INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **HINDOOSTAN TECHNICAL FABRICS 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 loss for the year ended on that date;
and
(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 : 4th May, 2013

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ANNEXURE TO THE AUDITORS' REPORT

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

1. 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, no material discrepancies were noticed on such verification

   (c) During the year there is no disposal of fixed assets and hence the question of disposal of fixed assets affecting the going concern status of the Company does not arise.

2. In respect of its inventories:

   (a) As explained to us, inventories were physically verified at the year end by the management.

   (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. There were no material discrepancies noticed on physical verification.

3. (a) The Company has not granted any loans to any party, covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4(iii) (a), (b), (c) and (d) of the Order are not applicable.

   (b) The Company has taken interest free unsecured loan repayable on demand from its Holding Company 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.

   (c) The rate of interest and other terms and conditions on which loans were taken by the Company, are prima facie not prejudicial to the interest of the Company.

   (d) Since the loan is interest free and repayable on demand, the question of its regular payment of principal and interest does not arise.

M.A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

4. In our opinion and according to the information and explanations given to us, there is an adequate 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.

5. 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 are no such transactions (excluding loans reported under paragraph (iii) above) in excess of Rs. 5 lakhs in respect of any party, hence clause 4 (v)(b) of the Order is not applicable.

6. 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 are not applicable. Hence clause 4 (vi) of the Order is not applicable.

7. Since the paid up capital and reserves and also the annual average turnover does not exceed the prescribed limits, clause 4 (vii) of the Order is not applicable.

8. The Central Government has not prescribed maintenance of "Cost Records" under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company and hence clause 4(viii) of the Order is not applicable.

9. 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, there are no disputed dues on account of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess. Hence clause 4(ix)(b) of the Order is not applicable.

10. Since the company is registered for a period less than five years, clause 4(x) of the Order is not applicable

M.A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

11. 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.

12. 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.

13. 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. Hence clause 4 (xiii) of the Order is not applicable.

14. 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. Hence, clause 4(xiv) of the Order is not applicable.

15. According to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

16. 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. Hence clause 4 (xvi) of the Order is not applicable.

17. 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.

18. 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.

19. 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.

20. According to the information and explanation given to us, the Company has not raised funds by way of public issue during the year. Hence, clause 4 (xx) of the Order is not applicable.

21. 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: 4th May, 2013

Hindoostan Technical Fabrics Limited

Balance Sheet as at 31st March, 2013

₹ in lakhs

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	5.00	5.00
Reserves and Surplus	2	(186.68)	(79.35)
Non-Current Liabilities			
Long Term Provisions	3	2.97	1.17
Current Liabilities			
Short-Term Borrowings	4	991.24	368.28
Trade Payables	5	1.16	0.12
Other Current Liabilities	6	15.90	7.02
Short-Term Provisions	7	0.62	-
Total		**830.21**	**302.24**
II. ASSETS			
Non-Current Assets			
Fixed Assets	8		
Tangible Assets		451.66	223.74
Capital Work In Progress		127.91	-
Deferred Tax Assets (Net)		24.60	3.06
Long Term Loans and Advances	9	41.82	31.21
Other Non Current Assets	10	0.61	-
Current Assets			
Inventories	11	93.58	16.53
Trade Receivables	12	32.41	0.61
Cash and Bank Balances	13	37.80	18.46
Short-Term Loans and Advances	14	18.64	8.16
Other Current Assets	15	1.18	0.47
Total		**830.21**	**302.24**
SIGNIFICANT ACCOUNTING POLICIES	24 A		
OTHER NOTES TO ACCOUNTS	24 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

Director

Jagdish Thackersey

Director

PLACE : MUMBAI

DATE : May 4, 2013

Hindoostan Technical Fabrics Limited

Statement of Profit and Loss for the year ended 31st March, 2013

₹ in lakhs

Particulars	Note No	Current Year	Previous Year
I. Revenue from Operations	16	99.64	7.93
II. Other Income	17	2.30	0.59
III. Total Revenue (I +II)		**101.94**	**8.52**
IV. Expenses			
Cost of Materials Consumed	18	65.75	12.87
Changes in Inventories of Finished Goods and Work-in-Process	19	(5.05)	(4.41)
Employee Benefits Expense	20	53.69	18.54
Finance costs	21	1.25	0.09
Depreciation and Amortisation Cost	22	18.77	11.25
Other Expenses	23	96.40	36.95
Total Expenses		**230.81**	**75.29**
V. Loss Before Tax	(III- IV)	**(128.87)**	**(66.77)**
VI. Tax Expense			
Deferred Tax		(21.54)	(1.58)
VII. Loss for the year	(V-VI)	**(107.33)**	**(65.19)**
VIII. Earning per Equity Share of ₹ 10/- each			
Basic and Diluted	₹	**(214.66)**	**(130.38)**
(Refer Point No. XI of Note 24B of Other Notes to Accounts)			

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

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
Director

Jagdish Thackersey
Director

PLACE : MUMBAI
DATE : May 4, 2013

Hindoostan Technical Fabrics Limited

Cashflow Statement for the year ended 31st March, 2013

₹ in lakhs

		Current Year		Previous Year
A.	**CASHFLOW FROM OPERATING ACTIVITIES**			
	Net Loss before Taxation		(128.87)	(66.77)
	Adjustment for :			
	Depreciation	18.77		11.25
	Finance Cost	1.25		0.09
	Bad Debts and Debit balances Written Off	0.70		
	Interest Income	(2.30)		(0.59)
			18.42	10.75
	Operating Profit before Working Capital Changes		**(110.45)**	**(56.02)**
	Changes in :			
	Inventories	(77.05)		(14.07)
	Trade and Other Receivables	(54.67)		(18.38)
	Trade and other Payables	9.91		(0.56)
	Provisions	2.42		1.17
			(119.39)	**(31.84)**
	Cash Generated from Operations		(229.84)	(87.86)
	Direct Taxed paid (Net of Refunds)		(0.23)	-
	Net Cash Used in Operating Activities		**(230.07)**	**(87.86)**
B.	**CASHFLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	(374.60)		(60.98)
	Interest Received	2.30		0.59
	Net Cash used in Investing Activities		**(372.30)**	**(60.39)**
C.	**CASHFLOW FROM FINANCING ACTIVITIES**			
	Loan from Holding Company	622.96		**145.50**
	Finance Cost	(1.25)		(0.09)
	Net Cash Generated From Financing Activities		**621.71**	**145.41**
	Net Increase in Cash and Cash Equivalents		**19.34**	**(2.84)**
	Cah and Cash Equivalents at the beginning of the year			
	Cah and Cash Equivalents	13.40		16.24
	Other Bank Balances	5.06		5.06
			18.46	**21.30**
	Cash and Cash Equivalents at the end of the year			
	Cah and Cash Equivalents	15.97		13.40
	Other Bank Balances	21.83		5.06
			37.80	**18.46**

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 whereever necessary.

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

M.A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

Mukul M.Patel
Partner
Membership No. : 32489

PLACE : MUMBAI
DATE : May 4, 2013

For and on behalf of the Board

Abhimanyu Thackersey
Director

Jagdish Thackersey
Director
PLACE : MUMBAI
DATE : May 4, 2013

Hindoostan Technical Fabrics Limited

Notes to Balance Sheet for the Year ended 31st March 2013

Note 1 : Share Capital

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
AUTHORISED CAPITAL		
500,000 (Previous Year 500,000) Equity Shares of ₹ 10/- each	50.00	50.00
	50.00	**50.00**
ISSUED , SUBSCRIBED AND PAID UP CAPITAL		
50,000 (Previous Year 50,000) Equity Shares of ₹ 10/- each, Fully Paid Up	5.00	5.00
Total	**5.00**	**5.00**

49,994 Equity Shares (Previous Year 49994 Equity Shares) are held by the Holding Company and 6 Equity Shares (Previous Year 6 Equity Shares) are held by the Nominees of the Holding Company.

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

	As at 31.03.2013	As at 31.03.2012
50, 000 (Previous Year 50,000) Equity Shares at the beginning of the year of ₹10/- each fully paid up	5.00	5.00
50,000 (Previous Year 50,000) Equity Shares at the end of the year of ₹10/- each fully paid up	**5.00**	**5.00**

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

Name of Equity Shareholders	No. of Shares Held	Percentage of Holding
Hindoostan Mills Ltd.		
Current year	50,000	100.00%
Previous year	50,000	100.00%

Note 2 : Reserves And Surplus

Particulars	As at 31.03.2013	As at 31.03.2012
Surplus		
As per the last Financial Statement	(79.35)	(14.16)
Add: Net Loss after tax transferred from Statement of Profit and Loss	(107.33)	(65.19)
Total	**(186.68)**	**(79.35)**

M. A. PARIKH & CO. CHARTERED ACCOUNTANTS

Hindoostan Technical Fabrics Limited

Notes to Balance Sheet for the Year ended 31st March 2013

Note 3 : Long Term Provisions

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
Provision for Employee Benefits		
Provision for Leave Salary	1.67	0.68
Provision for Gratuity	1.30	0.49
Total	**2.97**	**1.17**

Note 4 : Short Term Borrowings (Repayable on Demand)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured Interest Free Loan from Holding Company (Refer Point no. III of Note 24B Other Notes to Accounts)	991.24	368.28
Total	**991.24**	**368.28**

Note 5 :Trade Payables

Particulars	As at 31.03.2013	As at 31.03.2012
Trade Payables (Refer Point no. IV of Note 24B Other Notes to Accounts)	1.16	0.12
Total	**1.16**	**0.12**

Note 6 : Other Current Liabilities

Particulars	As at 31.03.2013	As at 31.03.2012
Other Liabilities	14.20	5.78
Advances from Customers	0.01	-
Withholding Taxes Payable	1.69	1.24
Total	**15.90**	**7.02**

Note 7: Short Term Provisions

Particulars	As at 31.03.2013	As at 31.03.2012
Provision For Employee Benefits		
Provision for Leave Salary	0.16	-
Provision for Bonus	0.46	-
Total	**0.62**	-

M. A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

HINDOOSTAN TECHNICAL FABRICS LTD.

Notes to Balance Sheet for the Year ended 31st March 2013

Note 8: Fixed Assets

₹ in lakhs

Particulars	GROSS BLOCK				DEPRECIATION BLOCK/AMORTISATION			NET BLOCK	
	As At 01.04.2012	Additions during the year	Deductions during the year	As At 31.03.2013	upto 01.04.2012	For the year	Upto 31.03.2013	As At 31.03.2013	As At 31.3.2012
Tangible Assets									
Leasehold Improvements	10.54	23.94	-	34.48	1.05	2.74	3.79	30.69	9.49
Plant and Equipments									
Plant and Machinery	217.94	216.13	-	434.07	9.40	13.40	22.80	411.27	208.54
Electrical Installations	3.84	-	-	3.84	0.58	0.46	1.04	2.80	3.26
Office Equipments	0.28	0.20	-	0.48	0.03	0.06	0.09	0.39	0.25
Furniture & Fixtures	2.12	4.22	-	6.34	0.62	1.48	2.10	4.24	1.50
Computers	1.16	2.20	-	3.36	0.46	0.63	1.09	2.27	0.70
TOTAL	**235.88**	**246.69**	-	**482.57**	**12.14**	**18.77**	**30.91**	**451.66**	**223.74**
Capital Work in Progress	-	127.91	-	127.91	-	-	-	127.91	-
TOTAL (Current Year)	**235.88**	**374.60**	-	**610.48**	**12.14**	**18.77**	**30.91**	**579.57**	**223.74**
TOTAL (Previous Year)	(174.90)	(101.23)	(40.25)	(235.88)	(0.89)	(11.25)	(12.14)	(223.74)	

V. A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

Hindoostan Technical Fabrics Limited

Notes to Balance Sheet for the Year ended 31st March 2013

Note 9: Long Term Loans and Advances

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured, Considered Good		
Capital Advances	39.62	30.96
Security Deposit	2.20	0.25
Total	**41.82**	**31.21**

Note 10: Other Non Current Assets

Particulars	As at 31.03.2013	As at 31.03.2012
Long Term Trade Receivables		
Unsecured , Considered Good	0.61	-
Total	**0.61**	-

Note 11: Inventories (Lower of Cost or Net Realisable Value)

Particulars	As at 31.03.2013	As at 31.03.2012
Raw Materials	82.75	11.92
Finished Goods	9.66	4.61
Stores and Spares	1.17	-
Total	**93.58**	**16.53**

Note 12: Trade Receivables (Current)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured, Considered Good		
Outstanding for a period exceeding six months	1.33	-
Others	31.08	0.61
Total	**32.41**	**0.61**

Note 13: Cash and Bank Balances

Particulars	As at 31.03.2013	As at 31.03.2012
Cash and Cash Equivalents		
Balance with Banks		
In Current Accounts	15.61	13.30
Cash On Hand	0.36	0.10
Others		
Margin Money Deposit	21.83	5.06
Total	**37.80**	**18.46**

Hindoostan Technical Fabrics Limited

Notes to Balance Sheet for the Year ended 31st March 2013

Note 14 : Short Terms Loans and Advances

₹ in lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured , Considered Good		
Advances to Suppliers	2.74	0.65
Balance with Central Excise	12.00	5.95
Vat Refund Receivable	-	1.05
Tax Deducted at Source	0.28	0.05
Other Advances	3.62	0.46
Total	**18.64**	**8.16**

Note 15 : Other Current Assets

Particulars	As at 31.03.2013	As at 31.03.2012
Interest Receivable	1.18	0.47
Total	**1.18**	**0.47**

PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

Hindoostan Technical Fabrics Limited
Notes Forming Part of Statement of Profit and Loss

Note 16: Revenue from Operations

₹ in lakhs

Particulars	Current Year	Previous Year
Sale of Products	106.47	8.11
Processing Charges	3.03	0.44
Less: Excise duty	9.89	0.76
	99.61	**7.79**
Other Operating Revenues	0.03	0.14
Total	**99.64**	**7.93**

Note 17: Other Income

Particulars	Current Year	Previous Year
Interest Income	2.30	0.59
Total	**2.30**	**0.59**

Note 18: Cost of Materials Consumed

Particulars	Current Year	Previous Year
Opening Stock	11.92	2.26
Add : Purchase of Raw Materials	136.58	22.53
Less : Closing Stock	82.75	11.92
Total	**65.75**	**12.87**

Note 19: Change in Inventories

Particulars	Current Year	Previous Year
Finished Goods		
Opening Stock	4.61	0.20
Less : Closing Stock	9.66	4.61
Total	**(5.05)**	**(4.41)**

M. A. PARIKH & CO. MUMBAI CHARTERED ACCOUNTANTS

Hindoostan Technical Fabrics Limited

Notes Forming Part of Statement of Profit and Loss

Note 20: Employee Benefits Expense

₹ in lakhs

Particulars	Current Year	Previous Year
Salaries And Wages		
Salaries And Wages	44.76	15.67
Bonus	0.60	-
Leave Encashment	1.20	1.03
Contribution to Provident and Other Funds		
Contribution to Provident Fund	1.91	-
Contribution to Gratuity	0.81	0.49
Staff Welfare Expense	4.41	1.35
Total	**53.69**	**18.54**

Note 21 : Finance Cost

Particulars	Current Year	Previous Year
Interest Expense	1.25	0.09
Total	**1.25**	**0.09**

Note 22: Depreciation and Amortisation Cost

Particulars	Current Year	Previous Year
Depreciation	18.77	11.25
Total	**18.77**	**11.25**

Hindoostan Technical Fabrics Limited

Notes Forming Part of Statement of Profit and Loss

Note 23: Other Expenses ₹ in lakhs

Particulars	Current Year	Previous Year
Consumption of Stores and Spares	4.51	2.93
Power and Fuel	4.59	-
Processing Charges	-	0.30
Rates and Taxes	1.98	0.03
Lease Rent	5.33	0.93
Repairs to Buildings	3.77	0.12
Repairs to Machinery	0.03	-
Other Repairs	1.30	0.85
Insurance	0.24	0.19
Freight,Forwading and Clearing Charges	0.57	-
Miscellaneous Expenses	3.61	0.41
Legal and Professional Charges	3.39	1.23
Auditors Remuneration	0.33	0.29
Travelling Expense	32.09	7.78
Conveyance	0.26	0.16
Directors Fees	1.09	1.00
Postage, Courier & Telephone Expenses	2.22	1.06
Stationery and Printing Charges	1.52	0.62
Testing Fees	1.23	-
Books & Periodicals	0.25	0.18
Advertisement	1.07	0.30
Business Promotion Expenses	20.25	15.98
Security Charges	2.47	2.04
Motor Car Expenses	2.97	0.51
Bank Charges	1.17	0.04
Bad Debts	0.16	-
Total	**96.40**	**36.95**

Auditors Remuneration:		
For Audit fees	0.33	0.28
For Reimbursement of Expense	-	0.01
	0.33	**0.29**

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NOTE 24A: 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 recognised 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.

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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. 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:**

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. 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.

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

e. Cost of Leasehold Improvements is written off over the period of Lease.

5. **Inventories:**

a. **Raw Materials**:
At cost or net realisable value whichever is lower.

b. **Stores and Spares:**
At cost or net realisable value, whichever is lower.

c. **Process Stock and Finished Goods:**
At cost or net realisable value whichever is lower. Cost comprises of cost of Materials, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

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6. **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.

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) as per Companies (Accounting Standards) Rules, 2006.

7. **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 amortized 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.

8. **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.

9. **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. Revenue in respect of other income/claims, etc is recognized only when the right to receive payment is established.

10. Taxes on income:

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

11. 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.

12. 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.

13. 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.

14. 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. 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 it recoverable value. The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

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NOTE 24B: OTHER NOTES TO ACCOUNTS

₹ in lakhs

I. ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED

Particulars	Current Year	Previous Year
Estimated amount of contracts remaining to be executed on capital account and not provided for	13.36	14.78

II. CONTINGENT LIABILITIES IN RESPECT OF:

Particulars	Current Year	Previous Year
Concessional Custom duty on Machinery Imported	61.63	33.63

III. The Company has received interest free unsecured loan from its Holding Company which is repayable on demand. Hence, although the said loan is outstanding for more than twelve months as on 31st March, 2013, it is presented as Short Term Borrowings.

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

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

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V. **CURRENT TAX:** Since the company has incurred a loss during the year provision for tax has not been made.

DEFERRED TAX ASSETS (NET):

The significant component and classification of deferred tax assets and liabilities on account of timing differences in accordance with Accounting Standard 22 "Accounting for Taxes on Income" (AS 22) are as under:

₹ in lakhs

Particulars	As At 31.03.2012	Adjustments during the Year	As At 31.03.2013
Deferred Tax Assets			
Carry forward Loss	21.66	39.06	60.72
Deferred Tax Liabilities			
Depreciation	18.60	17.52	36.12
Net Deferred Tax Assets	**3.06**	**21.54**	**24.60**

VI. **ADDITIONAL INFORMATION:**

	Particulars	Current Year	Previous Year
A	**SALES**		
(i)	Sales of Goods		
	Technical Fabric	96.57	7.35
(ii)	Services		
	Processing Income	3.03	0.44
	Total	**99.60**	**7.79**
B	**CONSUMPTION OF RAW MATERIALS**		
	Technical Yarn	62.62	10.15
	Others	3.13	2.72
	Total	**65.75**	**12.87**
C	**STOCK OF FINISHED GOODS**		
	Technical Fabric		
	Opening Stock of Finished Goods	4.61	0.20
	Closing Stock of Finished Goods	9.66	4.61

VII. **OTHER DISCLOSURES**

A. **C.I.F. Value of Imports in respect of:**

₹ in lakhs

Particulars	Current Year	Previous Year
Raw Material	122.17	21.89
Capital Goods	238.04	12.93
Total	**360.21**	**34.82**

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B. Expenditure in Foreign Currency on account of:

Particulars	Current Year	Previous Year
Foreign Travel	7.73	4.80
Exhibition Expense	6.81	-
Total	**14.54**	**4.80**

C. Value of Raw Materials Consumed:

Particulars	Current Year		Previous Year	
	Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
Imported	99.31%	65.30	99.92%	12.86
Indigenous	0.69%	0.45	0.08%	0.01
Total	**100.00%**	**65.75**	**100.00%**	**12.87**

D. Value of Stores and Spares Consumed:

Particulars	Current Year		Previous Year	
	Percentage to Total Consumption %	Amount	Percentage to Total Consumption %	Amount
Imported	-	-	7.17%	0.21
Indigenous	100.00%	4.51	92.83%	2.72
Total	**100.00%**	**4.51**	**100.00%**	**2.93**

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

Particulars	Current Year	Previous Year
Earnings in Foreign Exchange on account of Export of goods on F.O.B. Basis	20.66	-

VIII. EMPLOYEE BENEFITS:

A. GRATUITY (NON FUND BASED) :

Particulars	Current Year
Reconciliation of opening and closing balances of Defined Benefit Obligation	
Present value of Defined Benefit Obligation as on 1st April, 2012	0.29
Interest cost	0.02
Current Service Cost	0.29
Net Actuarial Loss	0.70
Present value of Defined Benefit Obligation as on 31st March, 2013	1.30
Fair value of plan assets	-
Net liability recognised in balance sheet	1.30
Expenses recognized during the year	
Current Service Cost	0.29
Interest Cost	0.02
Actuarial Loss	0.70
Net Cost	1.01
Actuarial Assumptions	
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate
Discount Rate (per annum)	8.00%
Attrition Rate	2.00%
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 ₹ 1.83lakhs (Previous Year ₹ 0.68 lakh) which has been duly provided for.

C. The Company has taken actuarial valuation for Gratuity and Leave Encashment. Accordingly, provision for Gratuity and Leave Encashment amounting to ₹ 0.20 lakh and ₹ 0.17 lakh respectively has been adjusted against current year expenses.

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IX. RELATED PARTY INFORMATION

A:

Holding Company	Hindoostan Mills Ltd.
Key Management Personnel (KMP)	Mr. Chandrahas Thackersey Mr. Raoul Thackersey Mr. Abhimanyu Thackersey Mr. Jagdish Thackersey
Relative of KMP	Mr. Sudhir Thackersey Mr. Hrishikesh Thackersey

B. Transactions with Related Parties:

Sr. No.	Nature of Transactions	Current Year	Previous Year
1.	Rent Paid to Holding Company	0.84	0.84
2.	Sitting Fees to KMP		
	Mr. Sudhir Thackersey (Resigned w.e.f 8th August, 2012)	0.10	0.20
	Mr. Chandrahas Thackersey	0.20	0.20
	Mr. Raoul Thackersey	0.20	0.20
	Mr. Abhimanyu Thackersey	0.20	0.20
	Mr. Jagdish Thackersey	0.10	-
3.	Reimbursement of Expenditure incurred by Company on behalf of Holding company	-	3.90
4.	Reimbursement of Expenditure incurred by Holding Company on behalf of Company	13.02	10.62
5.	Loan Received from Holding Company		
	Balance as on 1st April, 2012	368.28	222.78
	Loan received during the year	622.95	145.50
	Balance as at 31st March, 2013	991.23	368.28

Note:

a. Related Party information is as identified by the Company and relied upon by the Auditors.

b. Above figures are exclusive of Service Tax wherever applicable

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X. LEASES

The company has entered into lease agreements for its factory building and Research & Development unit premises. The future minimum rental payables under Accounting Standard 19 "Lease" (AS 19) as required to be disclosed are as follows:

Particulars	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

XI. EARNINGS PER SHARE

Particulars	Current Year	Previous Year
Loss after taxation as per Statement of Profit and Loss (₹ in lakhs)	(107.33)	(65.19)
Weighted Average number of Equity Shares Basic and Diluted (Nos.)	50,000	50,000
Nominal Value of Equity Share (₹)	10	10
Basic & Diluted Earnings per share (₹)	**(214.66)**	**(130.38)**

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

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

Signatures to Notes "1" to "24"

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

Mukul M.Patel
Partner
Membership No.:32489

Mumbai
Dated: May 4, 2013

For and on behalf of the Board

Abhimanyu Thackersey
Director

Jagdish Thackersey
Director

Mumbai
Dated: May 4, 2013