



Harnessing Energy from Variables **Creating Constant Value**

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About Us

Incorporated in 1981, H.P. Cotton Textile Mills Limited is among India's largest exporters of cotton sewing threads. Our vertically integrated operations provide us with complete flexibility and control over the entire value chain. Our products cater to a wide range of applications, encompassing industrial as well as consumer segments. Being able to cater to more than 30 countries is a testimony to our focus on product quality and customer service.

Process optimisation and stringent quality standards at each stage of production have made our offerings unique globally. These strengths together with our vast industry experience and keen focus on value addition have given us a competitive edge in the industry. Our successful operations are also backed by the dedication and skill of our workforce and the support of our stakeholders. We continue to strengthen our competitive edge through continual investments in product innovation and modern technology.

We strongly believe that profit is simply a by-product of the value creation process for our stakeholders. From being a growth-focused organisation, responsible employer, collaborative business partner, a good corporate citizen, and an environmentally-conscious manufacturer, we embrace holistic value creation and business sustainability.

Our Company's Corporate office is Headquartered in New Delhi, India, and is publicly listed on the BSE.

Compliance and Certifications



Oeko-Tex
Standard 100,
Product Class 1
Compliant



ISO 9001 – 2015
Certification by
TUV-Sud



GRS (Global
Recycle Standard)
Certification



Star Export House
Certification by the
Government of India



Global Organic
Textiles Standards
(GOTS) Certification



BSCI (Business Social
Compliance Initiative)
Certification



Harnessing Energy from Variables Creating Constant Value

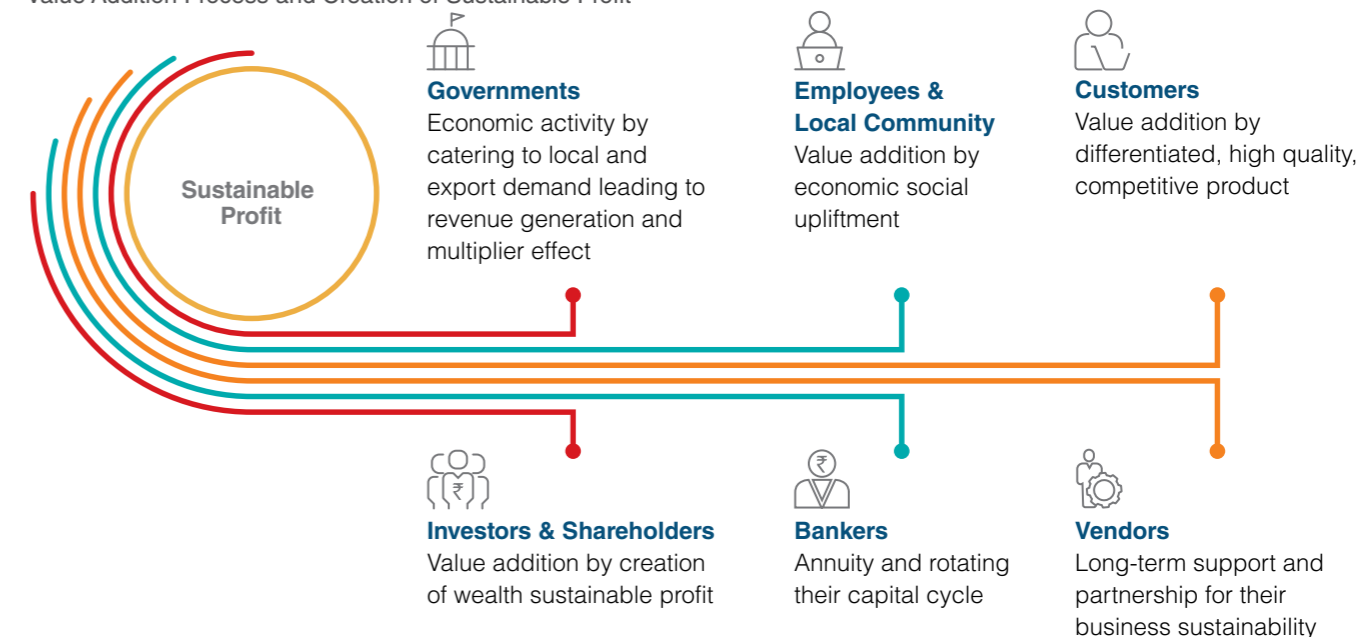
At H.P. Cotton Textile Mills, guided by our purpose to create constant value for all our stakeholders, and in the process generate sustainable profit, we have always viewed change positively. We see change as an opportunity to make our Company more efficient, innovative and adaptive. It is also our firm belief that a changed ecosystem often brings new prospects for business prosperity.

Our constructive approach towards change has enabled us to sail through turbulent times, not just in recent years but over our illustrious journey of over four decades. We continue to stay focused on harnessing the energy from the fluid operating environment and using that energy to create opportunities, empowering ourselves for future growth.

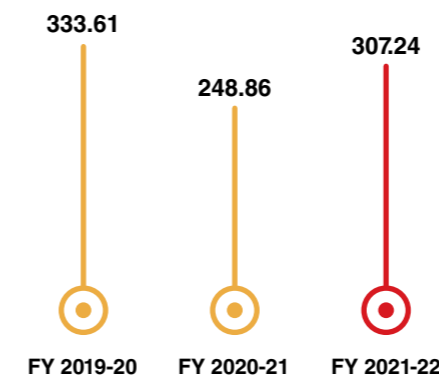
Finally, we are building our Company for sustainable success. This willingness to take a long-term view and ability to adapt to changing environments will continue to be a feature of our business as we move ahead on our journey of constant value creation.

Business Objective

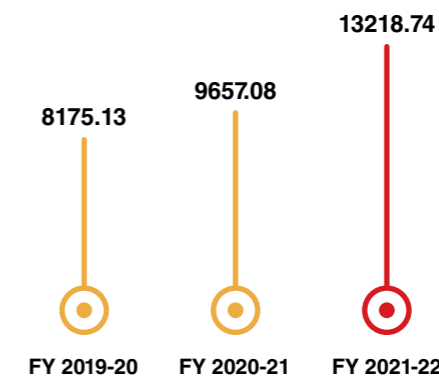
Value Addition Process and Creation of Sustainable Profit



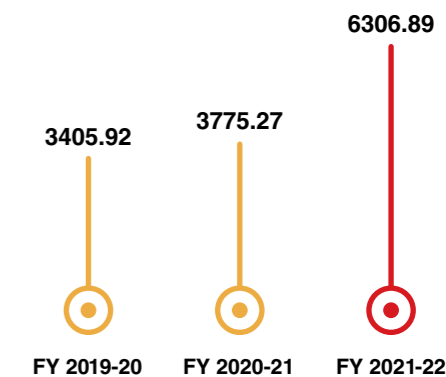
Finance Cost (₹ in lacs)



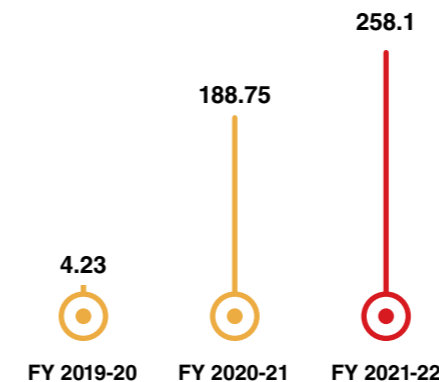
Revenue (₹ in lacs)



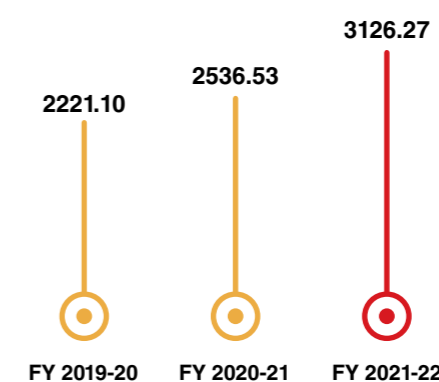
Purchases (₹ in lacs)



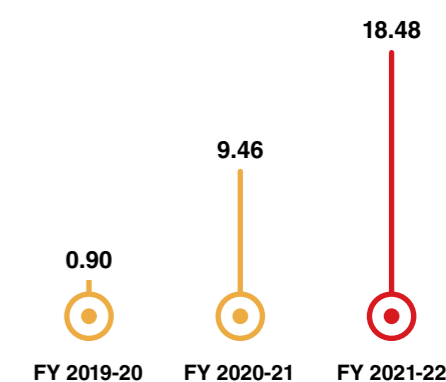
Tax Expense (₹ in lacs)



Employee Benefit Expenses (₹ in lacs)



Earnings Per Share (In ₹)



Creating Constant Value with our unique offerings

We manufacture a wide array of high-quality, differentiated and sustainable products for the domestic and international market for Industrial as well as Consumer Segments.

Industrial Segment mainly consist of catering to Knitting, Ready Made Garments (Apparel), Packaging, Lace Making, Stationery, Sports Goods, Footwear & Leather and Carpet & Home Textile Segments. Industrial Threads is marketing under its own label of HP Threads, through channel as well as direct sales.

Consumer Segments consists of a variety of consumer end uses, which includes Hand Knitting, Crochet, Embroidery, Quilting, Kite Flying, and Tailoring segments, which are marketing under its own label as well as customer private label.

Due to the nature of differentiated product offering, the company's performance is unaffected with the cyclical uptrends and downtrends of the commoditized spinning industry and enables the company to produce a more sustainable performance.

It is the variety of product offerings and a diversified customer base over 30 current geographies, which embeds resilience and sustainability in our business model, which has been demonstrated over last three and a half decades and specially in the last two years of pandemic, where the company has demonstrated excellent resilience, flexibility and the ability to adapt, driven by the vision and experience of the promoters of the company.



Creating Constant Value with Integrated Manufacturing & Quality Excellence

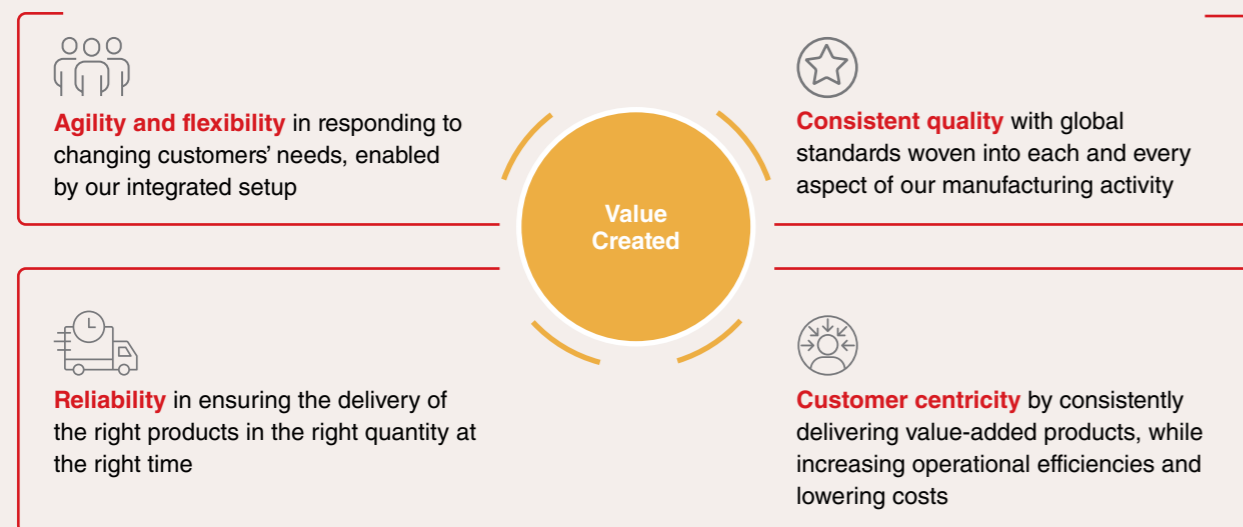
Our operations are underpinned by our integrated manufacturing facility located at Hisar, Haryana. It consists of Ring Spinning, Doubling & TFO operations, a specialised Gassing & Mercerizing unit, further integrated with Bleaching, Dyeing, Glazing and Finishing Winding units.

Our integrated facility enables us to customise products as per end-user needs and optimise processes for a better cost proposition. Vertical integration also ensures complete quality control at each step of manufacturing to deliver world-class, differentiated products. We remain focused on driving greater automation and deploying the latest technology at our facilities to enhance the robustness of our systems and processes. Moreover, our end-to-end operations also help in reducing wastages across the value chain.

The manufacturing facility is equipped with a Zero Liquid Discharge (ZLD) plant. The ZLD plant employs advanced wastewater treatment technologies to purify and recycle 95% of all the wastewater produced, thus enabling us to eliminate our effluent discharge and carbon footprint.



Value Created



Quality Excellence

As a global supplier, quality excellence is integrated into every stage of our operations.

This is reflected in our rigorous approach to quality right from raw material sourcing to every step of the manufacturing process, till the finished product is packed and dispatched to our customers. Meticulous care is taken while selecting the cotton used to spin our yarn. Our in-house quality control laboratory and in-house colour laboratory conform to the highest international standards.

While maintaining quality standards is imperative, we aim to go above and beyond these standards through continuous improvement. Aligned with this focus, significant investments have been made in sophisticated testing instruments for measuring yarn parameters.

At our chemical laboratory, we ensure perfect colour matching, colour fastness, softer feel, lustrous finish and all other necessary traits of a fine yarn. In parallel, our highly qualified technicians are continuously innovating and creating newer product lines for the future. This deeply ingrained quality culture combined with our high focus on new product development has made us the partner of choice of our customers.

Prioritising Quality

Holistic quality assurance

Stringent adherence to global quality norms

In-house quality control laboratory

In-house colour laboratory

Sophisticated testing instruments

Continuous R&D for new product lines

Creating Constant Value Globally

Our excellent reputation for quality, innovation and cost-competitiveness has made us a trusted supplier to customers across the world. We continue to strengthen our marketing network to grow our global reach.

We export to 31+ countries



Creating Constant Value by Harnessing New Opportunities

A crisis has two sides: a challenge and an opportunity. With the ecosystem changing following the COVID-19 crisis, companies globally are diversifying and de-risking their manufacturing footprint, showing the gaps amidst which, the opportunities lie. At H.P. Cotton Textile Mills, we remain steadfast to the pursuit of these unfolding opportunities.



The Production Linked Incentive (PLI) Scheme for Textiles products, namely MMF (man-made fibre) Apparel, MMF Fabrics and Products of Technical Textiles was notified by the Ministry of Textiles (MoT), Government of India in September 2021. The scheme is intended to enhance India's manufacturing capabilities and exports in Textiles. The detailed operational guidelines for implementation of the PLI scheme was issued by MoT in December 2021.

As part of the PLI Scheme for the Textile Sector, incentives worth

₹106.83 billion will be provided on production to the textile sector over a span of five years. The incentive structure has been formulated to encourage investment in fresh capacities. This will give a major push to the growing high-value MMF segment which will complement the efforts of the cotton and other natural fiber-based textiles industry in generating new employment and trade opportunities. To further boost the growth of the textile sector, the Centre also removed the import duty on cotton.

Our Company applied for the PLI Scheme in February 2022 and got an approval letter in April 2022. Our selection as a beneficiary under India's PLI Scheme for Textiles will enable us to forward integrate into apparel manufacturing and expand our operations.

In accordance with the PLI Scheme, we have incorporated a wholly-owned subsidiary with the name of HP MMF Textiles Limited for expansion in the category of manufacturing of manmade fibres, apparels and technical textiles.

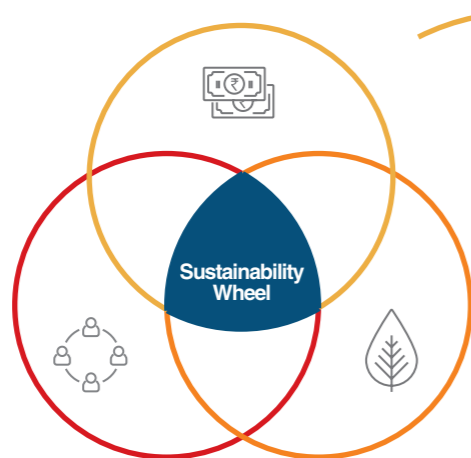
Creating Constant Value through Sustainable Practices

We firmly believe in the Sustainability Wheel Concept, i.e., a sustainable business can only be established by imbibing all the three pillars of sustainability - Economic, Social and Environmental. In the absence of even one of them, a business cannot survive in the long run.

To elaborate further on the Sustainability Wheel Concept; if a business is economically viable but has a negative social or environmental impact, it is bound to fail in due course. Similarly, if a business is environmentally sustainable but fails to generate monetary profit, its economic sustainability is impacted.

Social

Creating positive value for our employees, supply chain, the society at large and other stakeholders.



Economic

Delivering stable, long-term growth by ensuring compliance, governance and risk management.

Environmental

Producing products while reducing our carbon footprint, optimising resources and ensuring adherence to environmental practices and regulations.



Environmental Sustainability

We take our responsibilities to the environment very seriously. By choosing to embrace environmental sustainability, we seek to create constant value for our planet and make this world a better and greener place for future generations.

Water conservation and responsible water and wastewater management is an integral part of our environmental sustainability efforts. In an effort to reduce our water wastage, we place strong focus on making sure the water we use is recycled with maximum efficiency. Our Water Treatment

System uses 100% biological pre-treatment, ultra-filtration, membrane bio reactor, reverse osmosis and nano filtration technology to enable 95% water purification & recycling and zero liquid discharge. Our yarns are dyed with 100% recycled water.

We are compliant with Control Union Textile certifications. This includes 100% compliance with GOTS organic certification, an internationally recognised organic textile standard. We have also been certified with the Global Recycling Standard (GRS) label.

Additionally, we also conform to STANDARD 100 by OEKO-TEX® certification, a globally standardised, independent testing and certification system. The STANDARD 100 product label is reliable proof that our products are tested in accordance with strict global standards to protect users from harmful substances.

The other key sustainable practices that we follow in our operations include eliminating the use of single-use plastic, optional usage of 100% biodegradable plastics and 100% compostable plastics, and adopting biomass-powered boilers for meeting our energy requirements for dyeing.



Message from the Chairman and Managing Director



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It gives me immense pleasure to share with you that your Company got selected for the PLI Scheme in April 2022. This opens up exciting opportunities for your Company to expand business boundaries. In accordance with the PLI Scheme, a wholly-owned subsidiary, HP MMF Textiles Limited, has been established.

Dear Members,

I hope this letter finds you and your families well and safe. In the context of the COVID-19 pandemic, I am glad to share that your Company successfully executed vaccination drives for all the employees and continues to maintain a sharp focus on supporting their health and safety.

Amid a year that continued to be characterised by several headwinds, I take great pride in sharing that your Company delivered a strong performance. This was achieved

through focused execution of the business strategy and the perseverance of the team.

Further, despite the short-term challenges of the pandemic and cost inflation, your Company's investments in branding, expanding the distribution network, and innovation continued unabated. These concerted actions have re-strengthened the business and positioned it well to create better value for all stakeholders.

Performance Review

Just when it seemed that the world was emerging from the throes of the COVID-19 pandemic, the second wave in several countries once again disrupted global economic recovery. The Russia-Ukraine conflict towards the close of the financial year aggravated the pre-existing challenges of excessive volatility in commodity prices, inflationary pressures, and supply chain disruptions.

Overcoming these external challenges, your Company demonstrated tremendous growth in terms of revenue and profitability for the FY 2021-22. These results demonstrate its execution prowess, agility, strategic clarity, and supply chain resilience.

An important highlight was that the production of sewing threads increased by 22.62% over the previous year, which resulted in sales increasing by 36.88% over the previous year. The higher sale also benefitted from your Company's increased focus and success in the value-added export segment. During the year, your Company also implemented various policies, which contributed to its strong performance.

Expanding Boundaries

H.P. Cotton Textile Mills had applied for the Performance Linked Incentive (PLI) Scheme introduced by the Government of India for the promotion of MMF (man-made fibre) Apparel, MMF Fabrics and Products of Technical Textiles. It gives me immense pleasure to share with you that your Company got selected for the PLI Scheme in April 2022. This opens up exciting opportunities for your Company to expand business boundaries. In accordance with the PLI Scheme, a wholly-owned subsidiary, HP MMF Textiles Limited, has been established.

Awards And Recognition

Your Company's various endeavours were duly acknowledged through marquee awards. In this regard, I am delighted to share that H.P. Cotton Textile Mills was conferred the Runner-up Award in the category of 'Best MSME Global Business of the Year' by ASSOCHAM.



An important highlight was that the production of sewing threads increased by 22.62% over the previous year, which resulted in sales increasing by 36.88% over the previous year.

Closing Comments

As a result of all the progress in FY 2021-22, your Company enters the new fiscal as a far more capable organisation and better prepared to handle the evolving demand, continuous market volatility and an uncertain economic environment. Your Company aims to exceed the internal benchmark so that it can consistently deliver value to its customers, and also perform as a dependable supplier.

My sincere gratitude to our valued customers for their steadfast support. I would also like to take this opportunity to extend my thanks to our employees, management, leadership team, investors, partners, suppliers, distribution network and our shareholders for their unflinching trust and support.

Warm regards,

Kailash Kumar Agarwal

Chairman & Managing Director

Message from the Executive Director, Chief Executive Officer and Chief Financial Officer



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Our total production increased by 22.17% on a year-on-year basis. Higher production and greater thrust on the value-added export segment resulted in our total turnover increasing by 36.88% on a year-on-year basis. Profit after Tax surged by 95.67% over the previous year, driven by an increase in revenue and productivity.

Dear Shareholders,

We are living in an era of disruption. Starting with the outbreak of the COVID-19 pandemic to government-induced lockdowns, economic and social life being upended, tragic human and health suffering to global supply chain crisis, there have been consistent changes and challenges in the operating environment over the past few years.

The ongoing geopolitical strife has again cast a shadow on global economic recovery. Excessive volatility in global crude oil prices, high inflationary pressures and supply-chain disruptions, triggered by the conflict, may undermine global economic growth.

In all of the above events of disruption, which have led to an increasingly variable business environment, the focus of the Company has been to achieve its objective of creating constant value addition to all of its stakeholders, and in the process produce sustainable profit in the form of a by-product.

Performance Review

During the year under review, our Company continued along the path of constant value addition as we efficiently executed our business strategy and stayed agile to effectively manoeuvre through the demanding supply chain environment. Our proactive engagement with our stakeholders – customers, vendors, investors, employees, financial institutions, industry bodies, communities, and governments – also enabled us to successfully navigate the changing operating environment and deliver added value.

We reported strong growth across all key parameters of performance. Our total production increased by 22.17% on a year-on-year basis. Higher production and greater thrust on the value-added export segment resulted in our total turnover increasing by 36.88% on a year-on-year basis. Profit after Tax surged by 95.67% over the previous year, driven by an increase in revenue and productivity. Net Profit Margin improved to 5.33% as against 3.73% in the previous year. Return on Net Worth also recorded strong growth, standing at 22.92% as against 16.10% in the previous year.

Business opportunities

The future of the Indian textiles industry looks promising, buoyed by strong domestic consumption as well as export demand. While the pandemic-induced disruption resulted in the Indian textiles sector being one of the worst hit sectors, it has now made a strong comeback with the normalisation of economic and social activity. The country's textile and apparel exports (including handicrafts) stood at USD 44.4 billion in FY 2021-22, an increase of 41% on the previous year. As per government data, India's textile ecosystem has the potential to reach USD 250 billion in the next 5-7 years.

In April 2022, with the aim to make India a global leader in the textile sector, the Ministry of Textiles selected 61 applicants under the Production-Linked Incentive (PLI) Scheme for Textile Products, namely MMF (man-made fibre) Apparel, MMF Fabrics and Products of Technical Textiles. India's contribution towards man-made fibre in the global market is 25%. The PLI Scheme, along with the PM Mega Integrated Textile Regions and Apparel Parks (MITRAs) Scheme, is expected to help in enhancing this share, while also making India a strong competitor in the global market.

I am delighted to share that H.P. Cotton Textile Mills is among the applicants selected under the PLI Scheme for Textiles. This strategic foray into the manufacturing of MMF Apparel and Fabrics provides a strong platform for future growth. These newer areas also share strong synergies with our existing business and will benefit from our manufacturing capability, distribution network and brand recognition.

The pandemic and the current geopolitical crisis have made companies and countries rethink their supply chain. The China-plus-one strategy is being increasingly adopted to diversify and de-risk the supplier base. In the textile sector, India offers an attractive alternative to China, as well as several other countries in the West, due to its cost proposition, skilled manpower and conducive business environment.

Embracing sustainability

We remain committed to building a stronger and more sustainable business that creates lasting value for all our stakeholders. As a global supplier of cotton specialty yarns and cotton sewing threads, stringent adherence to high-quality standards and globally renowned accreditations is core to meeting our customers' expectations and growing responsibly. We are also driving sustainability in our products by using recycled materials. Our water treatment system uses advanced processes to enable 95% water purification & recycling and zero liquid discharge.

We remain focused on using renewable energy sources and adopting other sustainability measures to reduce our environmental footprint.

Business outlook

Looking to the future, I am excited about the growth opportunities for our business. India is on a promising growth trajectory despite the concerns related to inflation and global supply disruptions. The massive vaccination drive in India has been very successful and pandemic anxieties have receded. In the global markets, our strong market reputation and rich industry experience position us well to increase sales in our existing geographies while steadily foraying into new countries. We are also steadily expanding our marketing presence to capture fresh opportunities in the export segment.

While our growth outlook is promising, we are battling some headwinds in the near term. Inflationary pressures may erode some demand for our products. The recent spike in cotton prices in India has been a significant constraint, leading to high finished good prices and thus reduced cost competitiveness. We remain hopeful that the government's decision to remove import duty on cotton will help in stemming this price rise. High energy costs because of the war in Ukraine, supply-chain disruptions because of pandemic-related lockdowns in China, and surging commodities prices are other challenges that are being currently faced. We are monitoring these developments closely and taking the necessary measures to mitigate their impact on our performance.

Signing off

In closing, I would like to take this opportunity to thank our customers, employees, partners and shareholders for their continued support. We at H.P. Cotton Textile Mills remain focused on scaling growth and generating sustainable value for all stakeholders.

Warm regards,

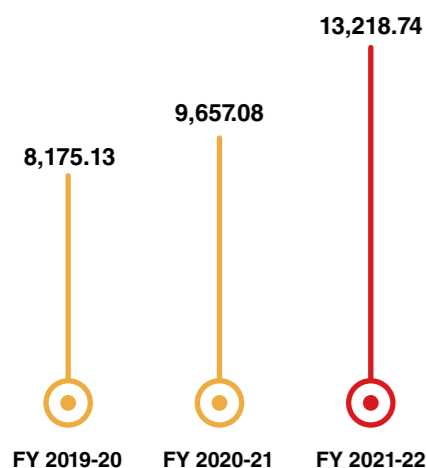
Raghavkumar Agarwal

Executive Director, Chief Executive Officer and Chief Financial Officer

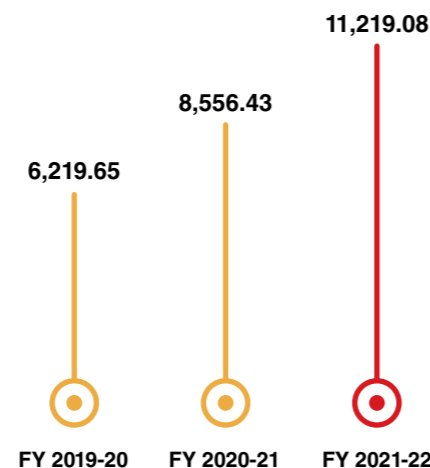
Financial Highlights

Tracking performance across key financial indicators for the past three years

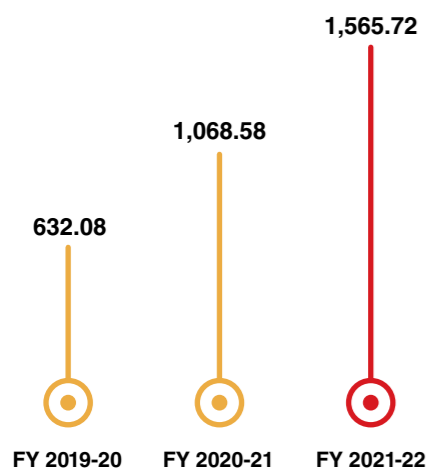
Revenue from Operations (₹ in lacs)



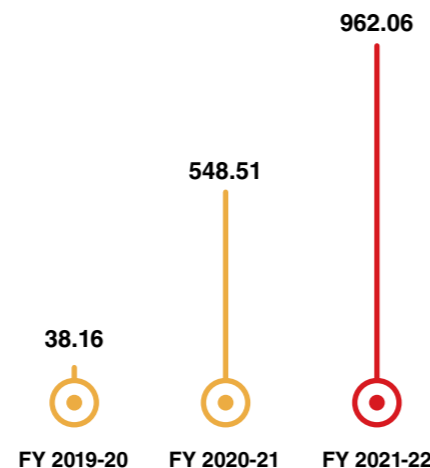
Export Sales (₹ in lacs)



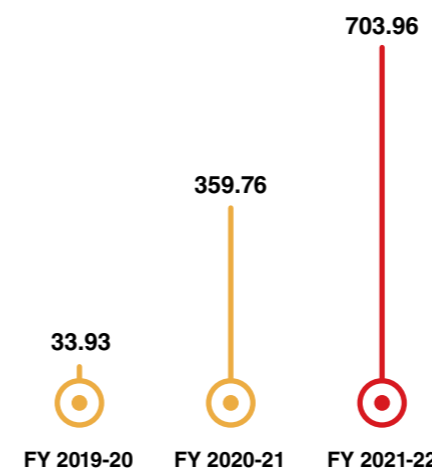
EBITDA (₹ in lacs)



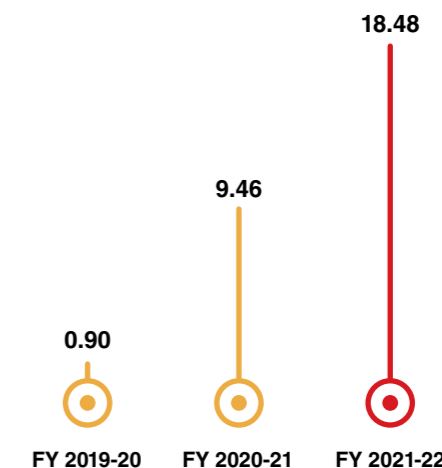
Profit before Tax (₹ in lacs)



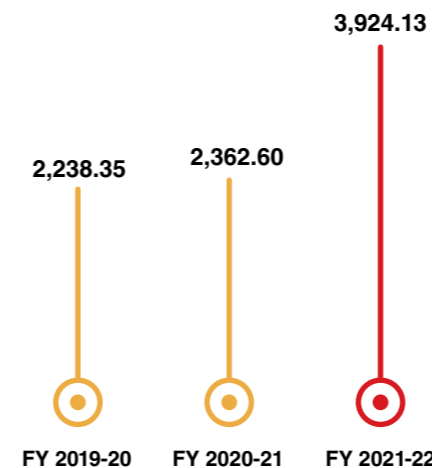
Profit after Tax (₹ in lacs)



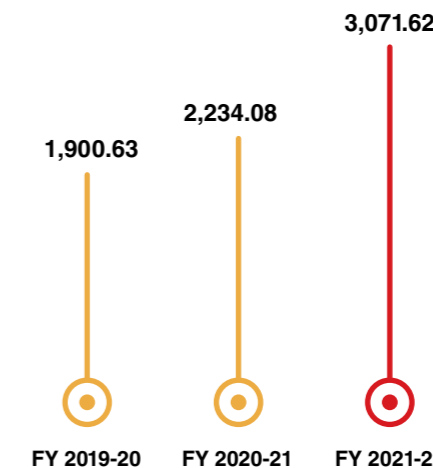
Earning per Share (in ₹)



Property, Plant and Equipment (PPE) including intangibles and right of use assets (₹ in lacs)



Net Worth (₹ in lacs)



Production of Sewing Threads (in Kgs)

