Balance transferred to Balance Sheet	6,866.61	6,823.61
Surplus		
Balance as per last Financial Statement	359.09	712.87
Add : Transferred from Reserve under Section 45 -IC	48.47	-
	407.56	712.87
Add: Net Profit / (Loss) after tax transferred from Statement of Profit & Loss	310.10	(184.35)
Amount available for Appropriation (A)	717.66	528.52
Appropriations:		
Proposed Dividend	124.84	83.23
Tax on Proposed Dividend	20.25	13.50
Transfer to General Reserve	43.00	72.70
Total of Appropriations (B)	188.09	169.43
Balance in Surplus (A-B)	529.57	359.09
TOTAL	9,143.70	8,978.69
NOTE 3 : LONG TERM PROVISIONS		
<u>Provision for Employees Benefits</u>		
Provision for Leave Salary	40.31	37.90
Provision for Gratuity	145.81	131.30
TOTAL	186.12	169.20
NOTE 4 : SHORT TERM BORROWINGS (REPAYABLE ON DEMAND)		
12 % Unsecured Loan from Related Party	-	90.00
TOTAL	-	90.00


NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 5 : TRADE PAYABLES		
Trade Payables (Refer Note 26B point no. IX of Other Notes to Accounts)	449.47	670.88
TOTAL	449.47	670.88
NOTE 6 : OTHER CURRENT LIABILITIES		
Interest accrued but not due on Borrowing	-	1.94
Unclaimed Dividend	5.63	4.25
Other Liabilities	691.57	585.70
Advances from Customers	33.17	39.99
Withholding Taxes Payable	13.45	17.23
TOTAL	743.82	649.11
NOTE 7 : SHORT TERM PROVISIONS		
<u>Provision For Employee Benefits</u>		
Provision for Leave Salary	6.74	12.36
Provision for Gratuity	47.58	16.68
Provision for Bonus	18.12	19.65
	72.44	48.69
<u>Others</u>		
Proposed Dividend	124.84	83.23
Corporate Dividend Tax on Proposed Dividend	20.25	13.50
	145.09	96.73
TOTAL	217.53	145.42

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE 8 : FIXED ASSETS

₹ in lakhs

Description	GROSS BLOCK						DEPRECIATION BLOCK /AMMORTISATION						NET BLOCK	
	Opening Block as at 1.4.2012	Additions during the year	Deductions during the year	Transferred to Retired Assets	Write off during the year	Closing Block as at 31.03.2013	Opening Block as at 1.4.2012	For The Year	Deductions during the year	Transferred to Retired Assets	Write off during the year	Closing Block as at 31.03.2013	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS														
<u>Land</u>														
Freehold Land	5.90	-	-	-	-	5.90	-	-	-	-	-	-	5.90	5.90
Leasehold Land	117.12	-	-	-	-	117.12	21.65	1.23	-	-	-	22.88	94.24	95.47
<u>Buildings</u>	1,768.40	494.66	-	-	-	2,263.06	1,157.61	65.71	-	-	-	1,223.32	1,039.74	610.79
Leasehold Improvements	10.54	23.94	-	-	-	34.48	1.05	2.73	-	-	-	3.78	30.70	9.49
<u>Plant and Equipments</u>														
Plant & Machinery	10,497.11	754.75	32.63	-	4.29	11,214.94	6,786.78	371.26	30.99	-	2.60	7,124.45	4,090.49	3,710.33
Office Equipment	42.98	11.82	-	2.76	-	52.04	19.16	4.47	-	1.62	-	22.01	30.03	23.82
Electrical Installations	286.38	38.52	-	-	-	324.90	237.41	9.62	-	-	-	247.03	77.87	48.97
<u>Furniture & Fixture</u>	56.65	35.04	0.82	2.88	-	87.99	31.02	9.00	0.44	2.06	-	37.52	50.47	25.63
<u>Vehicle</u>	138.41	11.34	-	-	-	149.75	58.43	20.86	-	-	-	79.29	70.46	79.98
<u>Computer</u>	40.24	11.71	-	1.33	-	50.62	31.37	5.45	-	1.20	-	35.62	15.00	8.87
Total Tangible Asset	12,963.73	1,381.78	33.45	6.97	4.29	14,300.80	8,344.48	490.33	31.43	4.88	2.60	8,795.90	5,504.90	4,619.25
INTANGIBLE ASSETS														
Tenancy Right	6.00	-	-	-	-	6.00	-	-	-	-	-	-	6.00	6.00
Total Intangible Asset	6.00	-	-	-	-	6.00	-	-	-	-	-	-	6.00	6.00
Capital Work In Progress	815.99	193.92	815.99	-	-	193.92	-	-	-	-	-	-	193.92	815.99
Total (Current Year)	13,785.72	1,575.70	849.44	6.97	4.29	14,500.72	8,344.48	490.33	31.43	4.88	2.60	8,795.90	5,704.82	5,441.24
Total (Previous Year)	(11,855.75)	(3,137.72)	(1,183.43)	-	(24.32)	(13,785.72)	(8,738.04)	423.22)	(795.11)	-	(21.67)	(8,344.48)	(5,441.24)	


NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013
₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 9 : NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)		
<u>Other Investments</u>		
Quoted		
<u>Investments in Equity Instruments</u>		
60 (P.Y.60) Equity shares of ₹ 2/- each fully paid up in Siemens Ltd.	0.01	0.01
Unquoted		
<u>Investment in Property</u>		
5/8 th share (P.Y.5/8 th) in Bruce street Property	35.34	35.34
42 (P.Y.42)Shares of ₹ 5000/- each in Yashwant Sahakari Sakhar Karkhana Ltd.	2.10	2.10
Less : Provision for diminution in value (Refer Note no.26B. Point no VI of Other Notes to Accounts)	(2.10)	(2.10)
<u>Investments in Preference Shares</u>		
13,334 (P.Y.13,334) 0.10% Redeemable Preference Shares of ₹10/- each fully paid up in Bhishma Realty Limited	1.33	1.33
13,333 (P.Y.13,333) 0.10% Redeemable Preference Shares of ₹10/- each fully paid up in Capricon Realty Limited	1.33	1.33
TOTAL	38.01	38.01
Aggregate amount of Quoted Investments and Market Value		
Quoted Investments		
(Market Value as on 31.03.2013 ₹ 0.33 lakh (P.Y. ₹ 0.45 lakh))	0.01	0.01
TOTAL	0.01	0.01
Unquoted Investments		
Other	38.00	38.00
TOTAL	38.00	38.00
NOTE 10 : LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Capital Advances	61.64	148.77
Security Deposit	84.35	79.18
TOTAL	145.99	227.95

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 11 : OTHER NON CURRENT ASSETS		
<u>Long Term Trade Receivables (Unsecured)</u>		
Considered Good	7.57	8.38
Doubtful	37.40	0.26
Less : Provision for doubtful Debts	(37.40)	(0.26)
	-	-
TOTAL	7.57	8.38
NOTE 12 : CURRENT INVESTMENTS		
Quoted :		
Investments in Equity Instruments (At cost unless otherwise stated)		
C.Y Nil (P.Y. 550) Larsen and Toubro Ltd	-	9.74
Less : Provision for diminution in value of Investment	-	2.55
	-	7.19
Unquoted :		
Investments in Mutual Funds		
C.Y. Nil (P.Y. 5,98,235.182) HDFC Cash Management Fund	-	60.01
4,61677.671 (P.Y. Nil) units of Birla Short Term Fund	193.80	-
25,08,922.271 (P.Y.Nil) units of HDFC Short Term Opportunities Fund	308.38	-
2,14,543.251(P.Y.Nil) units of HDFC Floating Rate Fund	43.02	-
	545.20	60.01
TOTAL	545.20	67.20
Aggregate amount of Quoted Investments and Market Value		
(Market Value as on 31.03.2013 ₹ Nil (P.Y. ₹ 7.19 lakhs))	-	7.19
TOTAL	-	7.19
Aggregate amount of Unquoted Investments		
Other Unquoted Investments	545.20	60.01
TOTAL	545.20	60.01


NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in lakhs	
	As at 31.03.2013	As at 31.03.2012
NOTE 13 : INVENTORIES (LOWER OF COST OR NET REALISABLE VALUE)		
Raw Materials	991.94	990.23
Work-in-Process	382.20	364.47
Finished Goods	502.70	555.34
Stock-in-Trade	28.74	38.62
Stores, Spares and Loose tools	154.41	134.57
Property under Development	1.00	1.00
(Refer Note 26B point no. VII of Other Notes to Accounts)		
TOTAL	2,060.99	2,084.23
NOTE 14 : TRADE RECEIVABLES (CURRENT)		
<u>Outstanding for a period exceeding six months (Unsecured)</u>		
Considered Good	18.24	24.56
Doubtful	-	9.82
Less : Provision for Doubtful Debts	-	(9.82)
	18.24	24.56
<u>Others</u>		
Considered Good	1,648.70	1,559.20
TOTAL	1,666.94	1,583.76
NOTE 15 : CASH AND BANK BALANCES		
<u>Cash and Cash Equivalents</u>		
<u>Balances with Banks</u>		
In Current Accounts	55.26	172.57
<u>Cash On Hand</u>	8.12	1.61
<u>Other Bank Balances</u>		
Margin Money Deposit	31.40	13.90
In Current Account (Unpaid Dividend)	5.63	4.25
	37.03	18.15
TOTAL	100.41	192.33

NOTES TO CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	As at 31.03.2013	As at 31.03.2012
NOTE 16 : SHORT TERMS LOANS AND ADVANCES		
Unsecured, Considered Good		
Others		
Advances to Employees	0.53	0.80
Advances to Suppliers	7.34	4.98
Balance with Central Excise	27.88	12.00
Vat Refund Receivable	197.02	160.32
Advance Tax (Net of Provisions)	259.43	966.68
Other Advances	160.88	123.26
Less : Provision	(48.90)	(48.93)
	111.98	74.33
TOTAL	604.18	1,219.11
NOTE 17 : OTHER CURRENT ASSETS		
Interest Receivable	6.29	4.48
TOTAL	6.29	4.48


NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Current Year	Previous Year
NOTE 18 : REVENUE FROM OPERATIONS		
Sale of Products	10,333.22	9,790.28
Sale of Services	270.29	264.99
Less: Excise duty	43.34	37.52
	10560.17	10017.75
Other Operating Revenues		
Export Incentives	63.17	19.27
Sales Tax Setoff	42.75	61.24
Others	61.44	75.33
Provision no longer required written back	4.35	46.44
Sundry Credit Balance Written Back	10.41	60.03
	182.12	262.31
TOTAL	10,742.29	10,280.06
NOTE 19 : OTHER INCOME		
Interest Income	129.49	114.61
Dividend Income	0.69	12.55
Net Gain on sale of Investments	24.27	24.10
Lease Income (Net)	48.72	50.34
TOTAL	203.17	201.60
NOTE 20 : COST OF MATERIALS CONSUMED		
Opening Stock	990.23	1,294.47
Add : Purchase of Raw Materials	6,261.63	6,756.01
Less : Closing Stock	991.94	990.23
TOTAL	6,259.92	7,060.25

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Current Year	Previous Year
NOTE 21 : CHANGE IN INVENTORIES		
<u>Opening Stock</u>		
Work-in-Process	364.47	293.64
Finished Goods	555.34	294.81
Traded Goods	38.62	86.65
	958.43	675.10
<u>Less : Closing stock</u>		
Work-in-Process	382.20	364.47
Finished Goods	502.70	555.34
Traded Goods	28.74	38.63
	913.64	958.44
TOTAL	44.79	(283.34)
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
<u>Salaries & Wages</u>		
Salaries & Wages	678.94	649.83
Bonus	18.73	19.95
Leave Encashment	9.34	3.89
<u>Contribution to Provident and Other Funds</u>		
Contribution to Provident Fund	59.54	55.57
Contribution to ESIC	1.80	1.57
Contribution to Labour Welfare Funds	0.37	0.35
Contribution to Gratuity	57.45	37.06
Contribution to Superannuation Fund	13.97	8.92
<u>Staff Welfare Expense</u>	44.01	27.96
TOTAL	884.15	805.10
NOTE 23 : FINANCE COST		
Interest Expense	7.76	7.13
TOTAL	7.76	7.13


NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in lakhs

	Current Year	Previous Year
NOTE 24 : DEPRECIATION AND AMORTISATION COST		
Depreciation and Amortisation Cost	490.33	423.22
TOTAL	490.33	423.22
NOTE 25 : OTHER EXPENSES		
Consumption of Stores and Spares	437.06	517.42
Power and Fuel	779.03	808.21
Processing Charges	129.70	92.99
Rent	27.51	19.79
Rates and Taxes	35.54	37.47
Repairs to Buildings	11.21	30.93
Repairs to Machinery	10.19	20.66
Other Repairs	21.91	42.98
Insurance	25.44	21.70
Freight, Forwarding and Clearing Charges	69.81	54.36
Commission, Brokerage and Incentives	162.48	150.21
Legal and Professional fees	115.34	31.15
Miscellaneous Expenses	328.35	312.19
Auditors Remuneration	9.48	9.63
Directors Fees	6.16	8.15
Provision for Diminution in Value of Investment	-	2.55
Provision for Doubtful Debts	27.58	9.82
Bad Debts written off	0.16	-
Wealth Tax	1.19	1.18
TOTAL	2,198.14	2,171.39
Auditors Remuneration:		
For Audit fees	5.13	5.31
For Tax Audit	1.11	1.11
For other services	3.24	3.21
	9.48	9.63

NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED ACCOUNTS)**1. Basis of Consolidation of Financial Statements:**

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

The Consolidated financial Statements have been prepared on the following basis.

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

2. Basis of Preparation of Financial Statements:

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3. Use of Estimates:

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

4. Fixed Assets:**A. Tangible Fixed Assets**

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

B. Intangible Fixed Assets

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

C. Assets taken on Lease:**a. Finance Lease**

Assets taken on finance lease after April 1, 2001 are accounted for as fixed assets in accordance with the Accounting Standard -19 "Lease" (AS 19) issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules, 2006. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

b. Operating Lease

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



NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED ACCOUNTS) (Contd.)

5. Depreciation of Tangible Fixed Assets:

I. Textile Unit:

- a. Depreciation on all the Plant & Machineries acquired is provided on the Straight Line Method in accordance with Schedule XIV to the Companies Act, 1956.
- b. Depreciation on assets other than Plant & Machineries acquired is provided on the Written Down Method in accordance with Schedule XIV to the Companies Act, 1956.
- c. Costs of Reeds are written off over the period of 2 years.

II. Roll Manufacturing Unit:

- a. Depreciation on Fixed Assets is provided on the Straight Line method for the assets acquired upto March 31, 2001 in accordance with Schedule XIV to the Companies Act, 1956.
- b. Depreciation on Fixed Assets acquired after April 1, 2001 is provided on the Written Down Method in accordance with Schedule XIV to the Companies Act, 1956.

III. Technical Fabric :

- a. Depreciation on all the Plant and Machineries acquired is provided on the Straight Line Method in accordance with Schedule XIV to the Companies Act, 1956.
- b. Depreciation on all Fixed Assets other than Plant and Machineries is provided on the Written Down Value Method in accordance with Schedule XIV to the Companies Act, 1956.
- c. Cost of Leasehold Improvements is written off over the period of Lease.

IV. Depreciation on additions to fixed assets is provided on pro-rata basis from the date of acquisition or installation, and in case of new project from the date of commencement of commercial production.

V. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

VI. Cost of Leasehold Land is written off over the period of Lease.

6. Investments:

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

7. Inventories:

a. Textile Unit:

- i. Raw Materials
At monthly average cost or net realizable value whichever is lower.
- ii. Stores and Spares
At cost or net realizable value whichever is lower.
- iii. Process Stock and Finished Goods
At quarterly average cost or net realizable value whichever is lower.

NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED ACCOUNTS) (Contd.)**b. Roll Manufacturing Unit:**

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

- i. Raw Materials
At cost or net realizable value whichever is lower.
- ii. Process stock
Cost comprises of Raw Material cost and processing cost.
- iii. Stores & Other Consumables
Stores & Other Consumables are valued at cost. Cost is considered on First in First out Basis.
- iv. Finished goods
Finished Goods are valued at lower of cost or net realizable value.

c. Technical Fabric :

- i. Raw Materials
At cost or net realizable value whichever is lower
- ii. Stores and Spares
At cost or net realizable value whichever is lower
- iii. Process Stock and Finished Goods
At cost or net realizable value whichever is lower

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

8. Employee Benefits:**Defined Contribution Plan:**

Employee Benefit in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Statement of Profit & Loss for the year when the contributions to the respective funds are due.

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

Defined Benefit Plan:

The liability for Leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard -15 "Employee Benefits" (AS 15) issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules, 2006.

9. Foreign Currency Transactions:

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

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

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



NOTE 26A: SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED ACCOUNTS) (Contd.)

10. Research and Development:

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

11. Revenue Recognition:

- a. Revenue from domestic sale is recognized on transfer of significant risks and rewards of ownership which is based on the dispatch of goods.
- b. Revenue from Export sale is recognized on transfer of significant risks and rewards of ownership which is based on Bill of lading date.
- c. Dividend income is recognized when the right to receive dividend is established.
- d. Income from property development is accounted on pro-rata basis taking into consideration amount receivable for property development, number of flats sold and construction work completed.
- e. Revenue in respect of other income/claims, etc is recognized only when it is reasonably certain that ultimate collection will be made.

12. Taxes on income:

Income Taxes are accounted for in accordance with Accounting Standard - 22 on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules, 2006. Tax expenses comprise both Current Tax and Deferred Tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred Tax Assets and Liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

13. Accounting of Value Added Tax (VAT) :

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

14. Borrowing Costs:

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

15. Provision, Contingent Liabilities and Contingent Assets:

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

16. Impairment of Fixed Assets:

At the end of the each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with the Accounting Standard - 28 "Impairment of Assets" (AS 28) issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules, 2006. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS

₹ in lakhs

	Current Year	Previous Year
I. ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED		
A Estimated amount of contracts remaining to be executed on capital account and not provided for	62.20	128.97
B Other Commitments	680.68	551.10
II. CONTINGENT LIABILITIES IN RESPECT OF:		
A The Income-Tax demands in respect of earlier years under dispute are pending in appeal before higher authorities.	131.47	3.12
B Claims against the Company not acknowledged as debts [including disputed demands of Central Excise for ₹ 116.07 lakhs (P.Y. ₹ 116.07 lakhs), Sales Tax ₹ 78.90 lakhs (P.Y ₹ 79.30 lakhs) and Works Contract Tax ₹ 36.03 lakhs (P.Y. ₹ 36.03 lakhs)	748.45	748.85
C Demand for payment of electricity duty by Government of Maharashtra matter resting with Supreme Court	228.20	228.20
D Concessional Custom duty on Machinery Imported	600.32	749.03

III. With a view to consolidate its manufacturing activities at one centralized place, the Company has setup a new factory for manufacture of Calender Rolls at Karad, Maharashtra. The new factory has started functioning from December, 2012 and the Company has decided to shift its Roll manufacturing activities along with employees of Ambernath factory to the aforesaid new factory at Karad.

IV. Reserves and Surplus as on 1st April, 2009 included Reserve under Section 45 IC of Reserve Bank of India Act aggregating to ₹48.47 lakhs. Since the Company is engaged in manufacturing activities, the Company is of the view that there is no obligation to maintain the Reserve and accordingly, the amount of ₹ 48.47 lakhs is transferred to Surplus.

V. The Board of Directors has recommended a dividend of ₹ 7.50 per share on 1,664,548 Equity shares of ₹ 10/- each aggregating to ₹ 145.09 lakhs (Inclusive of Dividend Distribution Tax of ₹ 20.25 lakhs)

VI. INVESTMENTS:

The Investment of 42 Shares in Yeshwant Sahakari Sakhar Karkhana Ltd. (Society), are held in the names of two Directors of the Company, being its nominees, as required by the bye-laws of the Society.

VII. Property under Development reflected as stock in trade was written down to ₹ 1 lakh in the previous year as a measure of prudence. The settlement of account is a matter of dispute between the Company (owner) and developer and there are claims and counter claims. The matter has been referred to arbitration in 2002 which is pending resolution. Accordingly, impact of Arbitration Award will be captured in the Books as and when it will be crystallized.

VIII. During the year 2003-04, in terms of Sanctioned Scheme, the secured lenders dues were transferred to the SPVs in full settlement of their dues from the Company. All secured lenders except Union Bank of India (UBI) have released their charge on the assets of Karad unit. With respect to UBI, the charge will be released shortly.



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

IX. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

	Current Year	Previous Year
A Principal Amount outstanding to suppliers under MSMED Act, 2006 beyond the appointed date	NIL	NIL
B Interest accrued on the due to suppliers under MSMED Act, 2006 on the above amount	N.A.	N.A.
C Payment made to suppliers (Other than interest) beyond the appointed date, during the year	N.A.	N.A.
D Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	N.A.	N.A.
E Interest paid to suppliers under MSMED Act, 2006 (Section 16)	N.A.	N.A.
F Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	N.A.	N.A.
G Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	N.A.	N.A.

X. Current Tax: In view of carry forward losses under Income Tax Act 1961, no provision for Income Tax is required to be made. However, the Company has provided for Minimum Alternate Tax under section 115JB of the Income Tax Act, 1961.

Deferred Tax :

Holding Company:

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

Subsidiary Company:

The significant component and classification of deferred tax assets and liabilities on account of timing difference in accordance with AS 22 are as under:

₹ in lakhs

	As at 31.03.2012	Adjustments during the year	As at 31.03.2013
<u>Deferred Tax Assets</u>			
Carry forward Loss	21.66	39.06	60.72
<u>Deferred Tax Liabilities</u>			
Depreciation	18.60	17.52	36.12
Net Deferred Tax Assets	3.06	21.54	24.60

XI. ADDITIONAL INFORMATION:

₹ in lakhs

		Current Year	Previous Year
A SALES			
<u>Sale of Goods</u>			
<u>Manufactured Goods</u>			
Cloth		8,861.54	8,421.37
Yarn		98.24	76.96
Elastic Calender Bowls		377.47	346.60
Technical Fabric		96.57	7.35
Waste		88.95	107.06
Total Sale of Manufactured Goods	(i)	9,522.77	8,959.34
<u>Traded Goods</u>			
Cloth		765.15	778.27
Mangle Machines		1.96	15.15
Total Sale of Traded Goods	(ii)	767.11	793.42

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

		₹ in lakhs	
		Current Year	Previous Year
XI. ADDITIONAL INFORMATION : (Contd.)			
Services			
	Refilling of Calender Bowls	232.58	233.06
	Job Work	34.68	31.49
	Processing Income	3.03	0.44
	Total Services	270.29	264.99
	GRAND TOTAL	10,560.17	10,017.75
	(iii)		
	(i + ii + iii)		
B	CONSUMPTION OF RAW MATERIALS		
	Cotton and Fiber	1,835.78	3,071.23
	Yarn	4,151.16	3,768.42
	Technical Yarn	62.62	10.15
	Others	210.36	210.45
	TOTAL	6,259.92	7,060.25
C	PURCHASE TRADED GOODS		
	Cloth	649.80	604.07
	Mangle Machines	2.16	9.26
	TOTAL	651.96	613.33
D (i)	STOCK OF FINISHED GOODS		
	Opening Stock of Finished Goods:		
	<u>Manufactured Goods</u>		
	Cloth	534.14	285.27
	Elastic Calender Bowl	7.40	2.80
	Technical Fabric	4.61	0.20
	Waste	5.77	6.63
	<u>Traded Goods</u>		
	Cloth	36.27	84.02
	Mangle Machines	2.36	2.54
	Refilling of Calender Bowls	3.41	-
	Total opening Stock of Finished Goods	593.96	381.46
	Closing Stock of Finished Goods:		
	<u>Manufactured Goods</u>		
	Cloth	443.71	534.14
	Elastic Calender Bowl	14.52	7.40
	Technical Fabric	9.66	4.61
	Waste	5.67	5.77
	<u>Traded Goods</u>		
	Cloth	26.38	36.27
	Mangle Machines	2.36	2.36
	Refilling of Calender Bowls	29.14	3.41
	Total Closing Stock of Finished Goods	531.44	593.96
(ii)	STOCK OF WIP		
	Opening Stock of WIP		
	<u>Manufactured Goods</u>		
	Cloth	20.65	34.50
	Yarn	336.66	239.87
	Calender Bowl	1.95	6.55
	<u>Traded Goods</u>		
	Cloth	1.76	11.74
	Refilling of Calender Bowls	3.45	0.98
	Total Opening Stock of WIP	364.47	293.64


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

		₹ in lakhs	
		Current Year	Previous Year
XI. ADDITIONAL INFORMATION: (Contd.)			
<u>Closing Stock of WIP</u>			
<u>Manufactured Goods</u>			
Cloth		12.50	20.65
Yarn		359.92	336.66
Calender Bowl		1.01	1.95
<u>Traded Goods</u>			
Cloth		8.77	1.76
Refilling of Calender Bowls		-	3.45
Total Closing Stock of WIP		382.20	364.47
XII. OTHER DISCLOSURES			
A. C.I.F. Value of Imports in respect of:			
Raw Material		187.11	110.61
Stores, Spares & Components		46.74	110.32
Capital Goods		289.06	1951.24
TOTAL		522.91	2172.17
B. Expenditure in Foreign Currency on account of:			
Commission		33.39	4.99
Foreign Travel		11.31	21.52
Exhibition Expense		6.81	-
TOTAL		51.51	26.51

		₹ in lakhs			
		Current Year		Previous Year	
		Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
C. Value of Raw Materials Consumed:					
Imported		2.45%	153.09	1.55%	109.22
Indigenous		97.55%	6,106.83	98.45%	6,951.03
TOTAL		100.00%	6,259.92	100.00%	7,060.25

		Current Year		Previous Year	
		Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
D. Value of Stores and Spares Consumed:					
Imported		15.87%	69.36	18.28%	94.57
Indigenous		84.13%	367.70	81.72%	422.85
TOTAL		100.00%	437.06	100.00%	517.42

		₹ in lakhs	
		Current Year	Previous Year
E. Earnings in Foreign Exchange on account of Export of goods on F.O.B. Basis		1,676.82	536.80

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

	₹ in lakhs	
	Current Year	Previous Year
XIII. DETAILS OF FOREIGN CURRENCY EXPOSURES		
A Outstanding Forward Contracts at the end of the year	509.12	321.04
B Export Receivable not covered by Forward Contract	4.00	2.92
XIV. Earnings Per Share		
Profit/(Loss) after taxation as per Statement of Profit & Loss - ₹ in lakhs	310.10	(184.35)
No. of Equity Shares	16,64,548	16,64,548
Earnings per Share (of ₹ 10/- each)	18.63	(11.07)
XV. EMPLOYEE BENEFITS:		
<u>HOLDING COMPANY :</u>		
A. <u>GRATUITY (FUND BASED):</u>		
Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Presents value of Defined Benefit Obligation as on 1st April	151.28	114.03
Interest cost	13.24	9.47
Current Service Cost	13.44	14.55
Past Service Cost	-	-
Benefits paid	(2.04)	(3.11)
Benefits Paid From the Fund	(3.54)	-
Net Actuarial Loss	19.96	16.34
Present value of Defined Benefit Obligation as on 31st March (Current Year includes ₹ 8.49 lakhs due to workers pending settlement of account)	192.33	151.28
Fair value of plan assets	0.24	(3.79)
Net liability recognized in Balance Sheet	192.09	147.49
Expenses recognized during the year		
Current Service Cost	13.44	14.55
Interest Cost	13.24	9.47
Expected return on Plan Assets	(0.32)	(0.30)
Actuarial Loss	20.28	16.64
Past Service Cost	-	-
Net Cost	46.64	40.36
Actuarial Assumptions		
Mortality Table	Indian Assured life Mortality (2006-08)	LIC(1994-96)
Discount Rate (per annum)	8.25%	8.75%
Expected rate of return on Plan Assets	8.70%	8.60%
Salary Escalation	8% for First 3 Years and 6% thereafter	

Notes:

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

B. LEAVE ENCASHMENT (NON FUND BASED):

The liability towards leave encashment for the year ended 31st March, 2013 as per actuarial valuation is ₹ 45.20 lakhs (Includes ₹ 0.79 lakh due to workers pending settlement of account) (P.Y. ₹ 49.59 lakhs), which has been duly provided for.


NOTE 26B: OTHER NOTES TO CONSOLIDATED ACCOUNTS (Contd.)
XV. EMPLOYEE BENEFITS : (Contd.)
SUBSIDIARY COMPANY:

The liability towards Gratuity and Leave Encashment for the year ended 31st March, 2013 as per actuarial valuation is ₹ 1.30 lakh (Previous Year ₹ 0.49 lakh) and ₹ 1.84 lakhs (Previous Year ₹ 0.68 lakh) respectively.

XVI. SEGMENT REPORTING:

₹ in lakhs

	Calender Bowls	Textile	Technical Fabric	Unallocable Corporate	Total
A. PRIMARY BUSINESS SEGMENT					
SEGMENT REVENUE					
Current Year	665	9,979	99	-	10,743
Previous Year	(683)	(9,589)	(8)	-	(10,277)
TOTAL REVENUE	665	9,979	99	-	10,743
Previous Year	(683)	(9,589)	(8)	-	(10,277)
RESULT					
Current Year	(98)	498	(129)	-	271
Previous Year	(41)	(355)	(66)	-	(380)
Unallocated Corporate Expense/Income (Net)	-	-	-	-	16
Previous Year	-	-	-	-	(40)
OPERATING PROFIT	-	-	-	-	287
Previous Year	-	-	-	-	(420)
Interest Expenses	-	-	-	-	(7)
Previous Year	-	-	-	-	(7)
Interest / Dividend Income	-	-	-	-	130
Previous Year	-	-	-	-	(127)
Exceptional Items	-	-	-	-	1
Previous Year	-	-	-	-	(115)
PROFIT BEFORE TAX	-	-	-	-	411
Previous Year	-	-	-	-	(185)
Income Taxes (Incl. Deferred Tax)	-	-	-	-	102
Previous Year	-	-	-	-	(1)
NET PROFIT	-	-	-	-	310
Previous Year	-	-	-	-	(184)

	Total	India	Rest of World
B. SECONDARY SEGMENT: GEOGRAPHICAL SEGMENT			
Revenue attributable to location of customers	10,743	9,050	1,693
	(10,277)	(9,740)	(537)
Segment assets based on their location	1,675	1,565	110
	(1,592)	(1,513)	(79)
Addition to Fixed Assets	760	760	-
	(2,794)	(2,794)	-

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

XVII.RELATED PARTY INFORMATION:

A.

Associates/Companies where control exists	Capricon Realty Ltd., Bhishma Realty Ltd., Thackersey Moolji & Co., Delta Investments Ltd., Govindjee Madhowjee & Co. (Pvt) Ltd., Art Leather Ltd., Bintex Investments Co. Pvt. Ltd.
Key Management Personnel (KMP)/ Relative of KMP	Mr. Chandrahas Thackersey Mr. Raoul Thackersey Mr. Hrishikesh Thackersey Mr. Abhimanyu Thackersey Mr. Sudhir Thackersey Mr. Jagdish Thackersey

B. TRANSACTIONS WITH RELATED PARTIES:

Sr. No.	Nature of Transactions	₹ in lakhs	
		Current Year	Previous Year
1	Sale of Fixed Assets Capricon Realty Ltd.	-	3.16
2	Rent & Maintenance charges paid Thackersey Moolji & Co.	9.60	9.60
3	Managerial Remuneration Mr.Abhimanyu Thackersey Mr.Hrishikesh Thackersey	12.95 12.95	11.05 13.25
4	Directors Sitting Fees Mr.Sudhir Thackersey (Resigned w.e.f. 9th August 2012) Mr.Chandrahas Thackersey Mr.Raoul Thackersey Mr.Jagdish Thackersey Mr.Abhimanyu Thackersey	0.50 0.55 0.85 0.10 0.20	0.85 0.85 1.20 0.05 0.20
5	Interest Paid Art Leather Ltd. Bintex Investments Ltd. Delta Investments Ltd.	4.41 - -	4.59 1.68 0.53
6	Expenditure incurred by related parties on behalf of the Company Govindjee Madhowjee & Co. (Pvt) Ltd.	-	0.43
7	Reimbursement of Expenditure incurred by Company on behalf of related parties Govindjee Madhowjee & Co. (Pvt) Ltd.	0.59	0.53
8	Unsecured Loan Received <u>Balance as on 1st April</u> Art Leather Ltd.	90.00	-
	<u>Loan Received during the year</u> Art Leather Ltd. Bintex Investments Co. Pvt. Ltd. Delta Investments Ltd. Bhishma Realty Ltd.	- - - -	185.00 80.00 25.05 30.00



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

Sr. No.	Nature of Transactions	₹ in lakhs	
		Current Year	Previous Year
B. TRANSACTIONS WITH RELATED PARTIES: (Contd.)			
	<u>Loan Repaid during the Year</u>		
	Art Leather Ltd.	90.00	95.00
	Delta Investments Ltd.	-	25.05
	Bintex Investments Co. Pvt. Ltd.	-	80.00
	Bhishma Realty Ltd.	-	30.00
	<u>Balance as at 31st March</u>		
	Art Leather Ltd.	-	90.00

Note:

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

XVIII. LEASES: IN SUBSIDIARY COMPANY

The Company has entered into lease agreement for its factory building and Research & Development unit premises. The future minimum rentals payable under Accounting Standard 19 "Lease" (AS 19) the lease are as follows:

	₹ in lakhs	
	Current Year	Previous Year
Within one year	8.64	0.84
After one year but not more than five years	32.64	3.36
More than five years	2.10	2.94

XIX. The figure in Balance Sheet and Statement of Profit and Loss are rounded off to the nearest lakhs and indicated in lakhs of Rupees.

XX. Previous Year's figures have been regrouped wherever necessary.

Signatures to Notes "1" to "26"

As per our report of even date attached

FOR M.A.Parikh & Co

Chartered Accountants.

Firm Registration No.107556W

Mukul M. Patel

Partner

Membership No. : 32489

PLACE : MUMBAI

DATE : May 4, 2013

For and on behalf of the Board

Abhimanyu Thackersey

Executive Director

Hrishikesh Thackersey

Executive Director

PLACE : MUMBAI

DATE : May 4, 2013

Statement pursuant to Section 212 of the Companies Act, 1956

Hindoostan Mills Limited (HML) has a 100% wholly owned subsidiary namely Hindoostan Technical Fabrics Limited (HTFL). HML held the entire paid up Capital of ₹ 5 Lakh as at March 31, 2013 of HTFL.

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

Hindoostan Technical Fabrics Limited has made a net loss of ₹ 107.33 Lakhs during the financial year ended on March 31, 2013. The said net loss of the subsidiary has been adjusted in the Annual Accounts of the holding Company i.e. Hindoostan Mills Limited.

Raoul Thackersey
Chairman

Abhimanyu Thackersey
Executive Director

**STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANY VIZ. HINDOOSTAN TECHNICAL FABRICS LIMITED**

	₹in lakhs	
	2012-13	2011-12
Capital	5.00	5.00
Reserves	(186.68)	(79.35)
Total Assets	830.21	302.24
Total Liabilities	1011.89	376.59
Details of Investment	Nil	Nil
Turnover	99.64	7.93
Loss Before Tax	(128.87)	(66.77)
Provision for Tax (Deferred Tax)	(21.54)	(1.58)
Loss after Tax	(107.33)	(65.19)
Proposed Dividend	Nil	Nil

For and on behalf of the Board

Abhimanyu Thackersey
Executive Director

Hrishikesh Thackersey
Executive Director

PLACE : MUMBAI
DATE : May 4, 2013



Folio No. :

***DP ID :**

***Client ID :**

PROXY FORM

I / We
ofbeing a Member(s) of the above named Company
hereby appoint of
or failing him / her) of
(or failing him / her) of
as my / our proxy to attend and vote for me / us on my / our behalf at the 109th Annual General Meeting of the Company to be held on
Friday, July 26, 2013 at 10.30 a.m. and at any adjournment thereof.

Signed this day of 2013

Signed by the said

Affix Re.1 Revenue Stamp

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

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

ATTENDANCE SLIP

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

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

I hereby record my presence at the 109th Annual General meeting of the Company at Sir Vithaldas Chambers,
6th Floor, 16, Mumbai Samachar Marg, Mumbai - 400 001, on Friday, July 26, 2013 at 10.30 a.m.

Name of the Member : _____
(in block letters)

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

Signature of Member : _____

If Proxy, Name of Proxy : _____

Signature of Proxy : _____

*Applicable to Shareholders holding shares in Demat Form.

Notes



BOOK - POST



If undelivered, please return to :

HINDOOSTAN MILLS LIMITED,

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