



H.P. COTTON TEXTILE  
MILLS LIMITED

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To download or to read the report online, please log on to [www.hpthreads.com](http://www.hpthreads.com)

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Kailash Kumar Agarwal  
(Chairman & Managing Director)

Mr. RaghavKumar Agarwal  
(CEO & Executive Director)

### Non-Executive Director

Mrs. Ritu Bansal

### Independent Directors

Mr. Parshotam Dass Agarwal

Mr. Vikram Sumatilal Sheth

Mr. Siddharth Agrawal

Mr. Vikram Jhunjhunwala

### Chief Financial Officer

Mr. RaghavKumar Agarwal

### Company Secretary and Compliance Officer

Mr. Shubham Jain

## REGISTRAR & SHARE TRANSFER AGENT

Alankit Assignments Ltd.  
Alankit House,  
4E/2, Jhandewalan Extension,  
New Delhi-110055  
Tel: +91 11 42541234  
Fax: +91 11 23552001  
Email: info@alankit.com  
Website: www.alankit.com

## STATUTORY AUDITORS

M/s D. Kothary & Co.,  
Chartered Accountants  
102-Ameya House, Next to Azad Nagar Metro Station,  
Above Standard Chartered Bank, Andheri(W),  
Mumbai - 400058

## SECRETARIAL AUDITORS

M/s Tarun Jain & Associates  
Company Secretaries  
1001, Vikrant Tower, Rajendra Place,  
New Delhi-110008

## BANKERS

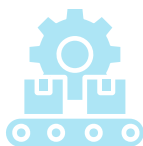
State Bank of India

## REGISTERED OFFICE

15<sup>th</sup> K.M. Stone, Delhi Road,  
V.P.O. Mayar, Hisar 125044 (Haryana)  
CIN: L18101HR1981PLC012274

## CORPORATE OFFICE

F (0), The Mira Corporate Suites  
1 & 2, Old Ishwar Nagar, Mathura Road,  
New Delhi – 110065  
Tel: +91 11 41540471/72/73  
Fax: +91 11 49073410  
E-mail: info@hpthreads.com  
Website: www.hpthreads.com



## Board of Directors



### **KAILASH KUMAR AGARWAL**

Chairman and Managing Director

Mr. Kailash Kumar Agarwal holds Bachelor's Degree in Law (LL.B) from Delhi University and a Bachelor's Degree in Commerce from the University of Calcutta. He is one of the Founder Directors and Promoter of H.P. Cotton. Being one of the First Directors of the company, he has been serving the company for more than 4 decades, and guided the company through various ups and downs since its inception. He is currently the Chairman and Managing Director of H.P. Cotton with more than 40 years' experience at H.P. Cotton.



### **RAGHAVKUMAR AGARWAL**

Executive Director, Chief Executive Officer & Chief Financial Officer

Mr. Raghav Kumar Agarwal holds a Bachelor's Degree in Management Science from Warwick Business School, University of Warwick, U.K. He has a wide experience of more than 18 years in Textile Industry. He serves as an Executive Director, Chief Executive Officer and Chief Financial Officer at H.P. Cotton.



### **PARSHOTAM DASS AGARWAL**

Independent Director

Mr. Parshotam Dass Agarwal holds a Bachelor's Degree in Commerce from Ravishankar University, Raipur; a Bachelor's Degree in Law (LL.B) from University of Delhi and a Master's Degree in Business Administration from the Faculty of Management Studies, University of Delhi. He has a wide professional experience of more than 45 years with the corporates which includes holding positions in Textiles Industry for 25 years particularly as President in Birla Group, Chief Executive Officer in Surya Roshni Limited for 7 years, President in Shree Krishna Paper Mills Ltd. for 9 years and as Executive Director in OP Jindal Group. He serves as an Independent Director on the Board of H.P. Cotton.







### VIKRAM SUMATILAL SHETH

Independent Director

Mr. Vikram Sumatilal Sheth holds a Bachelor's degree in Engineering (Chemical Plant Engineering) from University of Mumbai and also holds a Master's degree in Management Studies (MMS) from NMIMS (University of Mumbai). He comes with more than 28 years of experience in the financial services space. He has assisted corporates in raising funds of more than USD 3 billion in the form of equity/debt. His previous stints include working with ICICI Securities, Edelweiss, and Religare, where he held leadership positions for their investment banking practice. Mr. Vikram is currently focused to build the Investment Banking business of New Age Financial Advisory Limited. Mr. Vikram is also a visiting faculty member at NMIMS, a prestigious B-School in India. He serves as an Independent Director on the Board of H.P. Cotton.



### RITU BANSAL

Non-Executive Director

Mrs. Ritu Bansal is a Chartered Accountant by profession and holds a Bachelor's degree in Commerce (Hons.) from University of Delhi. She has more than 24 years of experience in taxation and auditing. She also holds Certificate in Forensic Accounting & Fraud Detection (FAFD), Certificate in Concurrent Audit and Diploma in Information System Audit (DISA) issued by ICAI. She serves as a Non-Executive Director on the board of H.P. Cotton.



### SIDDHARTH AGRAWAL

Independent Director

Mr. Siddharth Agrawal is an Advocate by profession and holds a Bachelor's degree in Bachelor of Business Administration and Bachelor of Laws (B.B.A LL.B) and also holds a masters in Law (L.L.M) from London School of Economics and Political Science (LSE), London. He has more than 12 years of experience in arbitration, civil and commercial litigation. His practice encompasses advising and representing parties in international arbitration matters and in arbitration matters seated in India. He has worked with various top law firms of India. He is also an Advocate-on-Record, Supreme Court of India and regularly appears before the Supreme Court of India, Delhi High Court and various Tribunals. He serves as an Independent Director on the Board of H.P. Cotton.



### VIKRAM JHUNJHUNWALA

Independent Director

Mr. Vikram Jhunjhunwala holds a Bachelor's degree in Engineering (Mechanical) from Bangalore University and a Master's degree in Finance from New York University. He comes with more than 30 years of experience in Banking & Financial Services. He has expertise in corporate finance, capital markets, and financial engineering and restructuring. He has previously worked with notable corporate houses such as ANZ Grindlays Bank, Coca-Cola India, Star TV, Ernst & Young and Reliance Industries. He serves as an Independent Director on the Board of H.P. Cotton.

# H.P. COTTON TEXTILE MILLS LIMITED

**CIN:** L18101HR1981PLC012274 | **ISIN:** INE950C01014 | **BSE SCRIP CODE:** 502873

**Registered Office:** 15<sup>th</sup> K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044

**E-mail:** info@hpthreads.com | **Tel:** +91 11 41540471/72/73 | **Fax:** +91 11 49073410 | **Website:** www.hpthreads.com

## Notice of the Annual General Meeting

**NOTICE** is hereby given that the Forty-Third (**43<sup>rd</sup>**) Annual General Meeting (“AGM”) of the Members of H.P. Cotton Textile Mills Limited will be held on **Monday, the 23<sup>rd</sup> day of September, 2024 at 12:30 PM IST** through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”) to transact the following businesses:

### ORDINARY BUSINESSES:

1. To consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2024 and the report of the Board of Directors and Auditors thereon and in this regard to consider and, if thought fit, to pass the following resolution as **Ordinary Resolution:**

“**RESOLVED THAT** the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Reports of the Board of Directors and Auditors thereon, as circulated to the Members, be considered and adopted.”

2. To consider and adopt the audited consolidated financial statement of the Company for the financial year ended March 31, 2024 and the report of Auditors thereon and in this regard to consider and, if thought fit, to pass the following resolution as **Ordinary Resolution:**

“**RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Report of Auditors thereon, as circulated to the Members, be considered and adopted.”

3. To appoint a director in place of Mr. Raghavkumar Agarwal (DIN: 02836610), who retires by rotation and being eligible, seeks re-appointment and in this regard to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** Mr. Raghavkumar Agarwal (DIN: 02836610), who retires by rotation and being eligible for re-appointment, be re-appointed as a Director of the Company.”

### SPECIAL BUSINESSES:

4. To appoint Mr. Vikram Jhunjhunwala (DIN: 00474691) as a Director and an Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, and Articles of Association of the Company, and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), as amended from time to time and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. Vikram Jhunjhunwala (DIN: 00474691), who was appointed as an Additional Director (Non-Executive and Independent) of the Company w.e.f. August 07, 2024 in terms of Section 161(1) of the Companies Act, 2013 and Article of Association of the Company and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Director, not liable to retire by rotation, and to hold office for a term of five (5) consecutive years, with effect from August 07, 2024 till August 06, 2029;

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To re-appoint Mr. Kailash Kumar Agarwal (DIN: 00063470) as Managing Director designated as Chairman and Managing Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and Schedule V of the Companies Act, 2013 ('Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and such other applicable provisions (including any statutory modification or re-enactment thereof), if any and Regulation 17(6)(e), Regulation 23 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the provisions of Articles of Association of the Company and on the recommendation of Nomination and Remuneration Committee, Audit Committee and Board of Directors of the Company, approval of the members be and is hereby accorded to re-appoint Mr. Kailash Kumar Agarwal (DIN: 00063470) as Managing Director designated as Chairman and Managing Director of the Company w.e.f. August 6, 2025 for a period of 5 years, whose office shall not be liable to retire by rotation on the terms and conditions including remuneration as detailed in the explanatory statement attached hereto;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which shall be deemed to include the Nomination & Remuneration Committee of the Board of Directors) be authorized to do all such acts and take all such steps as it may consider necessary or desirable to give effect to this resolution and they are further authorised to alter, vary, increase, enhance, widen and/or revise the remuneration as detailed in the explanatory statement attached hereto, as it may, in its absolute discretion and full liberty, deem fit and as may be acceptable to Mr. Kailash Kumar Agarwal, notwithstanding that the total Remuneration payable to him may exceed the overall ceiling of the total managerial remuneration as provided under Sections

197, 198 read with Schedule V and other applicable provisions of the Act and the SEBI Listing Regulations;

**RESOLVED FURTHER THAT** notwithstanding anything contained herein, where in any financial year during the tenure of Mr. Kailash Kumar Agarwal has no profits or its profits are inadequate, the Company may pay to Mr. Kailash Kumar Agarwal the remuneration as detailed in the explanatory statement attached hereto and/or any revision in the remuneration as may be approved by the Board and/or the Nomination and Remuneration Committee in future during the currency of tenure of Mr. Kailash Kumar Agarwal, from time to time, as the minimum remuneration for a period of 3 (three) years from the date of re-appointment i.e. with effect from 06<sup>th</sup> August, 2025 or such other period as may be statutorily permitted by way of salary, perquisites, performance pay, other allowances, commission and benefits as specified in the explanatory statement attached hereto;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director or the Company Secretary of the Company be authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), return(s), form(s) and writings as may be necessary, proper, desirable or expedient.”

By Order of the Board of Directors

**Shubham Jain**

Membership Number: A49541  
Company Secretary &  
Compliance Officer

New Delhi  
August 07, 2024

**Registered office:**

15<sup>th</sup> K.M. Stone, Delhi Road,  
V.P.O. Mayar, Hisar – 125044  
Email id: cs@hpthreads.com  
Website: www.hpthreads.com  
Tel: +91 11 41540471/72/73

## NOTES:

1. In view of the continuing COVID-19 global pandemic the Ministry of Corporate Affairs (“MCA”) vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 02/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022 and General Circular No. 09/2023 dated September 25, 2023 (collectively referred to as the “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 on May 13, 2022, Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 on January 05, 2023 and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 (collectively “SEBI Circulars”) have permitted companies to conduct the Annual General Meeting (“AGM”) through Video Conference (“VC”) / Other Audio-Visual Means (“OAVM”) subject to compliance of various conditions mentioned therein. In compliance with the aforesaid MCA and SEBI Circulars, applicable provisions of the Companies Act, 2013 and rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“SEBI Listing Regulations”) the 43<sup>rd</sup> AGM of the Company is being convened and conducted through VC. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, setting out the material facts and reasons for the resolutions in respect of the business set out above is annexed hereto.
4. The relevant details as required under Regulation 36(3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Secretarial Standard on General Meetings (‘SS-2’), issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting (‘AGM’/ ‘the meeting’) is also annexed as **Annexure-A**.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. The Company is pleased to provide two-way VC facility through VC / OAVM.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and MCA and SEBI Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system during the AGM will be provided by CDSL.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.



who are allowed to attend the AGM without restriction on account of first come first served basis.

9. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
11. The Voting rights of Members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on Cut-off Date of **September 16, 2024**.
12. The Register of Members and the Share Transfer Books of the Company shall remain closed from **September 17, 2024 to September 23, 2024** (both days inclusive).
13. Institutional/Corporate members (i.e. other than individuals/HUF, NRI etc) are required to send a scanned copy (PDF/JPEG format) of its Board or Governing Body resolution/authorisation etc authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting pursuant to section 113 of the Act. The said resolution/authorisation shall be sent to the Company via email through its registered email address at [cs@hpthreads.com](mailto:cs@hpthreads.com) with a copy to [siroyam@gmail.com](mailto:siroyam@gmail.com).

#### **DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE**

14. In compliance with the Circulars, owing to the difficulties involved in dispatching of physical copies, the Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The physical copies of the Annual Report will be sent to the shareholders based on the specific request at [cs@hpthreads.com](mailto:cs@hpthreads.com).
15. In line with the Circulars, the Notice calling the AGM has been uploaded on the website of the Company at [www.hpthreads.com](http://www.hpthreads.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

16. Member(s) may also note that the Notice of the Meeting and the Annual Report for FY 2023-24 will also be available on the Company's website at <http://www.hpthreads.com/annual-reports.php>.
17. For receiving all communication (including Annual Report) from the Company electronically:
  - a) Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register / update the same by sending signed request letter mentioning your name, email-id, folio number, number of shares held, certificate number, distinctive number and Complete Address along with self-attested copy of PAN card to the Company's Registrar and Share Transfer Agent i.e. Alankit Assignments Limited at [rta@alankit.com](mailto:rta@alankit.com).
  - b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant
18. **INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**
  - (i) The voting period begins on **September 20, 2024 at 9.00 A.M. and ends on September 22, 2024 at 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **September 16, 2024** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public noninstitutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all

the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**(iv) Access through depositories CDSL/NSDL E-Voting system in case of Individual Shareholders holding shares in demat mode**

In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by the Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

Type of shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 022-4886 7000 and 022-2499 7000

### (v) Access through CDSL E-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode

1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
2. Click on "Shareholders" module.
3. Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

6. If you are a first time user follow the steps given below:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
<b>OR</b>	
Date of Birth (DOB)	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of H.P. COTTON TEXTILE MILLS LIMITED on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional facility for Non – Individual Shareholders and Custodians – For Remote Voting only**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which



they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively, Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@hpthreads.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- For Physical Shareholders** - Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company's Registrar and Share Transfer Agent (Alankit Assignments Limited) at rta@alankit.com.
- For Demat shareholders** - Please update your email id & mobile no. with your respective Depository Participant (DP)
- For Individual Demat shareholders** - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

19. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
20. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
21. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

22. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
23. Members who are holding shares in physical form or who have not registered their email address with the Company / Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as on the cut-off date, i.e. **September 16, 2024**, he/she may write to the CDSL on the E-mail ID: helpdesk.evoting@cdslindia.com. However, if a member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

24. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
25. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
26. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
27. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

### **PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS**

28. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@hpthreads.com. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

29. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
30. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
31. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@hpthreads.com. These queries will be replied to by the company suitably by email.

### IEPF RELATED INFORMATION

32. Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF').

The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

33. In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website at <https://hpthreads.com/unclaimed-dividend-and-iepf.php>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).
34. The Members are requested to claim their unclaimed/unpaid dividend by sending an email to cs@hpthreads.com or info@alankit.com, well within the permissible time period.

Due dates for transfer of unclaimed/unpaid dividends for the financial year 2016-17 and thereafter to IEPF:

FY ended	Declaration Date	Due Date
March 31, 2018	September 22, 2018	October 21, 2025
March 31, 2022	September 27, 2022	October 26, 2029

35. In light of the aforesaid provisions, the Company has, during the year under review, transferred to IEPF the unclaimed dividends outstanding for seven consecutive years of the Company. Further, shares of the Company, in respect of which dividend has not been claimed for seven consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

The details of unclaimed dividends and shares transferred to IEPF during the FY 2023-24 are as follows:

Financial Year	Amount of unclaimed dividend transferred (in ₹)	Number of shares transferred
March 31, 2016	164,431	9,456

36. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in) and sending a copy of the same, duly signed to the Company at cs@hpthreads.com, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members / Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

### GENERAL INFORMATION FOR SHAREHOLDERS

37. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.
38. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futorex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.
39. The Board of Directors of the Company has appointed Mr. Mukesh Siroya (Membership No. F5682; CoP No. 4157) Proprietor of M/s. M Siroya and Company, Practicing Company Secretaries or failing him Ms. Bhavyata Acharya (Membership No. A25734; CoP No. 21758), Practicing Company Secretary, as Scrutiniser

to scrutinise the remote e-voting process and voting during the AGM in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.

40. The voting results declared along with the report of the scrutinizer shall be placed on the Company's website and communicated to the Stock exchange immediately after the declaration of result by the Chairman or a person authorised by him in writing.
41. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent, Alankit Assignments Ltd. (RTA). In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
42. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 and the relevant documents referred to in the Notice, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to [cs@hpthreads.com](mailto:cs@hpthreads.com).
43. Members holding shares in physical form, in identical order of names, in more than one folio, are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
44. As per Regulation 40 of the SEBI Listing Regulations and notification issued by SEBI in this regard, the securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of transmission or transposition of securities. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form. In case any clarification is needed in that regard, Members can contact the Company's RTA.
45. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details/NECS/mandates, nominations, power of attorney, change of address/name, e-mail address, Permanent Account Number ('PAN') details, etc. to their Depository Participant only and not to the Company's RTA. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its RTA to provide efficient and better service to the members.  
  
In case of members holding shares in physical form, such information is required to be provided to the Company's RTA.
46. Non-Resident Indian Members are requested to inform the Company's Registrar & Transfer Agent (RTA) immediately:
  - a) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
  - b) Any change in their residential status on return to India for permanent settlement.
47. The Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company/RTA.
48. In all correspondence with the Company and/or the RTA, members are requested to quote their folio number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID number for easy reference and speedy disposal thereof.

## EXPLANATORY STATEMENT PURSUANT TO SECTIONS 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 4

In accordance with Nomination and Remuneration Policy, Article of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mr. Vikram Jhunjunwala (DIN: 00474691) be appointed as an Independent Director on the Board of the Company for a term of 5 (five) consecutive Years from August 07, 2024 till August 06, 2029.

In accordance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI (Listing and Obligations and Requirements) Regulations, 2015 ("SEBI Listing Regulations"), appointment of an Independent Director requires approval of members. The appointment of Mr. Vikram Jhunjunwala, shall be effective upon approval/confirmation by the members in the Meeting.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Vikram Jhunjunwala for the office of Director of the Company. Mr. Vikram Jhunjunwala is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. He has also confirmed that he is not debarred from holding the office of Director by virtue of any order by SEBI or any other authority. The Company has received a declaration from Mr. Vikram Jhunjunwala that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and & Regulation 16(1)(b) under the SEBI Listing Regulations.

In the opinion of the Board, Mr. Vikram Jhunjunwala is a person of integrity, possesses relevant expertise / experience and fulfils the conditions for his appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations. Mr. Vikram Jhunjunwala is independent of the management and possesses appropriate skills, experience and knowledge.

Brief resume and other details of Mr. Vikram Jhunjunwala are provided in the **Annexure - A** to the Notice, pursuant to the provisions of (i) SEBI Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Electronic Copy of draft letter of appointment of Mr. Vikram Jhunjunwala setting out the terms and conditions of his

appointment is available for inspection by the members of the Company. Please refer to Note No. 42 given in the Notice on inspection of documents.

He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings within the limits stipulated under Section 197 of the Act.

It is proposed to authorize the Board of Directors (the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of his appointment and /or remuneration or any part thereof, from time to time in accordance with the applicable provisions of the Companies Act, 2013, rules framed thereunder and SEBI Listing Regulations.

Given his experience, the Board considers it desirable and in the interest of the Company to have Mr. Vikram Jhunjunwala on the Board of the Company and accordingly the Board recommends the appointment of Mr. Vikram Jhunjunwala as an Independent Director as proposed in the Resolution set out at Item No. 4 of the accompanying Notice for approval by the Members. In the opinion of the Board, he fulfils the conditions specified in Act for the appointment.

Save and except Mr. Vikram Jhunjunwala, and his relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 4, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 4.

This statement may also be regarded as an appropriate disclosure under the SEBI Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

### ITEM NO. 5

Mr. Kailash Kumar Agarwal (DIN: 00063470) was re-appointed as Managing Director designated as Chairman and Managing Director of the Company by the Board of Directors in its meeting held on July 06, 2020 and subsequently approved by the members of the Company on August 30, 2020 through Postal Ballot Notice dated July 29, 2020 for the period of 5 years with effect from August 06, 2020.



Since, the term of Mr. Kailash Kumar Agarwal will expire on August 05, 2025, the Board of Directors in its meeting held on August 07, 2024, re-appointed him as a Managing Director designated as Chairman and Managing Director of the Company for further period of five (5) years, in accordance with Nomination and Remuneration Policy and Article of Association of the Company and based on the recommendations of Nomination & Remuneration Committee ("NRC Committee") and Audit Committee, with effect from August 06, 2025 on such terms and conditions as decided by the Board of Directors of the Company subject to approval of the members.

The brief particulars of remuneration payable to Mr. Kailash Kumar Agarwal as Managing Director of the Company, are as follows:

#### A. Remuneration

- i. **Basic Salary:** He shall be entitled to Basic Salary which shall not exceed ₹ 24 lacs per annum.
- ii. **Performance Pay/Commission:** He shall also be entitled to a Performance Pay, based on his performance, and/or Commission, which shall not exceed the 100% of the Basic Salary in any financial year.
- iii. **Statutory Annual Bonus / Ex Gratia:** He shall also be entitled to Statutory Annual Bonus / Ex Gratia which shall not exceed the 10% of the Basic Salary in any financial year. Statutory Annual Bonus / Ex Gratia shall be Payable annually on Earned Basic Salary.
- iv. **Allowances/Perquisites:** He shall also be entitled to House Rent Allowance or provision of Rent free Accommodation, Leave Travel Allowance, Other/Special/Grade Allowance, Company maintained Car with driver for use for Company's business, Telephone/Communication facilities at the residence for Company's business, Reimbursement of Medical Expenses, Personal Accident Insurance, Term Insurance and Mediclaim Insurance etc as per the Company's policy, provided that the total amount of Allowance/Perquisites shall not exceed ₹ 100 lacs per annum.

For the purpose of calculating the above ceiling, allowances and perquisites shall be evaluated as per income tax rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

v. **Retiral/Other Benefits:** He shall also be entitled to Company's Contribution to Provident and Superannuation Funds, Gratuity and Encashment of Leave as per the rules of the Company.

vi. **Reimbursement of Expenses:** Company shall reimburse actual expenses incurred for the purpose of the business of the Company.

#### B. Others

- i. Mr. Kailash Kumar Agarwal will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects.
- ii. He shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- iii. He shall adhere to the Company's Code of Conduct & Ethics.
- iv. The appointment may be terminated by either party by giving the other party three months' notice in writing of such termination or by paying Basic Salary in lieu of the notice period.

The terms and conditions of re-appointment and remuneration stated in Resolution No. 5 of the notice and its explanatory statement may be treated as a written memorandum setting out the terms of re-appointment and remuneration of Mr. Agarwal under Section 190 of the Companies Act, 2013 ("Act").

Mr. Agarwal is not disqualified from being appointed as Managing Director in terms of section 196 and Schedule V of the Act and other provisions of the act as applicable and has given his consent to act as Managing Director of the Company. The Company has also received declaration from Mr. Agarwal under Section 164 and 184 of the Act, that he is duly qualified for the above said post and he has not been convicted for any offence under any of the statutes enumerated in Part I of Schedule V to the Act. He has also confirmed that he is not debarred from holding the office of Director by virtue of any order by SEBI or any other authority.

In the opinion of the Board, Mr. Agarwal possesses appropriate skills, experience & knowledge. Considering his performance, experience, improving

the operational efficiency, and professionalism for growth during his tenure, your directors proposed to re-appoint him as a Managing Director of the Company as proposed in the resolution set out at Item No. 5 for approval by the members.

Brief resume and other details of Mr. Agrawal are provided in the **Annexure - A** to the Notice, pursuant to the provisions of (i) SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The information as required to be disclosed under paragraph (iv) of the second proviso of Paragraph B of Section II of Part II of Schedule V to the Companies Act, 2013 is given in the **Annexure - B** to the Notice in respect of Mr. Kailash Kumar Agarwal.

The Members are informed that, as per the provisions of Schedule V of the Act, payment of any managerial remuneration, in case of inadequate or no profits, requires approval of Members by special resolution, provided that the Company has not defaulted in payment of dues to its lenders viz. banks, non-convertible debenture holders or other secured creditors. The members are accordingly informed that the Company has not defaulted in payment of dues to its lenders.

Further, in accordance with the Regulation 17(6)(e) of SEBI Listing Regulations, the fees or compensation payable to executive directors who are promoters or members of promoter group shall be subject to approval of Shareholders by Special Resolution if:

- i. the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- ii. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity

Therefore, the shareholders are required to approve the remuneration of Mr. Kailash Kumar Agarwal, Managing Director designated as Chairman and Managing Director of the Company by passing the Special Resolution on the recommendation of Audit Committee, NRC Committee and Board of Directors.

Given his experience, the Board considers it desirable and in the interest of the Company to have Mr. Kailash Kumar Agarwal on the Board of the Company and accordingly the Board recommends the re-appointment of Mr. Kailash Kumar Agarwal as a Managing Director designated as Chairman and Managing Director as proposed in the Resolution set out at Item No. 5 of the accompanying Notice for approval by the Members.

Save and except Mr. Kailash Kumar Agarwal, Chairman and Managing Director and Mr. Raghav Kumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 5, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 5.

This statement may also be regarded as an appropriate disclosure under the SEBI Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

By Order of the Board of Directors

**Shubham Jain**

Membership Number: A49541  
Company Secretary &  
Compliance Officer

New Delhi  
August 07, 2024

**Registered office:**

15<sup>th</sup> K.M. Stone, Delhi Road,  
V.P.O. Mayar, Hisar – 125044  
Email id: cs@hpthreads.com  
Website: www.hpthreads.com  
Tel: +91 11 41540471/72/73

## ANNEXURE - A

### Details of the Directors retiring by rotation/ appointment/ re-appointment at the Annual General Meeting

[Pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name	Mr. Vikram Jhunjhunwala	Mr. Kailash Kumar Agarwal	Mr. Raghavkumar Agarwal
Directors Identification Number (DIN)	00474691	00063470	02836610
Designation	Non-Executive Director (Independent Director)	Chairman and Managing Director	Executive Director, CEO and CFO
Date of Birth	02-07-1967	17-07-1961	05-10-1986
Age	57 years	63 years	37 years
Nationality	Indian	Indian	Indian
Qualification	Bachelor of Engineering (B.E. Mech.) from Bangalore University and MBA (Finance) from New York University	B.Com from Kolkata University and LL.B from Delhi University	Bsc. in Management Science from Warwick Business School, University of Warwick, UK
Brief Profile/ Experience (including expertise in specific functional area)	<p>Mr. Vikram Jhunjhunwala comes with more than 30 years of experience in Banking &amp; Financial Services. He has expertise in corporate finance, capital markets, and financial engineering and restructuring.</p> <p>He has previously worked with notable corporate houses such as ANZ Grindlays Bank, Coca-Cola India, Star TV, Ernst &amp; Young, and Reliance Industries.</p>	<p>He is one of the Founder Directors and Promoter of the Company. He has an immense experience technically and commercially in the company's product segments, and with his contribution to the company becoming a leader in its products segment not only in India but globally from more than last four decades. He has an expertise in understanding the global industry trends, market dynamics and thereby successfully establishing and expanding export markets for textile products.</p>	<p>He has been associated with the Company since 2016. He has a vast experience of more than 18 years in Textile Industry. He has an expertise in managing operational processes and implementing financial strategies of the Company.</p>
Terms and conditions of appointment and re-appointment	Not Liable to Retire by Rotation	Not Liable to Retire by Rotation	Liable to Retire by Rotation
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	The Nomination and Remuneration Committee had identified amongst others, corporate finance, capital markets, and financial engineering and restructuring as the key skills and capabilities for the role. Considering the qualification, rich experience and expertise of Mr. Vikram Jhunjhunwala, he possesses the requisite skills and capabilities required for the role of Independent Director of the Company	NA	NA
Date of first appointment on the Board of the Company	07.08.2024	03.09.1981	30.05.2019

Name	Mr. Vikram Jhunjhunwala	Mr. Kailash Kumar Agarwal	Mr. Raghavkumar Agarwal
Directorship in other companies (excluding HP Cotton Textile Mills Limited)	1. Shrine India Advisors Private Limited 2. European Business and Technology Centre 3. Bluebolt Accelerator Private Limited 4. Blue Bolt Electric Private Limited 5. Junga Freshngreen Private Limited 6. Finoble Investment Advisors Private Limited	1. Achhar Investments Limited 2. Sailesh Textile Mfg Co Ltd 3. Jainish Products Limited 4. Sacred Trading and Investment Company Limited 5. HP MMF Textiles Limited 6. Sanjay Mercantile Private Limited 7. HP Infratech Private Limited	1. Achhar Investments Limited 2. Sailesh Textile Mfg Co Ltd 3. Jainish Products Limited 4. Sacred Trading and Investment Company Limited 5. HP MMF Textiles Limited 6. Sanjay Mercantile Private Limited 7. HP Infratech Private Limited 8. HP Merchantainment Private Limited
Membership/Chairmanship of committee of Directors of other companies	Nil	Nil	Nil
Name of listed entities from which the person has resigned in the past three years	Nil	Nil	Nil
Relationship with other Directors, Manager and Key Managerial Personnel inter-se	Nil	Father of Mr. RaghavKumar Agarwal	Son of Mr. Kailash Kumar Agarwal
No. of Shares held as on 31-03-2024 either by self or as a beneficial owner	Nil	8,13,308	1,08,468
Number of Meetings of the Board attended during the financial year 2023-24	Not Applicable	5(Five)	5(Five)
Remuneration last drawn (FY 2023-24) (including sitting fees, if any)	Nil	71.52 Lacs	59.62 Lacs
Details of remuneration sought to be paid	As per the resolution at Item No. 4 of the Notice convening this Meeting read with explanatory statement thereto	As per the resolution at Item No. 5 of the Notice convening this Meeting read with explanatory statement thereto	As per existing approved terms and conditions

By Order of the Board of Directors

**Shubham Jain**

Membership Number: A49541  
 Company Secretary &  
 Compliance Officer

New Delhi  
 August 07, 2024

**Registered office:**  
 15<sup>th</sup> K.M. Stone, Delhi Road,  
 V.P.O. Mayar, Hisar – 125044  
 Email id: cs@hpthreads.com  
 Website: www.hpthreads.com  
 Tel: +91 11 41540471/72/73



**ANNEXURE - B****THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V OF THE ACT IN RESPECT TO RESOLUTION NO. 5 OF THE NOTICE****I. GENERAL INFORMATION****1. Nature of Industry**

Established in 1981, HP Cotton Textile Mills Limited (HP Cotton), as a part of Dora Group, a leading textile group of India, specializes in manufacturing cotton yarns and threads with its integrated manufacturing plant at Hisar, and Corporate Office at New Delhi. The company is one of the largest exporters of Cotton Sewing Thread, exporting to more than 30 countries worldwide being a leader in its product segment globally.

**2. Date or expected date of commencement of commercial production:**

The Company was incorporated on September 03, 1981 and the Certificate of Commencement of Business was granted on January 05, 1982. Since then, the Company had commenced its business.

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable

**4. Financial performance based on given indicators:**

(₹ In lacs)

Financial year	2023-24	2022-23	2021-22
Gross Revenue	9,535.29	8,605.57	13,449.82
Profit/(Loss) before Interest, Depreciation and Tax	598.15	(946.35)	1,565.72
Profit/(Loss) before Tax	(418.34)	(1,877.77)	962.06
Profit/(Loss) after Tax	92.09	(1,805.22)	703.96
Rate of Dividend	Nil	Nil	10%
Earnings per Share	2.35	(46.66)	18.48

**5. Foreign investments or collaborations, if any:**

The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years. The foreign investors, mainly comprising FIIs and NRIs are investors in the Company on account of past issuances of securities and/or secondary market purchases. As on March 31, 2024, the aggregate foreign shareholding in the Company was approx 0.68%.

**II. INFORMATION ABOUT THE APPOINTEE(S):****Mr. Kailash Kumar Agarwal, Managing Director****a) Background details, Job Profile and his suitability:**

Mr. Kailash Kumar Agarwal holds LLB (Bachelor in Law) Degree from Delhi University and a Bachelor Degree in Commerce from the University of Calcutta, is one of the Founder Directors and Promoter of HP Cotton.

Being one of the First Directors of the company, he has been serving the company for more than 4 decades, and guided the company through various ups and downs since its inception. He is currently associated with the Company as the Chairman and Managing Director of HP Cotton. He has an immense experience technically and commercially in the company's product segments, and with his contribution to the company becoming a leader in its products segment not only in India but globally from more than last four decades. He has an expertise in understanding the global industry trends, market dynamics and thereby successfully establishing and expanding export markets for textile products. With his experience and knowledge, Company has reached various milestones in achieving a record growth in export of the Company, thereby continuing its leading position in the cotton thread segment worldwide and is continuous guiding light to the company's new vision of achieving greater heights in the textile industry.

**b) Past remuneration and remuneration proposed:**

Details on proposed remuneration have been stated in Resolution no. 5 of the Notice. In monetary terms, the remuneration for the last 3 financial years is given hereunder:

(₹ In lacs)

Financial year	2023-24	2022-23	2021-22
Mr. Kailash Kumar Agarwal	71.52	70.75	172.95

**c) Recognition or awards:**

He was a recipient of Udyog Rattan Award in 2016 conferred by the Institute of Economic Studies.

**d) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of origin):**

Taking into consideration the size of the Company, the profile of the Managing Director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate and modest and is less than the remuneration packages paid to similar senior levels in other companies.

**e) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any:**

Mr. Kailash Kumar Agarwal has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the Managing Director. As on date of this notice, he holds 11,83,934 shares in the Company in his personal capacity and is the Significant Beneficial Owner and a promoter of the Company.

**III. OTHER INFORMATION:**

**1. Reason of loss or inadequate profits:**

The Company has posted a loss during the financial year ended March 31, 2024, the main reason for loss/inadequacy is due to slowdown in global economies including the European economy which is one of the major markets of the company, thereby reducing the performance of the Company.

**2. Steps taken or proposed to be taken for improvement:**

The Company is making continuous efforts to add new geographies markets to its market portfolio, focussed on new product development, and lastly further seriously looking at technology upgradation to

be at par with modern cost efficiency standards and benchmarks, besides de-bottlenecking and adding new allied product lines.

**3. Expected increase in productivity and profits in measurable terms:**

With increasing market portfolio and technology upgradation, the business is expected to improve in the coming financial year. With the introduction of new products and addition of geographies, the company is seeing a significant increase in demand for its products from global markets, also enhanced by quicker turnaround time. The management is cautiously optimistic towards the external economic environment and expects consumer demand to become more consistent and robust in the current financial year. Further, various policy decisions taken would act as growth channel for the Company which would contribute in increased revenues and higher margins.

**IV. DISCLOSURES:**

The disclosures on remuneration of Directors and details of all elements of remuneration package, details of fixed components and stock options details etc. are given in the Corporate Governance Report which forms an integral part of Annual Report.

By Order of the Board of Directors

**Shubham Jain**

Membership Number: A49541  
Company Secretary &  
Compliance Officer

New Delhi  
August 07, 2024

**Registered office:**

15<sup>th</sup> K.M. Stone, Delhi Road,  
V.P.O. Mayar, Hisar – 125044  
Email id: cs@hpthreads.com  
Website: www.hpthreads.com  
Tel: +91 11 41540471/72/73

# Management Discussion and Analysis

## OVERVIEW

The objective of this report is to convey the Management's perspective on the external environment and textile industry, as well as the Company's strategy, operating and financial performance, material developments in human resources and industrial relations, risks and opportunities, and internal control systems and their adequacy during the Financial Year 2023-24.

## ECONOMY REVIEW

### Global Economy & Outlook

The global economy remains remarkably resilient, with steady growth as inflation returns to target. The journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally-synchronised monetary policy tightening. Yet, despite many gloomy predictions, the world avoided a recession, the banking system proved largely resilient, and major emerging market economies did not suffer sudden stops.

Growth in employment and incomes held steady, reflecting supportive demand developments including greater than expected government spending and household consumption and a supply-side expansion amid, notably, an unanticipated boost to labour force participation. The unexpected economic resilience, despite significant central bank interest rate hikes aimed at restoring price stability, also reflects the ability of households in major advanced economies to draw on substantial savings accumulated during the pandemic.

The baseline forecast is for the world economy to continue growing at 3.25% during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies where growth is expected to rise from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025 will be offset by a modest slowdown in emerging market and developing economies from 4.3% in 2023 to 4.2% in both 2024 and 2025. The forecast for global growth five years from now at 3.1% is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. Core inflation is generally projected to decline more gradually.

(Source: IMF – World Economic Outlook – April 2024).

### Indian Economy & Outlook

The economy grew to 7.6% in fiscal 2023 with strong momentum in manufacturing and services. Agriculture growth dropped sharply due to the impact of erratic rainfall. This was compensated by an increase in manufacturing growth to 8.5%. Construction also grew rapidly by 10.7% due to strong housing demand. Services, which account for 50% of GDP, grew by 7.5%, led by financial, real estate, and professional services.

Growth will be robust despite moderating in FY 2023-24 and FY 2024-25. It will be driven by public and private sector investment demand and by gradual improvement in consumer demand as the rural economy improves. Exports are likely to be relatively muted in FY 2024-25 as growth in major advanced economies slows down but will improve in FY 2024-25. Monetary policy is expected to remain supportive of growth as inflation abates, while fiscal policy aims for consolidation but retains support for capital investment. On balance, growth is forecast to slow to 7.0% in FY 2024 but improve to 7.2% in FY 2024-25.

(Source: Asian Development Outlook – April 2024)

## INDUSTRY REVIEW

### Global Textile Industry

The textile market size has grown strongly in recent years. It will grow from USD 638.03 billion in 2023 to USD 689.54 billion in 2024 at a compound annual growth rate (CAGR) of 8.1%. The growth witnessed in the historical period can be ascribed to factors such as the expansion of the global population, heightened demand for man-made fibres, government initiatives supporting the textile industry, robust economic growth in emerging markets, and the implementation of restrictions on plastic usage.

### Indian Textile Industry

As one of the largest textile industries in the world, the Indian textile industry contributes approximately 2.3% to the country's GDP, 13% to industrial production and 12% to total export earnings. India is one of the largest producers of cotton and jute in the world. It is also the 2<sup>nd</sup> largest producer of silk, with 95% of the world's hand-woven fabric coming from India. India's total textile exports are expected to reach USD 65 billion by FY 2025-26 and are expected to grow at 10% CAGR 2019-20 to reach USD 190 billion by 2025-26. The textiles and apparel industry in India has strengths across the entire value chain from fibre, yarn, and

fabric to apparel. The Indian textile and apparel industry is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool and silk products. India has been observing a robust trade in technical textile products and the country has been a net exporter. The government has also launched the Production Linked Incentive Scheme with an approved outlay of ₹ 10,683 crore to promote production of Man-Made Fibre Apparel, Man-Made Fibre Fabric and products of Technical Textiles in the country. (Source: investindia.gov.in)

## BUSINESS REVIEW

### H.P. Cotton Textile Mills Limited

The Company operates in only one segment i.e. manufacturing of Threads. The Company deals in the production of two types of thread i.e. Sewing Threads and Hosiery Yarn.

#### Production

During FY 2023-24, the production of Sewing Threads increased by 9.53% over the previous year, to stand at 9,57,419 kg as compared to the previous year's level of 8,74,095 kg. The Company has not produced Hosiery Yarn during the year under review.

(in Kg)

Financial Year	Sewing Thread	Hosiery Yarn	Total
2023-24	9,57,419	-	9,57,419
2022-23	8,74,095	-	8,74,095
2021-22	15,60,918	-	15,60,918

#### Sales

During FY 2023-24, the sale of Sewing Threads increased by 14.84% over the previous year and stood at ₹ 8,874.41 lacs as compared to ₹ 7,727.60 lacs in FY 2022-23. No Hosiery Yarn was sold by the Company during the year under review due to captive consumption.

(₹ in Lacs)

Financial Year	Domestic		Export		Total
	Sewing Thread	Hosiery Yarn	Sewing Thread	Hosiery Yarn	
2023-24	1,192.72	-	7,681.69	-	8,874.41
2022-23	1,007.30	-	6,720.30	-	7,727.60
2021-22	1,152.20	-	11,219.08	-	12,371.28

### HP MMF Textiles Limited (HP MMF)

HP MMF is a wholly-owned subsidiary company of H.P. Cotton Textile Mills Limited. The Company is yet to commence its operations.

## RISKS AND CONCERNS

The broader economic trends are poised to directly affect a company's growth potential. Persistent inflation has increased commodity prices worldwide. Furthermore, the anticipated rise in central bank interest rates in the coming year may dampen growth and strain economies, especially in emerging markets. It is thereby important to manage cost pressures to sustain the Company's overall performance in these conditions.

Efficiency of the Company's risk management practice is derived from the knowledge and hands-on engagement of our management team. The Company acknowledges that risk is an integral and unavoidable component of the business and intends to manage the risk proactively and efficiently. A detailed Risk Management Policy lays down the framework of Risk Management within the Company.

## RISK MANAGEMENT PROCESSES

### Risk Identification

Mechanisms for the identification of risks include periodical risk surveys across the Company, industry benchmarking, periodic assessments of the business environment, incident analysis, findings of internal audits, etc.

### Risk Description

The identified risks are structured across the following categories: Name of Risk, Scope of Risk, Nature of Risk, Quantification of Risk, Risk Tolerance/Appetite, Risk Treatment and Control Mechanism, Potential Action for Improvement, and Strategy and Policy Development.

### Risk Assessment

Risk assessment is the process of risk prioritisation or profiling. The likelihood and impact of risk events have been assessed for the purpose of analysing their criticality. The likelihood of occurrence of risk is rated based on the number of past incidents in the industry, future trends, or research available. Risks may be evaluated based on whether they are internal or external, controllable or non-controllable, and inherent or residual.

### Risk Treatment – Mitigation

Treatment of risk is the process of selecting and implementing measures to mitigate risks. Risk control actions are prioritised as per their potential to benefit the organisation. Risk treatment includes risk control/mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption, etc.

## OPPORTUNITIES AND THREATS

### Opportunities:

- Expected favourable trade agreements with many countries present an opportunity for textile manufacturers to expand into new markets and diversify their customer base
- Rising demand for low-cost, sustainable and eco-friendly products. This presents an opportunity for textile manufacturers to develop new products that are made from renewable materials and produced using sustainable manufacturing processes. Cost can be reduced by blending with cheaper man-made fibre

### Threats:

- The textile industry is highly sensitive to global economic conditions and can be significantly impacted by global demand and pricing
- There is competition from other low-cost man-made fibres. Consumers are shifting their focus to low-cost products which has led to intense competition and pricing pressure in the global textile industry
- There is a high cost to comply with environmental, social and labour regulations which can be costly and time-consuming

## HUMAN RESOURCES

The Company is committed to cultivating a professional environment that empowers its people and helps them to grow in their careers. To remain competitive, improving employee productivity is of utmost importance to the organisation. The Company constantly strives to strengthen its manpower in alignment with the business needs and continues to engage them through various employee engagement activities. The number of permanent employees on the Company's rolls as on 31 March 2024 stood at 1,163.

## FINANCIAL REVIEW

On a standalone basis, the Company's total income for FY 2023-24 increased by 10.80%, as compared to the previous year. The Profit before finance cost, depreciation and Tax for FY 2023-24 increased by 163% as compared to the previous year. The Profit After Tax for FY 2023-24 increased by 105% as compared to the previous year.

On a consolidated basis, the total income for FY 2023-24 increased by 10.80%, as compared to the previous year. The Profit before finance cost, depreciation and Tax for FY 2023-24 increased by 162.92% as compared to the previous year. The Profit After Tax attributable to shareholders and non-controlling interests for FY 2023-24 increased by 105% as compared to the previous year.

## KEY FINANCIAL RATIOS

S. No	Key Ratios	Units	FY 2023-24	FY 2022-23	YOY percent
1.	Debtors Turnover Ratio	Times	12.65	7.52	68.22%
2.	Creditors Turnover Ratio	Times	1.67	1.95	(14.36)%
3.	Inventory Turnover Ratio	Times	1.24	1.42	(12.68)%
4.	Net Capital Turnover Ratio	Times	-6.27	-16.55	(62.11)%
5.	Current Ratio	Times	0.73	0.79	(7.59)%
6.	Interest Coverage Ratio	Times	0.87	-2.25	(138.67)%
7.	Debt Service Coverage Ratio	Times	1.17	-1.77	(166.10)%
8.	Debt-Equity Ratio	Times	2.52	3.1	(18.71)%
9.	Operating Profit Margin	%	4.47	-13.74	(132.53)%
10.	Net Profit Margin	%	0.98	-21.5	(104.56)%
11.	Return on Net Worth	%	6.88	-82.58	(108.33)%
12.	Return on Investment	%	3.47	7.31	(52.53)%

- 1) Debtors Turnover Ratio:** Increased primarily on account of an increase in sales in the current year
- 2) Net Capital Turnover Ratio:** Decreased primarily on account of an increase in sales in the current year and negative working capital as at the end of the current year
- 3) Interest Coverage Ratio:** Decreased primarily on account of profitability in the current year
- 4) Debt Service Coverage Ratio:** Decreased primarily on account of an increase in shareholder's equity and a decrease in debt during the current year
- 5) Operating Profit Margin:** Decreased primarily on account of profitability in the current year
- 6) Net Profit Margin:** Decreased primarily on account of profitability in the current year



- 7) **Return on Net Worth:** Decreased primarily on account of profitability in the current year
- 8) **Return on Investment:** Decreased primarily on account of increase in investment in the current year

#### **INTERNAL CONTROLS AND THEIR ADEQUACY**

Your Company has effective internal controls and risk mitigation systems, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company maintains adequate and effective Internal Control Systems commensurate with its size and complexity. It believes that these systems provide, among other things, a reasonable assurance that transactions are executed with management authorisation. It also ensures that they are recorded in all material respects to permit the preparation of financial statements, in conformity with established accounting principles, along with the assets of the Company being adequately safeguarded against

significant loss or misuse. An independent Internal Audit function is an important element of the Company's Internal Control System. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and are also apprised of the internal audit findings and corrective actions.

#### **CAUTIONARY STATEMENT**

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

# Directors' Report

**Dear Members,**

Your Directors are pleased to present the Forty-Third (43<sup>rd</sup>) Annual Report together with the Company's audited financial statements and the auditors' report thereon for the Financial Year (hereinafter referred to as '**FY**') ended March 31, 2024.

## FINANCIAL PERFORMANCE

The Audited Financial Statements of your Company as on March 31, 2024, are prepared in accordance with the relevant applicable Indian Accounting Standards (hereinafter referred to as '**Ind AS**') and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**SEBI Listing Regulations**') and the provisions of the Companies Act, 2013 (hereinafter referred to as '**the Act**').

The summarized financial highlights are depicted below:

(₹ in lacs)

Particulars	STANDALONE		CONSOLIDATED	
	Financial Year 2023-24	Financial Year 2022-23	Financial Year 2023-24	Financial Year 2022-23
Revenue from operations (net)	9355.71	8397.81	9355.71	8397.81
Add: Other Income	179.58	207.76	179.58	207.76
<b>Total Income</b>	<b>9535.29</b>	<b>8605.57</b>	<b>9535.29</b>	<b>8605.57</b>
<b>Profit/(Loss) before Finance Cost, Depreciation &amp; Amortisation, Exceptional items &amp; Tax Expense</b>	<b>598.15</b>	<b>(946.35)</b>	<b>596.70</b>	<b>(948.35)</b>
Less: Finance Cost	666.77	534.82	666.77	534.82
Less: Depreciation and Amortisation Expense	349.72	396.60	349.72	396.60
<b>Profit before exceptional items &amp; tax Expense</b>	<b>(418.34)</b>	<b>(1877.77)</b>	<b>(419.80)</b>	<b>(1879.77)</b>
Less: Exceptional items	-	-	-	-
<b>Profit/(Loss) before Tax Expense</b>	<b>(418.34)</b>	<b>(1877.77)</b>	<b>(419.80)</b>	<b>(1879.77)</b>
Less: Taxation Expense	(510.43)	(72.55)	(510.43)	(72.55)
<b>Profit/(Loss) for the year</b>	<b>92.09</b>	<b>(1805.22)</b>	<b>90.63</b>	<b>(1807.22)</b>
Other Comprehensive Income/(Loss)	(14.47)	(2.71)	(14.47)	(2.71)
Total Comprehensive Income/(Loss) for the year	77.62	(1807.93)	76.16	(1809.93)
Earnings per Share (₹)				
- Basic	2.35	(46.66)	2.31	(46.71)
- Diluted	2.35	(46.66)	2.31	(46.71)

## FINANCIAL HIGHLIGHTS

### Consolidated Financial Results

- Total income stood at ₹ 9,535.29 lacs in FY 2023-24 vs ₹ 8,605.57 lacs in FY 2022-23.
- EBIDTA increased by 163% to ₹ 596.70 lacs in FY 2023-24 vs ₹ (948.35) lacs in FY 2022-23.
- PAT attributable to owners increased by 105% to ₹ 90.63 lacs in FY 2023-24 vs ₹ (1,807.22) lacs in FY 2022-23.

### Standalone Financial Results

- Total income stood at ₹ 9,535.29 lacs in FY 2023-24 vs ₹ 8,605.57 lacs in FY 2022-23.
- EBIDTA increased by 163% to ₹ 598.15 lacs in FY 2023-24 vs ₹ (946.35) lacs in FY 2022-23.
- PAT increased by 105% to ₹ 92.09 lacs in FY 2023-24 vs ₹ (1,805.22) lacs in FY 2022-23.

## BUSINESS REVIEW

**H.P. Cotton Textile Mills Limited:** The Company operates in only one segment i.e. manufacturing of Threads. The Company deals in production of two types of thread i.e. Sewing Threads and Hosiery Yarn. The key aspects of your Company's performance during the FY 2023-24 are as follows:

- Production of Sewing Threads has increased by 9.53% than the previous year to 9,57,419 kg as compared to the production of the previous year of 8,74,095 kg.
- Gross Turnover has increased by 14.84% than the previous year to ₹ 8,874.41 lacs as compared to the previous year' turnover of ₹ 7,727.60 lacs.
- The Net Block of Fixed Assets as at March 31, 2024 was ₹ 3,347.33 lacs as compared to ₹ 3,591.91 lacs in the previous year.
- The current assets as at March 31, 2024 were ₹ 4,448.91 lacs as against ₹ 4,940.64 lacs in the previous year.

**HP MMF Textiles Limited:** It is a wholly-owned subsidiary company of H.P. Cotton Textile Mills Limited. The Company is yet to commence its operations.

## RESERVES

The Board has not proposed to transfer any amount to the General Reserves.

## DIVIDEND

The Board has not recommended any dividend for the current FY in view of losses for the FY ended on March 31, 2024.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 125(2) of the Act, during the year under review, the Company has transferred ₹ 164,431, lying in the unpaid dividend account of the Company pertaining to FY 2015-16, to the Investor Education and Protection Fund.

## SHARE CAPITAL

The Authorised Share Capital of the Company as on March 31, 2024, remains unchanged at ₹4,25,00,000 divided into 42,50,000 Equity Shares of ₹10 each.

The Issued, Subscribed and Paid-up Equity Share Capital of the Company, remains unchanged at ₹3,92,20,000 consisting of 39,22,000 Equity Shares of ₹10/- each.

Preferential Issue of Warrants: All the funds raised through preferential allotment during FY 2022-23 have been utilized by the Company on April 19, 2023 for the purposes/objects

as stated in the Offer document and Explanatory Statement to the Notice of the said EGM.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, in terms of Regulation 34 of the SEBI Listing Regulations is presented in a separate Section, forming integral part of the Annual Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Directors

During the FY 2023-24, Mr. Siddharth Agrawal has been re-appointed as a Director (Non-Executive & Independent) w.e.f. August 10, 2023 for term of five (5) years by the Board of Directors by passing a resolution through circulation on July 01, 2023. In terms of Section 149 and 152 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board had, on the recommendation of the Nomination and Remuneration Committee, proposed to the Shareholders for the re-appointment of Mr. Siddharth Agrawal as a Director (Non-Executive & Independent) of the Company, not liable to retire by rotation which the Shareholders of the Company have approved by way of postal ballot on August 05, 2023. In the opinion of the Board Mr. Siddharth Agrawal possess the requisite expertise and experience (including proficiency) and is a person of high integrity and repute. He fulfills the conditions specified in the Act as well as the Rules made thereunder and is independent of the management.

In terms of Section 152 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board had at its meeting held on August 12, 2023, on the recommendation of the Nomination and Remuneration Committee, proposed to the Shareholders for the re-appointment of Mr. Raghavkumar Agarwal as a Whole-Time Director designated as Executive Director, CEO & CFO of the Company w.e.f. May 30, 2024 for term of five (5) years, liable to retire by rotation in the 42<sup>nd</sup> Annual General Meeting.

Thereafter, at the 42<sup>nd</sup> AGM of the Company held on September 28, 2023, Mr. Raghavkumar Agarwal (DIN: 02836610) was re-appointed for a term of five (5) years from May 30, 2024 till May 29, 2029.

The Board of Directors in its meeting held on August 07, 2024, appointed Mr. Vikram Jhunjhunwala as an Additional Director (Non-Executive & Independent) w.e.f. August 07, 2024 for term of five (5) years. In terms of Section 149 and 152 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board had, on the recommendation of the Nomination and Remuneration Committee, proposed to the Shareholders for the appointment of Mr. Vikram Jhunjhunwala as a Director (Non-Executive &

Independent) of the Company, not liable to retire by rotation in the ensuing Annual General Meeting. In the opinion of the Board Mr. Vikram Jhunjunwala possess the requisite expertise and experience (including proficiency) and is a person of high integrity and repute. He fulfills the conditions specified in the Act as well as the Rules made thereunder and in SEBI Listing Regulations, and is independent of the management.

### Re-Appointment of Managing Director

The tenure of Mr. Kailash Kumar Agarwal (DIN: 00063470), Managing Director of the Company will expire on August 05, 2025. The Board of Directors in its meeting held on August 07, 2024, re-appointed him as a Managing Director of the Company for further period of five (5) years, not liable to retire by rotation, in accordance with Nomination and Remuneration Policy and Article of Association of the Company and based on the recommendations of Nomination & Remuneration Committee and Audit committee, with effect from August 06, 2025, subject to approval of the members. Therefore, the Board recommended his appointment for the consideration of the members of the Company in the ensuing Annual General Meeting.

### Retire by Rotation

In accordance with the provisions of Section 152 of the Act and Articles of Association of the Company, Mr. Raghavkumar Agarwal (DIN: 02836610), Whole-Time Director of the Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

The disclosures required pursuant to Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standards on General Meeting ('SS-2') are given in the Notice of this AGM, forming part of the Annual Report.

### Key Managerial Personnel (KMP)

In compliance with provisions of Section 203 of the Act, following are the KMPs of the Company as on March 31, 2024:

S. No.	Name	Designation
1.	Kailash Kumar Agarwal	Chairman and Managing Director
2.	RaghavKumar Agarwal	Whole-Time Director, Chief Executive Officer & Chief Financial Officer
3.	Shubham Jain	Company Secretary

### Declaration by Independent directors under section 149(7)

In terms of Section 149 of the Act and SEBI Listing Regulations, Mr. Parshotam Dass Agarwal, Mr. Vikram Sumatilal Sheth,

Mr. Siddharth Agrawal and Mr. Vikram Jhunjunwala are the Independent Directors of the Company as on the date of this report. All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act alongwith Rules framed thereunder and SEBI Listing Regulations and have complied with the Code of Conduct and Ethics of the Company as applicable to the Board of Directors and Senior Management.

In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs, Manesar ('IICA'). The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA within a period of 2 (Two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption.

Mr. Vikram Sumatilal Sheth, Independent Director of the Company has confirmed and declared that he has passed the online proficiency self-assessment test as conducted by IICA.

Mr. Parshotam Dass Agarwal and Mr. Siddharth Agrawal, Independent Directors of the Company meet the criteria specified for exemption and hence they are not required to undergo the online proficiency self-assessment test as conducted by IICA.

Mr. Vikram Jhunjunwala, Independent Director of the Company has confirmed and declared that he will pass the online proficiency self-assessment test as conducted by IICA within the stipulated time.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience (including proficiency) and are persons of high integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and SEBI Listing Regulations and are independent of the management.

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

## **MEETINGS OF THE BOARD AND COMMITTEES OF THE BOARD**

The Board met five (5) times during the year under review. The intervening gap between the meetings was within the period prescribed under the Act and the SEBI Listing Regulations. The Committees of the Board usually meet on the day of the Board meeting, or whenever the need arises for transacting business. Details of composition of the Board and its Committees as well as details of Board and Committee meetings held during the year under review and Directors attending the same are given in the Corporate Governance Report forming integral part of the Annual Report.

## **POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

The Nomination and Remuneration Committee ('NRC') engages with the Board to evaluate the appropriate characteristics, skills and experience for the Board as a whole as well as for its individual members with the objective of having a Board with diverse backgrounds and experience in business, finance and governance. The NRC, basis such evaluation, determines the role and capabilities required for appointment of Director. Thereafter, the NRC recommends to the Board the selection of new Directors.

Based on the recommendations of the NRC, the Board has formulated the Nomination & Remuneration Policy ('NRC Policy') on Director's appointment and remuneration which includes the criteria for determining qualifications, positive attributes, independence of a director and process of appointment and removal as well as components of remuneration of Director(s), Key Managerial Personnel ('KMP') and Senior Management of the Company and other matters as provided under Section 178(3) of the Act.

The salient features of the Policy are:

- It acts as a guideline for matters relating to appointment and re-appointment of directors;
- It contains guidelines for determining qualifications, positive attributes and independence for appointment of a director(s) of the Company;
- It lays down the parameters based on which payment of remuneration (including sitting fees and remuneration) should be made to Independent Directors and Non-Executive Directors.
- It lays down the parameters based on which remuneration (including fixed salary, benefits and perquisites, bonus/performance linked incentive, commission, retirement benefits) should be given to Whole-time Directors, KMPs and rest of the employees.

During the year under review, there were no substantive changes in the Policy. The same is available on the Company's website at <https://hpthreads.com/pdf/Nomination%20and%20Remuneration%20Policy.pdf>.

## **PERFORMANCE EVALUATION AND ITS CRITERIA**

In terms of the provisions of the Section 178(2) of the Act and SEBI Listing Regulations, the Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual directors, including the Chairman of the Board. A structured questionnaire was prepared and circulated to the Directors for each of the evaluation.

Performance of the Board was evaluated by each Director on the parameters such as Structure and Composition of Board, Meetings of the Board, Functions of the Board, Board & Management etc.

Board Committees were evaluated on the parameters such as Mandate and Composition of Committee, Effectiveness of the Committee, Structure of the Committee and meetings, Independence of the Committee from the Board, Contribution to decisions of the Board etc.

Performance of the Chairman was evaluated by all other Directors (except the Director himself) on the parameters such as Knowledge and Competency, Fulfilment of Functions, Ability to function as a team, Initiative, Availability and attendance, Commitment, Contribution, Integrity, Impartiality, Commitment, Ability to keep shareholders' interests in mind etc.

Directors were also evaluated individually by all other Directors (except the Director himself) on the parameters such as Knowledge and Competency, Fulfilment of Functions, Ability to function as a team, Initiative, Availability and attendance, Commitment, Contribution, Integrity etc.

Meeting of Independent Directors without the attendance of Non-Independent Directors, and members of the management of the Company was held on March 18, 2024. The Independent Directors, inter-alia, evaluated performance of Non-Independent Directors, the Chairman of the Company and the Board as a whole for FY 2023-24. They also assessed the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Outcome of the evaluation was submitted to the Chairman of the Company. The Directors discussed and expressed their satisfaction with the entire evaluation process.



## CORPORATE SOCIAL RESPONSIBILITY

The objective of the Company's Corporate Social Responsibility ('CSR') initiatives is to improve the quality of life of communities through long-term value creation for all stakeholders. The Company's CSR policy provides guidelines to conduct CSR activities of the Company. The salient features of the Policy forms part of the Annual Report on CSR activities is annexed herewith as **Annexure - I** forming integral part of this report.

During the year under review, there were no changes in the CSR Policy and the same is available on the Company's website at <https://hpthreads.com/pdf/Corporate%20Social%20Responsibility%20Policy.pdf>.

## INTERNAL FINANCIAL CONTROLS

A well-established, independent, multi-disciplinary Internal Audit team operates in line with governance best practices. It reviews and reports to management and the Audit Committee about compliance with internal controls and the efficiency and effectiveness of operations as well as the key process risks.

The Company has in place adequate internal financial controls with reference to Financial Statements and such controls were operating effectively as at March 31, 2024. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations. During the year, such controls were tested and no reportable weaknesses in the design or operations were observed.

## WEBLINK OF ANNUAL RETURN

Pursuant to Sub-section 3(a) of section 134 and Sub-section (3) of section 92 of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 a copy of the Annual Return in Form MGT-7 is available on the website at <https://hpthreads.com/shareholder-meetings.php>.

## PARTICULARS OF REMUNERATION TO EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure - II** forming integral part of this report.

Statement containing particulars of top 10 employees and particulars of employees as required under Section 197 (12)

of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as a separate Annexure forming part of this report. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Shareholders, excluding the aforesaid Annexure. The said Statement is also open for inspection. Any member interested in obtaining a copy of the same may write to the Company Secretary. The Managing Director and the Executive Director, listed in the said Annexure, are related to each other. However, none of the employee drawing remuneration in excess of the limits set out in the Rule 5(2)(i), Rule 5(2)(ii) and Rule 5(2)(iii) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the year under review.

## LOANS, GUARANTEES AND INVESTMENTS

Particulars of investments made under the provisions of Section 186 of the Act have been disclosed in Note No. 4 to the Financial Statements forming integral part of the Annual Report. Further, no loans or guarantees were extended in the financial year 2023-24 under the provisions of Section 186 of the Act.

## RELATED PARTY TRANSACTIONS

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in compliance with all the applicable provisions of the Act and SEBI Listing Regulations in respect of such transactions. Requisite approval of the Audit Committee and the Board (wherever required) was obtained by the Company for all Related Party Transactions. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature. Further, your Company has not entered into any arrangement / transaction with related parties which could be considered material in accordance with the SEBI Listing Regulations and the provisions of the Act. All contracts executed by our Company during the financial year with related parties were on arm's length basis and in the ordinary course of business. The Policy on Related Party Transactions as approved by the Board of Directors is available on the Company's website at <https://hpthreads.com/pdf/Policy%20on%20materiality%20of%20and%20dealing%20with%20Related%20Party%20Transactions.pdf>.

There are no transactions under sub-section (1) of section 188 of the Act that are required to be reported in Form AOC-2, hence the said form does not form part of this report. However, names of Related Parties and details of transactions with them have been included in Notes to the financial statements provided in the Company's financial statements under Indian Accounting Standards 18.

## AUDITORS AND AUDITOR'S REPORT

### Statutory Auditor

M/s D. Kothary & Co., Chartered Accountants (FRN: 105335W) were appointed as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 42<sup>nd</sup> Annual General Meeting (AGM) held on 28<sup>th</sup> September, 2023 until the conclusion of the 47<sup>th</sup> AGM of the Company.

As required under the provisions of Section 139(1) and 141 of the Act, read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from M/s D. Kothary & Co., Chartered Accountants (FRN: 105335W) to the effect that they are eligible to be appointed as Statutory Auditor of the Company.

The Auditor's Report read together with Annexure referred to in the Auditors' Report do not contain any qualification, reservation, adverse remark or disclaimers.

### Cost Auditors

In terms of Section 148 of the Act, the Company is required to maintain cost records of the Company. Cost records are prepared and maintained by the Company as required under Section 148(1) of the Act.

However, in accordance with the provisions with the Rule 4(3) of the Companies (Cost Records and Audit) Rules, 2014 as amended thereto, the requirement for Cost Audit under the Rules shall not apply to a Company whose revenue from export, in foreign exchange, exceeds 75% of its total revenue or which is operating from a SEZ or which is engaged in generation of electricity for captive consumption through Captive Generating Plant.

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

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

### Secretarial Auditor

M/s Tarun Jain & Associates, Company Secretaries, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on August 12, 2023 for the FY 2023-24.

The Secretarial Audit Report for the financial year ended March 31, 2024 received from M/s Tarun Jain & Associates, Company Secretaries, Secretarial Auditors of the Company is annexed herewith as **Annexure - III** forming integral part of this report.

The said report is self-explanatory and does not contain any qualification, reservation, adverse remark or disclaimers.

### SECRETARIAL AUDIT OF MATERIAL UNLISTED INDIAN SUBSIDIARY

There is no Material Unlisted Indian Subsidiary of the Company as on March 31, 2024 and as such the requirement under Regulation 24A of the SEBI Listing Regulations regarding the Secretarial Audit of Material Unlisted Indian Subsidiary is not applicable to the Company for the FY 2023-24.

### SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has only one wholly owned subsidiary Company with a name "HP MMF TEXTILES LIMITED" and it has not commenced its operations yet. Further, there are no Associates and Joint Ventures during the financial year 2023-24.

The Company has, in accordance with Section 129(3) of the Act prepared Consolidated Financial Statements of the Company and its subsidiary which form part of the Annual Report. Further, the report on the performance and financial position of the subsidiary company of your Company is presented in Form AOC-1 is annexed herewith as **Annexure - IV** forming integral part of this report.

### MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION THE COMPANY

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

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

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

#### A) Conservation of Energy:

- i. **Steps taken or impact on conservation of energy:**
  - Implemented regular maintenance schedules for machinery and equipment to ensure optimal performance and efficiency.
  - Upgraded old equipment and appliances to energy-efficient models.
  - Reducing the idle operation of equipment such as air conditioners, lights, and fans etc.
  - Streamline production processes to minimize energy waste and optimize resource utilization.

- Educating and training to employees regarding practices that conserve energy.
- ii. Steps taken by the Company for utilizing alternate sources of energy:**
- Biomass consumption at our manufacturing facility
  - Utilization of Biomass as fuel in boiler
- iii. Capital investment on energy conservation equipment:** The Company has not incurred major capital investment on energy conservation equipment's but focused on optimum utilization of available resources.

**iii. Information regarding imported technology (Imported during last three years reckoned from the beginning of the financial year):**

S.no	Details of Technology Imported	Financial Year of Import	Whether Technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
1	Hank Dyeing Machine	2020-21	Yes	-
2	Set of Sewing Thread Winders	2020-21	Yes	-
3	Balling with Labelling Machine	2020-21	Yes	-
4	Reeling Machine	2020-21	Yes	-
5	Fully Automatic Assembly Winder Machine	2020-21	Yes	-
6	Hank Winding Machine	2020-21	Yes	-
7	R/F Dryer	2021-22	Yes	-
8	Automatic Yarn Mercerizing Machine	2021-22	Yes	-
9	Hank Winding Machine	2021-22	Yes	-
10	Semiautomatic Ball Winding Machines	2021-22	Yes	-
11	FullyAutomaticElectronicAssemblyWinder	2021-22	Yes	-
12	Balling with Labelling Machine	2022-23	Yes	-

**iv. Expenditure incurred on Research and Development:** None

**C) Foreign Exchange Earning and Out-Go:**

Particulars	(₹ in lacs)	
	2023-24	2022-23
Foreign Exchange earned (FOB value of exports)	7,663.92	6,688.84
Foreign Exchange used (CIF value of imports and expenditure in foreign currency)	91.57	117

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors hereby confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) that they have selected such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis;

- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

### **RISK MANAGEMENT**

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

The Board of Directors of the Company has also formulated Risk Management Policy in accordance with the Act. The aim of risk management policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company.

### **VIGIL MECHANISM**

The Company has established a robust Vigil Mechanism and a whistle blower policy in accordance with the provisions of the Act and the SEBI Listing Regulations, with a view to provide its directors and employees an avenue to report genuine concerns of unethical behavior, actual or suspected fraud or violation of the codes of conduct and to provide adequate safeguard for protection from any victimization.

Accordingly, the Company has established a Compliance Task Force to evaluate and investigate the actual or suspected fraud or violation of the of applicable laws and regulations and the Code of Conduct and Ethics. The Compliance Task Force operates under the supervision of the Audit Committee.

Employees are required to report actual or suspected violations of applicable laws and regulations and the Code of Conduct and Ethics. Such genuine concerns disclosed as per Policy are called "Protected Disclosures" and can be raised by a Whistle-blower through an e-mail or a letter to the Chairman of Compliance Task Force or to the Chairman of the Audit Committee.

The Whistle Blower Policy may be accessed on the Company's website at <https://hpthreads.com/pdf/Whistle%20Blower%20Policy.pdf>.

This Policy inter-alia provides a direct access to the Chairman of the Audit Committee and affirms that no Director/employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

### **PREVENTION OF SEXUAL HARASSMENT**

The Company has adopted a policy on sexual harassment at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the POSH Act to redress complaints received regarding sexual harassment. The Internal Complaints Committee was reconstituted by the Board of Directors of the Company during the year under review.

### **CORPORATE GOVERNANCE**

A separate report on Corporate Governance pursuant to Regulation 34(3) of the SEBI Listing Regulations, read with Part C of Schedule V thereof, along with a certificate from M/s M Siroya and Company, Practicing Company Secretaries regarding compliance of the conditions of Corporate Governance forms an integral part of the Annual Report.

### **CEO and CFO Certification**

The Chairman and Managing Director (CMD) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI Listing Regulations, copy of which forms part of the Corporate Governance Report.

### **Declaration on Code of Conduct and Ethics**

All the Boards Members and the Senior Management have confirmed compliance with the Code for the Financial Year ended March 31, 2024. The declaration to this effect signed by Chief Executive Officer (CEO), forms part of the Corporate Governance Report.

### **OTHER STATUTORY DISCLOSURES**

During the year under review:

1. No significant and material orders were passed by the Regulators/ Courts/ Tribunals which impact the going concern status and Company's operations in future.

2. No equity shares were issued with differential rights as to dividend, voting or otherwise.
3. No sweat equity shares were issued.
4. The Company has not issued any shares pursuant to the Employee Stock Options Scheme.
5. The Company has not issued any Bonus Shares.
6. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
7. No deposits have been accepted by the Company from the public. The Company had no outstanding, unpaid or unclaimed public deposits at the beginning and end of FY 2023-24.
8. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries as on March 31, 2024.
9. No Change in nature of Business of Company.
10. No fraud has been reported by the Statutory Auditors and Secretarial Auditors to the Audit Committee or the Board.
11. No Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.
12. No instance of onetime settlement with any Bank or Financial Institution.
13. There was no revision of financial statements and Board's Report of the Company.

The Company has complied with the applicable Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

### CAUTIONARY STATEMENT

Certain statements in the Directors' Report 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 labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

### ACKNOWLEDGEMENTS

We thank our customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

We thank the Government of India, the State Governments and other regulatory authorities and government agencies for their support and look forward to their continued support in the future.

For and on behalf of the Board

### **Kailash Kumar Agarwal**

Chairman and Managing Director  
DIN: 00063470

New Delhi  
August 07, 2024



## ANNEXURE – I

### Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

**1. Brief Outline on CSR Policy of the Company:** Our CSR initiatives are guided by our CSR Policy ('Policy'). The Policy was adopted on October 29, 2021. Our CSR activities focus on education, health, water, livelihood, rural and urban infrastructure and are in alignment with key focus areas of the HP Group.

**2. Composition of CSR Committee:**

S. no.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Kailash Kumar Agarwal	Chairman (Executive Director)	1	1
2.	Raghavkumar Agarwal	Member (Executive Director)	1	1
3.	Vikram Sumatilal Sheth	Member (Non-Executive Director)	1	1

**3. The web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company are provided below:** <https://hpthreads.com/corporate-social-responsibility.php>

**4. Executive Summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:** Not Applicable for the financial year under review

**5. (a) Average net profit of the Company as per Section 135(5) of the Companies Act, 2013:** ₹ (367.20) lacs

**(b) Two percent of average net profit of the Company as per Section 135(5) of the Companies Act, 2013:** ₹ (2.45) lacs

**(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

**(d) Amount required to be set-off for the financial year, if any:** Nil

**(e) Total CSR obligation for the financial year (5b+5c-5d):** Nil

**6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** Not Applicable

**(b) Amount spent in Administrative Overheads:** Not Applicable

**(c) Amount spent on Impact Assessment, if applicable.:** Not Applicable

**(d) Total amount spent for the Financial Year (6a+6b+6c):** Not Applicable

**(e) CSR amount spent or unspent for the Financial Year:**

Total Amount spent for the financial year	Amount Unspent (₹ in lacs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
Not Applicable		Not Applicable		Not Applicable	

**(f) Excess amount for set-off, if any:**

Sl. no	Particular	Amount (₹ in lacs)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	(2.45)
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

**7. Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (₹ in lacs)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (₹ in lacs)	Amount Spent in the Financial Year (₹ in lacs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (₹ in lacs)	Deficiency, if any
					Amount (₹ in lacs)	Date of Transfer		
1.	FY 2022-23							
2.	FY 2021-22							
3.	FY 2020-21							

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No**

**If Yes, enter the number of Capital assets created/ acquired:** Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent - (₹ in lacs)	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) of the Companies Act, 2013: Not Applicable**

For and on behalf of the Board

**Kailash Kumar Agarwal**

Chairman CSR Committee and Managing Director  
DIN : 00063470

New Delhi  
August 07, 2024

**RaghavKumar Agarwal**

Executive Director, Chief Executive Officer & Chief Financial Officer  
DIN : 02836610

New Delhi  
August 07, 2024

## ANNEXURE - II

### Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**A. The ratio of the remuneration of each Director to the median remuneration of the employees and the performance of the Company for the year 2023-24:**

S. no.	Name	Designation	% Increase / (decrease) of remuneration in FY 2024 as compared to FY 2023	Ratio of Remuneration to Median Remuneration
<b>EXECUTIVE DIRECTORS</b>				
1.	Kailash Kumar Agarwal	Chairman & Managing Director	1.09	64.28
2.	Raghavkumar Agarwal	Executive Director, CEO & CFO	1.71	53.58
<b>NON-EXECUTIVE DIRECTORS</b>				
3.	Parshotam Dass Agarwal	Independent Director	(10.10)	4.00
4.	Vikram Sumatilal Sheth#	Independent Director	^	4.13
5.	Siddharth Agrawal##	Independent Director	^	2.20
6.	Ritu Bansal	Non-Executive Director	(30.65)	1.93
<b>KEY MANAGERIAL PERSONNEL OTHER THAN EXECUTIVE DIRECTORS</b>				
7.	Shubham Jain	Company Secretary	31.21	10.55

^ Since the remuneration is only part for the FY 2022-23, the percentage increase in remuneration is not comparable and hence, not stated

# Appointed w.e.f April 30, 2022

## Appointed w.e.f August 10, 2022

<b>B. The percentage increase (decrease) in the median remuneration of the employees during the financial year</b>	12.84%
<b>C. Number of permanent employees on the rolls of the Company (As on March 31, 2024)</b>	1,163
<b>D. Average percentile increase (decrease) already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase (decrease) in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase (decrease) in the managerial remuneration</b>	The average increase in the salaries of the employees other than managerial personnel in the last financial year was 12.83%. The average increase in managerial remuneration in the last financial year was 1.37%. The remuneration and perquisites provided to the employees including that of the management are on par with industry levels, performance indicators and is in line with the resolutions approved by the Board of Directors and Shareholders.
<b>E. Affirmation that the remuneration is as per the remuneration policy of the Company</b>	The Company affirms that the remuneration is as per the remuneration policy of the Company.

**Note:** Apprentices are excluded from the total No. of Permanent Employees on the rolls of the Company.

For and on behalf of the Board

**Kailash Kumar Agarwal**

Chairman and Managing Director

DIN : 00063470

New Delhi

August 07, 2024

## ANNEXURE - III

### Form No. MR-3 Secretarial Audit Report

#### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

To,  
The Members,  
**H P COTTON TEXTILE MILLS LIMITED**  
15<sup>th</sup> K.M. Stone, Delhi Road,  
V.P.O. Mayar, Hissar Haryana 125044 IN

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 and found that Company was in compliance of following:

- (i) The Companies Act, 2013 (the Act) and the rules made there under, as may be applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and rules framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

#### **Applicable on the Company for the FY 2023-24**

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

#### **Not Applicable on the Company for the FY 2023-24**

- (a) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and;
- (d) The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018;
- (vi) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs; and
- (ii) The listing agreement entered into by the Company with BSE limited.

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

**We further report that,**

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

For **Tarun Jain & Associates**  
Company Secretaries

**Tarun Jain**

(Prop.)

Membership No.: F4645

C.P. No.: 4317

PR: 878/2020

UDIN: F004645F000914521

Place: New Delhi

Date: 07<sup>th</sup> August 2024

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



## Annexure-A

The Members,

**H P COTTON TEXTILE MILLS LIMITED**

15<sup>th</sup> K.M. Stone, Delhi Road,

V.P.O. Mayar, Hissar Haryana 125044 IN

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

For **Tarun Jain & Associates**  
Company Secretaries

**Tarun Jain**

(Prop.)

Membership No.: F4645

C.P. No.: 4317

PR: 878/2020

UDIN: F004645F000914521

Place: New Delhi

Date: 07<sup>th</sup> August 2024

## ANNEXURE - IV

### FORM NO. AOC-1

#### Statement containing salient features of the financial statements of the Subsidiaries/Joint Ventures/Associate Companies

(Pursuant to the first proviso of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the  
Companies (Accounts) Rules, 2014)

#### Part A: Subsidiaries

	(₹ in lacs)
<b>Name of the Subsidiary Company</b>	<b>HP MMF Textiles Limited</b>
The date since which Subsidiary was acquired	June 24, 2022
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency	INR
Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share Capital	1
Reserves & Surplus	(3.47)
Total Assets	0.99
Total Liabilities	0.99
Investments	-
Turnover	-
Profit before Taxation	(1.47)
Provision for Taxation	-
Profit after Taxation	(1.47)
Proposed Dividend	-
% of Share holding	100%

#### Notes:

1. HP MMF Textiles Limited is yet to commence operations.
2. None of the subsidiary which have been liquidated/sold/merged during the year.

#### Part B: Associates and Joint Ventures: Not Applicable

For and on behalf of the Board

**Kailash Kumar Agarwal**  
 Chairman & Managing Director  
 DIN: 00063470

**RaghavKumar Agarwal**  
 Executive Director, Chief Executive Officer &  
 Chief Financial Officer  
 DIN: 02836610

**Shubham Jain**  
 Company Secretary  
 Membership No.: ACS 49541

New Delhi  
 August 07, 2024

# Corporate Governance Report

## COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is about meeting our strategic goals responsibly and transparently, while being accountable to our stakeholders. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last.

We are equipped with a robust framework of corporate governance that considers the long-term interest of every stakeholder as we operate with a commitment to integrity, fairness, equity, transparency, accountability and commitment to values. Our robust corporate governance structure is based on well-structured policies and procedures that are the backbone of our governance philosophy.

The Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth. Our focus is not only to follow corporate governance guidelines, but best practices as well.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) and (t) of Regulation 46(2) of SEBI Listing Regulations, as applicable, with regard to corporate governance.

### Code of Conduct and Ethics

The Company has adopted a 'Code of Conduct and Ethics' which is applicable for its Directors and Senior Management of the Company in the course of day to day business operations of the Company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts.

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

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

The Code also includes duties for Independent Directors which is a guide for Independent Directors, pursuant to section 149(8) and Schedule IV of the Act. The Code may be accessed on the Company's website at <https://hpthreads.com/pdf/Code%20of%20Conduct%20and%20Ethics.pdf>. All the Boards Members and the Senior Management have confirmed compliance with the Code for the Financial Year ended March 31, 2024. The declaration to this effect signed by Chief Executive Officer (CEO) is annexed to this report.

### Code of Conduct for Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the Code of Conduct for Prevention of Insider Trading ('**Insider Trading Code**').

Mr. Shubham Jain, Company Secretary is the 'Compliance Officer' in terms of this Insider Trading Code.

### Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which also includes the Policy for Determination of Legitimate Purposes.

## BOARD OF DIRECTORS

The Board of Directors ('**Board**') is the highest authority for the governance and the custodian who pushes our businesses in the right direction and is responsible for the establishment of cultural, ethical, sustainable and accountable growth of the Company. At HP Cotton, the Board is constituted with a high level of integrated, knowledgeable and committed professionals. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations.

## Size and Composition of Board

As on March 31, 2024, the Board comprised of six (6) members, two (2) of whom are Executive Directors ('EDs'), one (1) is Non-Executive Director ('NEDs'), who is also acting as a Women Director, and three (3) are Independent Directors ('IDs'). Both the EDs are Promoter Directors. The Board periodically evaluates the need for change in its composition and size.

The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 and Section 152 of the Companies Act, 2013 ('Act'). During the year under review and as on date of this report, none of our Directors serve as Director or as IDs in more than seven equity listed companies and none of the EDs serve as IDs on any listed company entities Further, none of our IDs serve as Non-Independent Director of any company on the board of which any of our Non-Independent Director is an ID. None of the Directors hold Directorships in more than 20 companies including 10 public limited companies and private companies which are either subsidiary or holding company of a public company pursuant to Section 165 of the Companies Act, 2013.

During FY 2023-24, none of our Directors acted as Member in more than 10 committees or as Chairperson in more than 5 committees across all listed entities where they serve as a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the

Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Mr. Raghavkumar Agarwal is the son of Mr. Kailash Kumar Agarwal. None of the other Directors are related to any other Director on the Board.

Mr. Vikram Jhunjhunwala was appointed as an Additional Director (Non-Executive & Independent) w.e.f. August 07, 2024 for term of five (5) years. In terms of Section 149 and 152 of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board had, on the recommendation of the Nomination and Remuneration Committee, proposed to the Shareholders for the appointment of Mr. Vikram Jhunjhunwala as a Director (Non-Executive & Independent) of the Company, not liable to retire by rotation in the ensuing Annual General Meeting.

## Changes to Board during FY 2023-24

1. Mr. Siddharth Agrawal was re-appointed as an Independent Director of the Company for a term of Five (5) year commencing August 10, 2023 till August 09, 2028.
2. Mr. Raghavkumar Agarwal was re-appointed as a Whole-Time Director of the Company for a period of 5 years, w.e.f. May 30, 2024, designated as Executive Director, Chief Executive Officer and Chief Financial Officer of the Company.

## Composition of Board and Directorships held as on March 31, 2024

Name of the Director	No. of Directorship in other public Companies (1)		No. of Board Committee positions in other public Companies (2)		Directorship in other listed entities (Category of Directorship)
	Member	Chairperson	Member	Chairperson	
<b>Executive Directors</b>					
Mr. Kailash Kumar Agarwal (DIN: 00063470)	5	-	-	-	Nil
Mr. Raghavkumar Agarwal (DIN: 02836610)	5	-	-	-	Nil
<b>Non-Executive, Non-Independent Directors</b>					
Mrs. Ritu Bansal (DIN: 03619069)	-	-	-	-	Nil
<b>Non-Executive, Independent Directors</b>					
Mr. Parshotam Dass Agarwal (DIN: 00063017)	3	1	2	1	Quint Digital Limited [Formerly Known as Quint Digital Media Limited] (Non-Executive, Independent, Chairman)
Mr. Vikram Sumatilal Sheth (DIN: 03349632)	-	-	-	-	Nil
Mr. Siddharth Agrawal (DIN: 09693278)	-	-	-	-	Nil

### Notes:

- (1) Directorship in other public Companies (listed and unlisted) excluding directorship in H.P. Cotton Textile Mills Limited, foreign companies, private companies and companies governed by Section 8 of the Act. Further, membership includes positions as Chairperson of the Company.

(2) In terms of Regulation 26(1)(b) of the SEBI Listing Regulations, the disclosure includes chairmanship/membership of the Audit Committee and Stakeholders' Relationship Committee in other public companies (listed and unlisted) excluding H.P. Cotton Textile Mills Limited. Further, membership includes positions as Chairperson of committee.

### Key Skills, Expertise and Competencies of the Board

The Board comprises qualified and experienced members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Leadership
- Strategic Planning
- Operations
- Industry Experience
- Finance
- Regulatory / Legal & Risk Management
- Corporate Governance

While all the Board members possess the skills identified, their area of core expertise is given below:

	Area of Core Expertise						
	Leadership	Strategic Planning	Operations	Industry Experience	Finance	Regulatory / Legal & Risk Management	Corporate Governance
Kailash Kumar Agarwal	✓	✓	✓	✓	✓	✓	✓
Raghavkumar Agarwal	✓	✓	✓	✓	✓	✓	✓
Ritu Bansal	✓	✓	-	-	✓	✓	✓
Parshotam Dass Agarwal	✓	✓	-	✓	✓	✓	✓
Vikram Sumatilal Sheth	✓	✓	-	-	✓	✓	✓
Siddharth Agrawal	✓	✓	-	-	✓	✓	✓
Vikram Jhunjunwala	✓	✓	-	-	✓	✓	✓

### Board Independence

All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act alongwith Rules framed thereunder, Regulation 16(1)(b) of SEBI Listing Regulations and have complied with the Code of Conduct and Ethics of the Company as applicable to the Board of Directors and Senior Management.

In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

Further, the Independent Directors have in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they

have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs, Manesar ('IICA').

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the Management.

The Company has issued formal letters of appointment to the IDs. As required under Regulation 46 of the SEBI Listing Regulations, as amended, the terms and conditions of appointment of IDs including their role, responsibility and duties are available on our website at <https://hpthreads.com/pdf/Terms%20and%20conditions%20of%20appointment%20of%20independent%20directors.pdf>.

None of the Independent Directors have resigned before the expiry of their respective tenures during the year under review.

## Familiarisation Programme for Independent Directors

At the time of joining, appointment letter is given and an induction program is conducted to familiarize the Directors with their roles, rights, responsibilities in the Company alongwith the industry, business, operations and business model of the Company. It also includes familiarization with important statutory & regulatory provisions, code of conduct and other policies of Company applicable to them.

Directors are updated on business (achievements/new products/expansion/strategy/ budgets), industry, operations, technology & financial statements of the Company in Board/ Committee meetings and other forums. Relevant documents, reports and internal policies are provided to Directors to enable them to familiarize with the Company's procedures and practices.

The details of orientation given to our existing Independent Directors are available on our website at <https://www.hpthreads.com/pdf/familiarization-programs-for-id23-24.pdf>.

## Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties

The Nomination & Remuneration Committee of the Company has formulated the Nomination & Remuneration Policy ('NRC Policy') on Director's appointment and remuneration which includes the criteria for determining qualifications, positive attributes, independence of a director and process of appointment and removal as well as criteria for determining the remuneration of Director(s), Key Managerial Personnel ('KMP') and Senior Management of the Company and other matters as provided under Section 178(3) of the Companies Act, 2013. The Policy may be accessed on the Company's website at <https://hpthreads.com/pdf/Nomination%20and%20Remuneration%20Policy.pdf>.

## Performance Evaluation and its Criteria

The Nomination & Remuneration Committee has formulated a Policy for the evaluation of Board, its Committees and individual directors, including the Chairman of the Board and the same has been approved and adopted by the Board. The parameters of Board Evaluation are given in the Board's Report.

## Remuneration of the Executive Directors for the financial year 2023-24

(₹ in lacs)			
Name of Director	Basic Pay	Perquisite / Allowances	Total
Kailash Kumar Agarwal	24	47.52*	71.52
Raghavkumar Agarwal	19.20	40.42*	59.62

\*Includes Bonus and Leave Travel Allowance for the FY 2022-23, paid in FY 2023-24.

## Notes:

- (1) The tenure of Mr. Kailash Kumar Agarwal and Mr. Raghavkumar Agarwal is for five (5) years from their respective date of appointment and can be terminated by either party by giving the other party three months' notice in writing. They are also eligible for re-appointment. There is no separate provision for payment of severance fees.
- (2) No Commission was paid to any of the Executive Director during the FY 2023-24.
- (3) No performance linked incentive was paid to any of the Executive Director during the FY 2023-24.
- (4) The Company does not have any stock option plan. Accordingly, none of the Executive Directors hold stock options as on March 31, 2024.

## Remuneration of the Non-Executive Directors for the financial year 2023-24

(₹ in lacs)	
Name of Director	Sitting Fees
Parshotam Dass Agarwal	4.45
Vikram Sumatilal Sheth	4.60
Siddharth Agrawal	2.45
Ritu Bansal	2.15

## Notes:

- (1) During FY 2023-24, the Company did not have any material pecuniary relationship or transactions with Non-Executive Directors apart from paying Director's remuneration.
- (2) No Commission was paid to any of the Non-Executive Director during the FY 2023-24.
- (3) No performance linked incentive was paid to any of the Non-Executive Director during the FY 2023-24.
- (4) The Company does not have any stock option plan. Accordingly, None of the Non-Executive Directors hold stock options as on March 31, 2024.
- (5) None of the Non-Executive Director holds any Equity Share(s) or Convertible Instrument(s) of the Company as on March 31, 2024.

## Board Meetings and Attendance

During the year under review, five (5) Board Meetings were held on May 25, 2023, August 12, 2023, November 04, 2023, February 12, 2024 and March 18, 2024. The intervening gap between two Board Meetings was less than the maximum period prescribed under the Act and SEBI Listing Regulations. The requisite quorum was present for all the meetings. The information, as required under Regulation 17(7) read with Schedule II Part A of the SEBI Listing Regulations, is made available to the Board.



Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all meetings, except Board Meeting dated March 18, 2024, were held through video conferencing.

The details of composition of the Board and the attendance record of the Directors at the Board Meetings and AGM held during the financial year ended on March 31, 2024 is as under:

Name	Designation	Category	No. of meetings held during tenure	No. of Meetings Attended	Last AGM Attended
Kailash Kumar Agarwal	Chairman and Managing Director	Executive Director	5	5	Yes
Parshotam Dass Agarwal	Director	Non-Executive Independent Director	5	5	Yes
Ritu Bansal	Director	Non-Executive Director	5	5	Yes
RaghavKumar Agarwal	Whole-Time Director, CEO & CFO	Executive Director	5	5	Yes
Vikram Sumatilal Sheth	Director	Non-Executive Independent Director	5	5	Yes
Siddharth Agrawal	Director	Non-Executive Independent Director	5	5	Yes

### Meeting of Independent Directors

The Independent Directors met on March 18, 2024 without the presence of Non-Independent Directors and members of the management. The Independent Directors, inter-alia, evaluated performance of Non-Independent Directors, the Chairman of the Company and the Board as a whole for FY 2023-24. They also assessed the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### BOARD COMMITTEES

The Company has five main Committees, viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Banking and Finance Committee as on March 31, 2024. The Board had approved the dissolution of the Risk Management Committee and Preferential Issue Committee w.e.f. May 25, 2023.

The recommendations of the Committees are submitted to the Board for approval. During the year, all the recommendations of the Committees were accepted by the Board.

The details of composition of the Committee and the attendance record of the Directors at the AC Meetings held during the financial year ended on March 31, 2024 is as under:

Name	Designation in Committee	Category	No. of meetings held during tenure	No. of Meetings Attended
Parshotam Dass Agarwal	Chairman	Non-Executive Independent Director	4	4
Kailash Kumar Agarwal	Member	Executive Director	4	4
Vikram Sumatilal Sheth	Member	Non-Executive Independent Director	4	4

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on September 28, 2023.

### Procedure at Committee Meetings

The Company's guidelines relating to the Board meetings are applicable to the Committee meetings. The composition and terms of reference of all the Committees are in compliance with the Act and the Listing Regulations, as applicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functioning. Minutes of the proceedings of Committee meetings are circulated to the respective Committee members and also placed before the Board for its noting.

### AUDIT COMMITTEE

#### Composition, Meetings and Attendance

The Audit Committee ('AC') of the Company had been constituted and functions in accordance with provisions of Section 177 of the Act and SEBI Listing Regulations. The Company Secretary is acting as the Secretary to the Audit Committee.

During the year under review, four (4) AC Meetings were held on May 25, 2023, August 12, 2023, November 04, 2023 and February 12, 2024.

### Terms of Reference

Terms of Reference of the Committee inter alia include the following:

- a) Oversight of Financial reporting process and disclosure of its financial information;
- b) the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c) approval of payment to Statutory Auditors for any other services rendered by the statutory auditors;
- d) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- e) reviewing and examination of the financial statements and the auditors' report thereon;
- f) approval or any subsequent modification of transactions of the company with related parties;
- g) scrutiny of inter-corporate loans and investments;
- h) valuation of undertakings or assets of the Company, wherever it is necessary;
- i) evaluation of internal financial controls and risk management systems;
- j) review and implement the Risk Management Policy
- k) monitoring the end use of funds raised through public offers and related matters;
- l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) All other matters as specified in PART-C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

### NOMINATION AND REMUNERATION COMMITTEE Composition, Meetings and Attendance

The Nomination and Remuneration Committee ('NRC') of the Company had been constituted and functions in accordance with provisions of Section 178 of the Act and SEBI Listing Regulations. The Company Secretary is acting as the Secretary to the Nomination and Remuneration Committee.

During the year under review, four (4) NRC Meetings were held on May 25, 2023, August 12, 2023, February 12, 2024 and March 18, 2024.

The details of composition of the Committee and the attendance record of the Directors at the NRC Meetings held during the financial year ended on March 31, 2024 is as under:

Name	Designation in Committee	Category	No. of meetings held during tenure	No. of Meetings Attended
Parshotam Dass Agarwal	Chairman	Non-Executive Independent Director	4	4
Kailash Kumar Agarwal	Member	Executive Director	4	4
Vikram Sumatilal Sheth	Member	Non-Executive Independent Director	4	4
Siddharth Agrawal	Member	Non-Executive Independent Director	4	4

The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on September 28, 2023.

### Terms of Reference

Terms of Reference of the Committee inter alia include the following:

- a) to formulate a criterion for determining qualifications, positive attributes and independence of a director;
- b) to recommend to the Board a policy relating to Remuneration for Directors, Key Managerial Personnel and Senior Management;
- c) to prepare a description of roles and capabilities required for an independent director on the basis of evaluation of skills, knowledge and experience;
- d) to formulate of criteria for evaluation of performance of independent directors and the Board of Directors;

- e) to devise a policy on Diversity of Board of Directors;
- f) to identify the persons qualified to be a director or senior management as per the criteria laid down and recommend to the Board for appointment / removal based on his/ her performance.
- g) re-appointment of Independent Directors on the basis of performance evaluation of Independent Directors;
- h) recommend to the Board, all remuneration, in whatever form, payable to the Directors and senior management;
- i) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- j) ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- k) to develop a succession plan/policy for the Board and to regularly review the plan/policy

## STAKEHOLDERS RELATIONSHIP COMMITTEE

### Composition, Meetings and Attendance

The Stakeholders Relationship Committee ('SRC') of the Company had been constituted and functions in accordance with provisions of the Act and SEBI Listing Regulations.

The Company Secretary is acting as the Secretary to the Stakeholders Relationship Committee.

During the year under review, SRC Meeting was held on May 25, 2023 only.

The details of composition of the Committee and the attendance record of the Directors at the SRC Meeting held during the financial year ended on March 31, 2024 is as under:

Name	Designation in Committee	Category	No. of meetings held during tenure	No. of Meetings Attended
Parshotam Dass Agarwal	Chairman	Non-Executive Independent Director	1	1
Kailash Kumar Agarwal	Member	Executive Director	1	1
Ritu Bansal	Member	Non-Executive Director	1	1
Vikram Sumatilal Sheth	Member	Non-Executive Independent Director	1	1

The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting of the Company held on September 28, 2023.

### Terms of Reference

Terms of Reference of the Committee inter alia include the following:

- a) resolving the grievances of security holders of the Company;
- b) reviewing the measures taken for effective voting rights by shareholders;
- c) reviewing of adherence of the service standard adopted by the Company in respect of services offered by the Registrar & Share Transfer Agent;
- d) reviewing of status of Transfer, Transmission and dematerialisation of securities;
- e) reviewing of status of Investor Complaints received from the security holders of the Company;

- f) reviewing of measures and initiative taken by the Company for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the Shareholders of the Company;

### Compliance Officer

In terms of Regulation 6 and Schedule V of the SEBI Listing Regulations, the Board has appointed Mr. Shubham Jain, Company Secretary as the Compliance Officer of the Company.

### Investor Complaints

The details of investor complaints received and resolved to the satisfaction of investors during the financial year ended March 31, 2024 are given below. The complaints relate to non-receipt of annual report, dividend, share transfers and other investor grievances.

<b>Opening as on April 01, 2023</b>	Nil
Received during the year	Nil
Resolved during the year	Nil
<b>Closing as on March 31, 2024</b>	Nil

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### Composition, Meetings and Attendance

The Corporate Social Responsibility Committee ('CSR Committee') of the Company had been constituted and functions in accordance with provisions of Section 135 and schedule VII of the Act read with the Companies (Corporate

Social Responsibility Policy) Rules 2014. The Company Secretary is acting as the Secretary to the CSR Committee.

During the year under review, CSR Committee Meeting was held on August 12, 2023 only.

The details of composition of the Committee and the attendance record of the Directors at the CSR Committee Meeting held during the financial year ended on March 31, 2024 is as under:

Name	Designation in Committee	Category	No. of meetings held during tenure	No. of Meetings Attended
Kailash Kumar Agarwal	Chairman	Executive Director	1	1
RaghavKumar Agarwal	Member	Executive Director	1	1
Vikram Sumatilal Sheth	Member	Non-Executive Independent Director	1	1

### Terms of Reference

Terms of Reference of the Committee inter alia include the following:

- a) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- c) To monitor the CSR policy of the Company from time to time.

## SENIOR MANAGEMENT

As on March 31, 2024, following are the Senior Management(s) of the Company:

S. No.	Name	Designation
1.	RaghavKumar Agarwal	Whole-Time Director, Chief Executive Officer & Chief Financial Officer
2.	Shubham Jain	Company Secretary
3.	Shashi Kant Saha	President - Technical

Further, there is no change in senior management since the closure of the financial year ended March 31, 2024.

## GENERAL BODY MEETINGS

### Annual General Meetings

The date, time and venue of the Annual General Meetings held during preceding three years and the special resolution(s) passed thereat, are as follows:

Financial Year Ended	Date	Time	Venue	Special Resolution(s) Passed
March 31, 2023	September 28, 2023	12:30 PM (IST)	Held through video conferencing/ other audio-visual means (Deemed Venue - 15 <sup>th</sup> K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar – 125044)	(i) To re-appoint Mr. RaghavKumar Agarwal as a Whole-Time Director (Executive Director) of the Company (ii) To adopt the new set of Articles of Association of the Company
March 31, 2022	September 27, 2022	12 Noon (IST)	Held through video conferencing/ other audio-visual means (Deemed Venue - 15 <sup>th</sup> K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar – 125044)	(i) To approve revised Remuneration of Mr. Kailash Kumar Agarwal (DIN: 00063470), Chairman & Managing Director of the Company for the remainder of the current Term (ii) To approve revised Remuneration of Mr. Raghavkumar Agarwal (DIN: 02836610), Whole-Time Director, CEO & CFO of the Company for the remainder of the current term
March 31, 2021	September 24, 2021	12 Noon (IST)	Held through video conferencing/ other audio-visual means (Deemed Venue - 15 <sup>th</sup> K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar – 125044)	No special resolution was passed

### Extra-Ordinary General Meetings

No Extra-Ordinary General Meeting of the Members was held during FY 2023-24.

### Tribunal Convened Meetings

No meetings were convened in pursuance of the order passed by the National Company Law Tribunal (NCLT).

### Postal Ballot

During FY 2023-24, the Company sought the approval of the shareholders by way of postal ballot, the details of which are given below:

### Postal Ballot vide notice dated July 01, 2023, on the following resolution:

S. No.	Type of Resolution	Description of the Resolution
1.	Special Resolution	To re-appoint Mr. Siddharth Agrawal as an Independent Director of the Company

The voting period for remote e-voting commenced on Friday, July 07, 2023 at 9.00 a.m. (IST) and ended on Saturday, August 05, 2023 at 5.00 p.m. (IST). The consolidated report on the result of the postal ballot through remote e-voting for approving the aforementioned resolution was provided by the Scrutinizer on Monday, August 07, 2023.

The details of e-voting on the aforementioned resolution are provided hereunder:

Description of the Resolution	Votes in favour of the Resolution			Votes against the Resolution			Invalid Votes	
	Number of Members voted	Number of valid Votes cast (shares)	% of total number of valid votes cast	Number of Members voted	Number of valid Votes cast (shares)	% of total number of valid votes cast	Total number of members whose votes were declared invalid	Total number of invalid votes cast (shares)
To re-appoint Mr. Siddharth Agrawal as an Independent Director of the Company	42	23,80,082	98.49	4	36,554	1.51	-	-

The Resolution was passed with requisite majority.

The aforesaid Postal Ballot was conducted by the Company as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and General Circular No.14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021, 03/2022 dated May 5, 2022 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs.

In respect of the above Postal Ballot conducted by the Company during FY 2023-24, the Board of Directors had appointed Mr. Mukesh Siroya (Membership No. F5682; CoP No. 4157) Proprietor of M/s. M Siroya and Company, Practicing Company Secretaries or failing him Ms. Bhavyata Acharya (Membership No. A25734; CoP No. 21758), Practicing Company Secretary, as the Scrutinizer to scrutinize the postal ballot process, in a fair and transparent manner.

The Scrutinizer, after the completion of scrutiny, submitted his report to the Chairman of the Company who was authorised to accept, acknowledge and countersign the Scrutinizers Report as well as declare the voting results. The consolidated results of the remote e-Voting were then announced by the Chairman on August 07, 2023 for Postal Ballot notice dated July 01, 2023 was also available on the Company's website at [www.hpthreads.com](http://www.hpthreads.com) besides being communicated to BSE Limited (BSE) and CDSL.

**Details of special resolution proposed to be conducted through postal ballot:** None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of a special resolution through Postal Ballot.

## MEANS OF COMMUNICATION

### Quarterly Results

The Company's quarterly / half-yearly / annual financial results are sent to the Stock Exchange and published in prominent financial newspapers viz. Mint (in English) and Hari Bhoomi (in vernacular language - Hindi). They are also available on the website of the Company.

### Presentation(s) to investors/analysts

During the year under review, the Company did not make any presentation(s) to investors/analysts.

### News Releases

During the year under review, the Company did not issue any official news release or official media release.

### Website

The Company has its own functional website [www.hpthreads.com](http://www.hpthreads.com) as required by the SEBI Listing Regulations, where information about the Company, quarterly / half-yearly / annual financial results, annual reports, distribution of shareholding at the end of each quarter, information required to be disclosed under the Act or SEBI Listing Regulations, etc. are regularly updated.

### Letters/e-mails/SMS to Investors

The Company addressed various investor-centric letters / e-mails / SMS to its shareholders during the year. This include reminders for claiming unclaimed / unpaid dividend from the Company, dematerialisation of shares, updating e-mail, PAN and bank account details.

In accordance with the SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/655 dated November 03, 2021, the Company has sent letters to all holders of physical securities of the Company intimating them the requirement to furnish valid PAN, KYC details and Nomination details.



## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Day & Date	Monday, September 23, 2024
Time	12:30 PM IST
Venue	In compliance with the provisions of the Act and MCA Circulars, the AGM of the Company is being held through VC/OAVM. The deemed venue of the AGM shall be 15 <sup>th</sup> K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar – 125044
Financial Year	April 1 to March 31
Book Closure Dates	September 17, 2024 to September 23, 2024 (both days inclusive)
Dividend Payment Date	No final Dividend has been recommended by the Board for the year under review

### Listing on Stock Exchange

As on March 31, 2024, the Company has issued fully paid-up Equity Shares which are listed on BSE Limited. The Annual Listing fees has been paid to BSE Limited for FY 2024-25.

### ISIN and Stock Code Details

Stock Exchange	ISIN	Stock Code
BSE Limited ('BSE') Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India	INE950C01014	502873

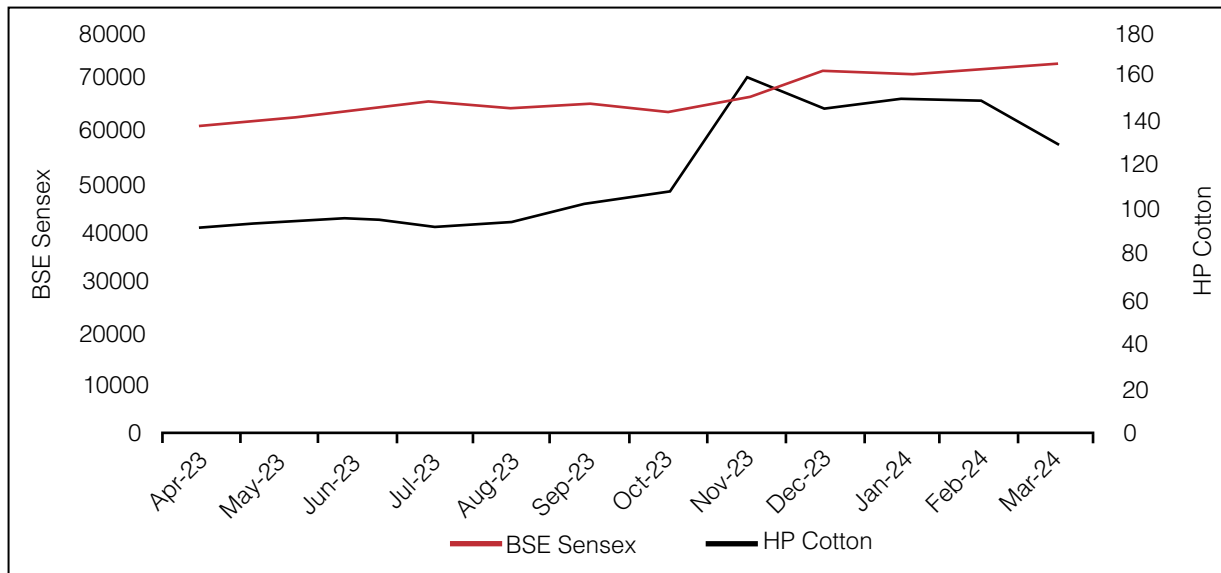
### Market Price Data – High, Low during each month in FY 2023-24 on BSE Limited

Month	High (₹)	Low (₹)
April 2023	105	85.4
May 2023	107.99	91
June 2023	105	90
July 2023	107.98	90.1
August 2023	99	85.55
September 2023	124	93.06
October 2023	118.85	97.65
November 2023	170	106.55
December 2023	168.2	140.4
January 2024	166	138.1
February 2024	155	133.05
March 2024	157.15	120.95

### Performance of the Share Price of the Company in comparison to broad-based indices such as BSE SENSEX

Month	Closing Price of Share (₹)	BSE Sensex (₹)
April 2023	92.92	61112.44
May 2023	96.4	62622.24
June 2023	97.76	64718.56
July 2023	93.5	66527.67
August 2023	95.6	64831.41
September 2023	103.73	65828.41
October 2023	109.7	63874.93
November 2023	159.5	66988.44
December 2023	146.2	72240.26
January 2024	149.5	71752.11
February 2024	149.5	72500.3
March 2024	129.8	73651.35

### BSE Sensex Vs HP Cotton



### Registrar and Transfer Agent

Alankit Assignments Ltd.

Alankit House, 4E/2, Jhandewalan

Extension, New Delhi-110055

Tel: +91 11 42541234

Fax: +91 11 23552001

Email: info@alankit.com

Website: www.alankit.com

### Share Transfer System

As mandated by SEBI, securities of the Company can be transferred / traded only in dematerialised form. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation. In this regard, a communication encouraging dematerialisation of shares and explaining procedure thereof, was also sent during the year to the concerned shareholders of the Company.

During the year, the Company obtained, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, transposition, sub-division, consolidation, renewal, exchange and deletion of names were issued as required under Regulation 40(9) of the Listing Regulations. The certificate was duly filed with the Stock Exchange.

### Distribution of Shareholding by size as on March 31, 2024

Category	No. of Holders	Shares	% of Total Shares
1-500	2,574	2,00,705	5.12
501-1000	122	96,917	2.47
1001-2000	75	1,14,923	2.93
2001-3000	16	40,078	1.02
3001-4000	22	77,212	1.97
4001-5000	9	39,752	1.01
5001-10000	15	1,17,677	3.00
Above 10000	30	32,34,736	82.48
<b>Total</b>		<b>39,22,000</b>	<b>100.00</b>

### Dematerialisation of Shares and Liquidity

The Shares of the Company are tradable compulsorily in electronic form. We have established connectivity with both the depositories, i.e., NSDL and CDSL. The International Securities Identification Number ('ISIN') allotted to the Fully paid-up Equity Shares under the Depository System is INE950C01014.

During the FY 2023-24, the Issued, Subscribed and Paid-up Equity Share Capital of the Company remains unchanged at ₹3,92,20,000 consisting of 39,22,000 Equity Shares of ₹10/- each.

As on March 31, 2024, 99% of the Company's share capital have been dematerialised and have reasonable liquidity on BSE.

### Outstanding GDRs/ADRs/Warrants or any other Convertible Instruments, Conversion Date and likely impact on Equity

As on March 31, 2024, Company does not have any Outstanding GDRs/ADRs/Warrants or any other Convertible Instruments, Conversion Date and likely impact on Equity.

### Commodity price risk or foreign exchange risk and hedging activities

The Company has in place a robust risk management framework for identification and monitoring and mitigation of commodity price and foreign exchange risks. The risks are tracked and monitored on a regular basis and mitigation strategies are adopted in line with the risk management framework.

The Company is subject to commodity price risks due to fluctuation in prices of Cotton. The weather patterns, government/intervention in cotton producing countries, trade tariff wars between countries effect the price movement of cotton. The Company operates internationally and significant portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas markets in various foreign currencies.

The details of foreign currency exposure during the FY 2023-24 are disclosed in the Note No. 46 to the Financial Statements. Foreign currency exchange rate exposure is balanced by hedging through forward contracts.

Exposure of the Company to commodity risk during the FY 2023-24 is as follows:

Commodity Name	Exposure in INR towards the particular commodity ₹ (lacs)	Exposure in Quantity terms towards the particular commodity Kg	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
Cotton	2,456.67	13,53,317	-	-	-	-	

### Plant Location

15<sup>th</sup> K.M. Stone, Delhi Road, V.P.O.  
Mayar, Hisar – 125044

### Address of Correspondence

For share transfer/dematerialisation of shares/payment of dividend/other queries relating to shares:

Alankit Assignments Ltd.

Alankit House, 4E/2, Jhandewalan

Extension, New Delhi-110055

Tel: +91 11 42541234

Fax: +91 11 23552001

Email: info@alankit.com

Website: www.alankit.com

For any queries on Annual Report or investors' assistance:

The Company Secretary

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

Old Ishwar Nagar New Delhi - 110065

Tel: +91 11 41540471/72/73

Fax: +91 11 49073410

E-mail: cs@hpthreads.com

Website: www.hpthreads.com

### Credit Ratings

During the year, there were no changes in credit ratings issued by CRISIL Limited ('CRISIL'). Your Company's long-term bank facilities credit rating is 'CRISIL BB-/Stable' and short-term bank facilities credit rating is 'CRISIL A4+'.

## **OTHER DISCLOSURES**

### **Related Party Transactions**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in compliance with all the applicable provisions of the Act and SEBI Listing Regulations in respect of such transactions. Requisite approval of the Audit Committee and the Board (wherever required) was obtained by the Company for all Related Party Transactions. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature. Further, your Company has not entered into any arrangement / transaction with related parties which could be considered material in accordance with the SEBI Listing Regulations and the provisions of the Act. The Policy on Related Party Transactions as approved by the Board of Directors is available on the Company's website at <https://hpthreads.com/pdf/Policy%20on%20materiality%20of%20and%20dealing%20with%20Related%20Party%20Transactions.pdf>.

### **Policy for Determining Material Subsidiaries**

The Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website at <https://hpthreads.com/pdf/Policy%20for%20Determining%20Material%20Subsidiaries.pdf>. During the year, the Company did not have any unlisted material subsidiary.

The Company is in compliance with the provisions governing material subsidiaries.

### **Vigil Mechanism**

The Vigil Mechanism approved by the Board provides a formal mechanism for its directors and employees an avenue to report genuine concerns of unethical behavior, actual or suspected fraud or violation of the codes of conduct and to provide adequate safeguard for protection from any victimization.

All employees of the Company may approach the Chairman of Compliance Task Force or to the Chairman of the Audit Committee of the Company and make protective disclosures regarding any unethical behavior or wrongful conduct and to provide adequate safeguard for protection from any victimization.

During the year under review, no person has been denied access to the Chairman of the Audit Committee. Details of the Vigil Mechanism are also given in the Board's Report.

The Whistle Blower Policy of the Company is available on the Company's website at <https://hpthreads.com/pdf/Whistle%20Blower%20Policy.pdf>.

### **Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange or SEBI, or any matter related to capital markets, during the last three years**

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets except as detailed below:

1. The Company was in receipt of the letter/e-mail dated November 21, 2022 from BSE Limited ('BSE') pertaining to the non-compliance of Regulation 17(1) of SEBI Listing Regulations with respect of Composition of the Board including appointment of a woman director, for which fine of ₹ 2,36,000/- was levied.

Thereafter, Company has filed a reply on November 22, 2022 in which we had categorically mentioned that upon approval of the audited financials on May 9, 2022 for the financial year ended on March 31, 2022, pursuant to which the net worth of the Company exceeded ₹ 25 Crore and consequently, the Corporate Governance provisions, as specified in SEBI Listing Regulations, have become applicable on the Company for the first time. Therefore, in accordance with the first proviso of Regulation 15(2)(a) of SEBI Listing Regulations, the Company had 6 Months to ensure compliances of the conditions of the Corporate Governance provisions, including composition of the Board, its various committees and other compliance obligations, which are applicable on our Company, from the date it became applicable. The Company duly complied with the said provisions within the specified period of 6 months.

Also, the Company requested for the waiver of fine levied via application dated December 17, 2022 and the outcome of the same is still awaited.

Your Company is a statutorily compliant company and the management and the Board has always placed paramount importance towards the statutory compliances applicable to the Company. Our primary focus always remains to comply with all the applicable laws and to protect the interest of the Investors/ stakeholders and to be transparent in every possible aspect.

### **Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The disclosure regarding the complaints of sexual harassment are given in the Board's Report.

### Consolidated Fees paid to Statutory Auditors

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part during the year ended March 31, 2024 is ₹49.24 lacs.

### Disclosure of 'Loans and Advances' in the nature of loans by the Company and its subsidiaries to firms/companies in which directors are interested

The Company has not provided any loans and advances to any firms/companies in which Directors are interested.

### Disclosure of Shares held in suspense account under Clause F of Schedule V to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

No shares were held in suspense account during the year under review.

### Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)

All the funds raised through preferential allotment during FY 2022-23 have been utilized by the Company on April 19, 2023 for the purposes/objects as stated in the Offer document and Explanatory Statement to the Notice of the said EGM.

### Adoption of Mandatory and Discretionary Requirements

The Company has complied with all mandatory requirements of SEBI Listing Regulations. The status of compliance with the discretionary requirements, as stated under Part E of Schedule II to the SEBI Listing Regulations are as under:

- **Audit Qualification:** The Auditors have expressed an unmodified opinion in their report on the financial statements of the Company.

- **Reporting of Internal Auditor:** The Internal Auditor functionally reports to the Audit Committee.

### Certificates from Practicing Company Secretaries

As required by Regulation 34(3) and Schedule V, Part E of the SEBI Listing Regulations, the certificate given by M/s M Siroya and Company, Practicing Company Secretaries regarding compliance of conditions of corporate governance, is annexed to this Report.

As required by Clause 10(i) of Part C under Schedule V of the SEBI Listing Regulations, the Company has received a certificate from M/s M Siroya and Company, Practicing Company Secretaries certifying that none of our Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI or MCA or such other statutory authority, is annexed to this Report.

### CEO and CFO Certification

The Chairman and Managing Director (CMD) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI Listing Regulations, copy of which is annexed to this Report. The CMD and the CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations.

For and on behalf of the Board

**Kailash Kumar Agarwal**

Chairman and Managing Director  
DIN : 00063470

New Delhi  
August 07, 2024

## **DECLARATION ON CODE OF CONDUCT**

It is hereby declared that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the 'Code of Conduct and Ethics' for the year ended March 31, 2024.

New Delhi  
August 07, 2024

**RaghavKumar Agarwal**  
Executive Director, CEO & CFO  
DIN : 02836610



## PRACTICING COMPANY SECRETARIES CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
**H.P. COTTON TEXTILE MILLS LIMITED**  
15<sup>th</sup> K.M. Stone, Delhi Road,  
V.P.O. Mayar, Hissar-125044.

We have examined the compliance of conditions of Corporate Governance by M/s. H.P. Cotton Textile Mills Limited ('the Company') for the Financial Year ended March 31, 2024, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

We have been requested by the management of the Company to provide a certificate on compliance of corporate governance under the relevant provisions of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 Regulations, as amended from time to time, during the financial year ended March 31, 2024.

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 Siroya and Company**  
Company Secretaries

**Mukesh Siroya**  
Proprietor  
FCS No.: 5682  
CP No.: 4157  
UDIN: F005682F000883053  
PR No.: 1075/2021

Date: August 02, 2024  
Place: Mumbai

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and clause (10)(i) of Para C of Schedule V to the SEBI  
 (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
 The Members of  
**H.P. COTTON TEXTILE MILLS LIMITED**  
 15<sup>th</sup> K.M. Stone, Delhi Road,  
 V.P.O. Mayar, Hissar-125044.

We have examined the relevant register, records, forms, returns and disclosures received from the Directors of H.P. Cotton Textile Mills Limited bearing CIN L18101HR1981PLC012274 and having registered office at 15<sup>th</sup> K.M. Stone, Delhi Road, V.P.O. Mayar, Hissar-125044 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal of the Ministry of Corporate Affairs at ("www.mca.gov.in") as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below, for the Financial Year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in Company
1	Parshotam Dass Agarwal	00063017	26/09/2014
2	Kailash Kumar Agarwal	00063470	03/09/1981
3	Raghavkumar Agarwal	02836610	30/05/2019
4	Vikram Sumatilal Sheth	03349632	30/04/2022
5	Ritu Bansal	03619069	29/05/2015
6	Siddharth Agrawal	09693278	10/08/2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Note:

We note that Mr. Kailash Kumar Agarwal had resigned from the directorship of Tayal Vegcraft Private Limited ("TVPL") w.e.f. September 30, 2019. TVPL has not yet filed requisite Form DIR 12 with the Ministry of Corporate Affairs ("MCA"). Further, TVPL has also failed to file its financial statements and annual returns for last 3 years ending 31.03.2023. However, Mr. Kailash Kumar Agarwal had, on November 2, 2019, submitted Form DIR 11 vide SRN R10480499 with the MCA to signify the fact of his resignation w.e.f. September 30, 2019. Based on the submission of the DIR 11 with MCA, we have considered that the provisions of Section 164(2) of the Companies Act, 2013 w.r.t. disqualification of directors shall not be applicable on Mr. Agarwal.

For **M Siroya and Company**  
 Company Secretaries

**Mukesh Siroya**

Proprietor

FCS No.: 5682

CP No.: 4157

PR No: 1075/2021

UDIN: F005682F000761131

Date: July 17, 2024

Place: Mumbai

## CEO / CFO CERTIFICATE

Under Regulation 17(8) of the Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
The Board of Directors,  
**H.P. COTTON TEXTILE MILLS LIMITED**  
15<sup>th</sup> K.M. Stone, Delhi Road  
Hisar, Haryana 125044

May 14, 2024

- A. We have reviewed financial statements of H.P. Cotton Textile Mills Limited for the year ended March 31, 2024 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of my knowledge and belief, no transactions entered into by the listed entity during the year ended March 31, 2024 which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and no deficiencies in the design or operation of such internal controls has been observed and if in future, any deficiency in the design or operation of such internal controls will be observed, the same will be disclosed before the Auditors of the Company and the Audit Committee of the Board of Directors of the Company along with the steps that will be proposed to take to rectify the deficiency.
- D. We have indicated to the auditors and the Audit committee
- (1) that there are no significant changes in internal control over financial reporting during the year;
  - (2) that there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) that there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For **H.P. Cotton Textile Mills Limited**

**Kailash Kumar Agarwal**  
Chairman and Managing Director  
DIN: 00063470

**Raghavkumar Agarwal**  
Whole-Time Director, CEO and CFO  
DIN: 02836610

# Financial Statements



# Independent Auditor's Report

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

### OPINION

We have audited the accompanying standalone financial statements of **H. P. Cotton Textile Mills Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### BASIS OF OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of

the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report

Key audit Matter	How the matter was addressed in our audit
<p><b>Valuation of Inventories</b></p> <p>As at 31 March 2024, the carrying value of the inventories is ₹ 2901.09 Lacs.</p> <p>The cost of inventory is calculated using acquisition cost, conversion costs and administration overheads incurred to bring the inventory to its present location and condition, which involves management judgments and estimation.</p> <p>Due to the Significance of the inventory balance to the standalone financial statements of the company and the level of judgments and estimates required, we identified the valuation of inventories as a key audit matter.</p> <p>Refer Note 2.2(vi) and Note 8 to the standalone financial statements.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p>(a) Assessing the appropriateness of the accounting policy for inventories with relevant accounting standards;</p> <p>(b) We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over the valuation of inventories;</p> <p>(c) Assessing methodology – considering the consistency and appropriateness of the management estimates and assumptions made for arriving at Net realizable value of inventories;</p> <p>(d) Verified the expenses considered as cost of conversion on the different classes of finished goods and work-in progress;</p> <p>(e) Made enquiries regarding obsolete inventory items and looked at the condition of items counted;</p> <p>(f) We evaluated the appropriateness and adequacy of disclosures in the standalone financial statements in accordance with the applicable accounting standards.</p>

Key audit Matter	How the matter was addressed in our audit
<p><b>Recoverability of deferred tax assets (DTA)</b></p> <p>The Company has recognised ₹ 692.80 Lacs as DTA, as at 31 March 2024, relating to carry forwards tax losses, unabsorbed depreciation and MAT credit to the extent it is probable that the future taxable profits will be available against which such unused tax losses and MAT credit can be utilized.</p> <p>Such recognition of DTA is a key audit matter as the recoverability of tax losses within the time frame allowed, involves significant estimate of the financial projections, availability of sufficient taxable income in the future and significant judgments in the interpretation of tax regulations and tax positions adopted by the Company.</p> <p>Refer note 2.2(xviii) "Income Tax" for accounting policies, note 19 "Deferred Tax Assets/ Liabilities" and note 35 "Income tax expense" for disclosures related to taxes of the Standalone Financial Statements.</p>	<p>Our audit procedures included the following:</p> <p>(a) We obtained an understanding of controls performed by the management to assess the recoverability of the DTA relating to carry-forwards tax losses, unabsorbed depreciation and MAT Credit entitlement;</p> <p>(b) Evaluated the Company's tax positions by comparing it with prior years and past precedents;</p> <p>(c) Evaluated the estimates of profitability made by the management on the basis of which it is considered probable that the Company will have sufficient taxable income against which the unused tax losses will be utilised and also within the expected timing of utilisation;</p> <p>(d) Discussed with the management the future business plans and financial projections and underlying assumptions used based on which the estimate of profitability is made;</p> <p>(e) We evaluated the adequacy of disclosures in the financial statements related to deferred tax in notes 2.2(xviii), note 19 and note 35 respectively of the standalone financial statements in accordance with the requirements of Ind AS 12.</p>

## INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting

principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud



or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone financial statements have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance Sheet, the statement of profit and loss including Other Comprehensive Income, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the

books of account maintained for the purpose of preparation of the standalone financial statements;

- d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act;
- e. On the basis of the written representations received from the directors as on 31 March 2024 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **“Annexure B”**;
- g. As required by Section 197(16) of the Act based on our audit, we report that the company has paid remuneration to its directors during the year in accordance with the provisions of Section 197 read with Schedule V to the Act; and
- h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements – Refer Note 37 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;
  - iii. There has been no delay in transferring of amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024.
- iv.
  1. The management has represented that, to the best of its knowledge and belief, as disclosed in note no. 50(k) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  2. The management has represented that, to the best of its knowledge and belief, as disclosed in note no. 50(l) to the Standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  3. Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clause (1) and (2) above contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the year.

vi. Based on our examination which included test checks, excepts for the instances mentioned below, the company has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software:

(a) The feature of recording audit trail (edit Log) facility was not enabled for certain changes in the accounting software which can be performed by users having privileged access (debug).

(b) The feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining the books of accounts.

Further, where audit trail feature was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered.

For **D. Kothary & Co**  
Chartered Accountants  
Firm Regn No. 105335W

**Deepak O. Narsaria**  
(Partner)

Place: Mumbai  
Date: May 14, 2024

Membership No. 121190  
UDIN: 24121190BKBOST1706

## Annexure A

(Referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” of our report of even date)

(i) Property, Plant and Equipment:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment and right of use assets.

(B) The company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of Property, plant and equipment and right of use assets by which all Property, Plant and Equipment and right of use assets of the Company are being verified in a phased manner over period of 3 years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, certain property, plant and equipment and right of use assets has been physically verified by the Management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties (other than properties

(b) As disclosed in note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of five crore rupees by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the company with such banks and such statements are in agreement with the books of the company for the respective periods which were not subject to audit, expect for the following:

Name of Bank	Working capital limit sanctioned	Quarter	Amount disclosed as per return	Amount as per books of accounts	Difference	Remarks/ reason, if any
State Bank of India	2,870.00	Quarter 1	4,179.91	3,845.51	334.40	Under/over reporting of assets numbers in stock statement is on account of revaluation of foreign trade receivables on closing date as per requirements of Ind AS, reclassification entries and provisional valuation of WIP & Finished Goods inventory
		Quarter 2	4,198.36	4,014.52	183.84	
		Quarter 3	3,782.60	3,719.97	62.63	
		Quarter 4	3,376.21	3,529.49	(153.28)	

where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year;

(e) According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no proceedings initiated or pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder;

(ii) Inventory:

(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.

- (iii) According to the information and explanations given to us and on the basis of our examination of the records, the company has not made investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any other entity during the year. Accordingly, reporting under clauses 3(iii)(a) to clauses 3(iii)(f) of the order is not applicable to the company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of loans, investments, guarantees, and security. Accordingly, reporting under clause 3(iv) of the order is not applicable to the Company.
- (v) According to the information and explanations given to us and on the basis of our examination of the records, the company has not accepted any deposits or there are not amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) Statutory Dues:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Custom or Cess or other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities. Further, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Custom or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) above that have not been deposited with the appropriate authorities by the Company on account of any dispute.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not surrendered or disclosed any transactions any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) Loans, Borrowings:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has taken term loan during the year and it has been utilized for the purpose it was obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short-term basis have, prima facie, not been used for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

- (f) According to the information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiary.
- (x) Initial Public Offer, Further Public Offer:
- (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the order is not applicable.
- (xi) Fraud:
- (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of our audit.
- (b) According to the information and explanations given to us, no report under Sub-section (12) of Section 143 of the Companies Act has been filed by the Auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) Internal Audit:
- (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with any of its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) RBI Act:
- (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.
- (d) According to the information and explanation provided to us and as represented by the management of the Company, the group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company.
- (xvii) The company has incurred any cash losses amounting to ₹ 68.62 lacs in the financial year covered by our audit and ₹ 1476.51 lacs in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report



indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the

expiry of the financial year. During the year, Provisions of the section 135 of the Company Act 2013 are not applicable to the Company. Accordingly, reporting under clause 3(XX) of the order is not applicable to the Company.

For **D. Kothary & Co**  
Chartered Accountants  
Firm Regn No. 105335W

**Deepak O. Narsaria**  
(Partner)

Membership No. 121190  
UDIN: 24121190BKBOST1706

Place: Mumbai  
Date: May 14, 2024

## Annexure B

(Report on the Internal Financial Controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”))

We have audited the internal financial controls with reference to standalone financial statements of the **H.P. Cotton Textile Mills Limited** (“the Company”), as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE INTERNAL FINANCIAL CONTROLS**

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial

controls were operating effectively as at 31<sup>st</sup> March, 2024, based on the internal controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **D. Kothary & Co**  
Chartered Accountants  
Firm Regn No. 105335W

**Deepak O. Narsaria**  
(Partner)

Place: Mumbai  
Date: May 14, 2024

Membership No. 121190  
UDIN: 24121190BK BOST1706

# Standalone Balance Sheet

As at 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Note	As at	
		31 March 2024	31 March 2023
<b>Assets</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3	3,347.33	3,591.91
b) Capital work-in-progress	3A	0.12	-
c) Right-of-use assets	48	429.33	483.60
d) Other intangible assets	3	16.89	37.17
e) Financial assets			
i) Investments	4	1.00	1.00
ii) Other financial assets	5	162.84	150.59
f) Deferred tax assets (net)	19	426.49	-
g) Non-current tax assets (net)	6	1.05	13.98
h) Other non-current assets	7	10.30	12.67
		<b>4,395.35</b>	<b>4,290.92</b>
<b>Current assets</b>			
a) Inventories	8	2,901.09	3,203.53
b) Financial assets			
i) Investments	9	-	53.78
ii) Trade receivables	10	628.40	850.82
iii) Cash and cash equivalents	11	5.54	104.65
iv) Bank balances other than (iii) above	12	121.23	57.80
v) Other financial assets	13	83.75	70.85
c) Other current assets	14	708.90	599.21
		<b>4,448.91</b>	<b>4,940.64</b>
		<b>8,844.26</b>	<b>9,231.56</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
a) Equity share capital	15	392.20	392.20
b) Other equity	16	986.05	908.43
		<b>1,378.25</b>	<b>1,300.63</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	17	624.85	857.21
ii) Lease liability	18	420.90	451.03
b) Deferred tax liabilities (net)	19	-	89.52
c) Provisions	20	303.65	274.44
		<b>1,349.40</b>	<b>1,672.20</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	21	2,848.76	3,180.19
ii) Lease liability	22	30.13	27.60
iii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		249.86	225.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,044.40	2,004.55
iv) Other financial liabilities	24	214.46	174.86
b) Other current liabilities	25	526.69	425.21
c) Provisions	26	202.31	221.08
		<b>6,116.61</b>	<b>6,258.73</b>
		<b>8,844.26</b>	<b>9,231.56</b>

The accompanying notes form an integral part of these standalone financial statements  
 This is the standalone balance sheet referred to in our report of even date

For **D.Kothary & Co**  
 Chartered Accountants  
 Firm Registration Number:- 105335W

**Deepak O. Narsaria**  
 Partner  
 Membership No.: 121190

Place: Mumbai  
 Date: 14 May 2024

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

**Kailash Kumar Agarwal**  
 Chairman & Managing Director  
 DIN: 00063470

Place: New Delhi  
 Date: 14 May 2024

**RaghavKumar Agarwal**  
 Executive Director  
 Chief Executive Officer &  
 Chief Financial Officer  
 DIN: 02836610

**Shubham Jain**  
 Company Secretary  
 Membership No. : ACS 49541

# Standalone Statement of Profit and Loss

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Note	Year ended 31 March 2024	Year ended 31 March 2023
<b>Income</b>			
Revenue from operations	27	9,355.71	8,397.81
Other income	28	179.58	207.76
<b>Total Income</b>		<b>9,535.29</b>	<b>8,605.57</b>
<b>Expenses</b>			
Cost of materials consumed	29	3,477.12	4,383.31
Changes in inventories of finished goods, work-in-progress and scrap	30	303.95	(119.31)
Employee benefits expense	31	2,331.18	2,263.29
Other expenses	32	2,824.89	3,024.63
<b>Total expenses</b>		<b>8,937.14</b>	<b>9,551.92</b>
<b>(Loss)/profit before finance costs, depreciation and tax</b>		<b>598.15</b>	<b>(946.35)</b>
Finance costs	33	666.77	534.82
Depreciation and amortisation expenses	34	349.72	396.60
<b>(Loss)/profit before tax</b>		<b>(418.34)</b>	<b>(1,877.77)</b>
<b>Tax expense</b>	35		
Current tax		-	-
Tax credit of earlier years		-	(2.15)
Deferred tax		(510.43)	(70.40)
<b>Total tax expense</b>		<b>(510.43)</b>	<b>(72.55)</b>
<b>(Loss)/profit for the year</b>		<b>92.09</b>	<b>(1,805.22)</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations		(20.05)	(3.76)
Income tax relating to above items		5.58	1.05
<b>Total other comprehensive income</b>		<b>(14.47)</b>	<b>(2.71)</b>
<b>Total comprehensive income for the year</b>		<b>77.62</b>	<b>(1,807.93)</b>
<b>(Loss)/earnings per equity share (face value of ₹10/- per share)</b>	36		
Basic (loss)/earnings per share (in ₹)		2.35	(46.66)
Diluted (loss)/earnings per share (in ₹)		2.35	(46.66)

The accompanying notes form an integral part of these standalone financial statements

This is the standalone statement of profit and loss referred to in our report of even date

For **D.Kothary & Co**  
Chartered Accountants  
Firm Registration Number:- 105335W

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

**Deepak O. Narsaria**  
Partner  
Membership No.: 121190

**Kailash Kumar Agarwal**  
Chairman & Managing Director  
DIN: 00063470

**RaghavKumar Agarwal**  
Executive Director  
Chief Executive Officer &  
Chief Financial Officer  
DIN: 02836610

**Shubham Jain**  
Company Secretary  
Membership No. : ACS 49541

Place: Mumbai  
Date: 14 May 2024

Place: New Delhi  
Date: 14 May 2024

# Standalone Cash Flow Statement

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>A. Cash flows from operating activities</b>		
<b>(Loss)/profit before tax</b>	(418.34)	(1,877.77)
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	349.72	396.60
Liabilities no longer required written back	(51.06)	(43.91)
Amount written off	2.14	167.65
Profit on sale of property, plant and equipment	-	(38.38)
Unrealised gain on foreign exchange fluctuation	6.54	(3.55)
Interest income	(9.89)	(8.51)
Interest expense	666.77	534.82
Interest on fair valuation of financial assets carried at amortised cost	(4.15)	(2.54)
<b>Operating (loss)/profit before working capital changes</b>	<b>541.73</b>	<b>(875.59)</b>
<b>Adjustments for:</b>		
Decrease/(increase) in other non-current assets	2.37	(0.34)
Decrease/(increase) in other non-current financial assets	(12.39)	0.88
Decrease/(increase) in trade receivables	227.95	849.16
Decrease/(increase) in other current assets	(109.69)	131.32
Decrease/(increase) in other current financial assets	(14.56)	176.46
Decrease/(increase) in inventories	302.45	32.71
(Decrease)/increase in trade payables	64.01	(126.51)
(Decrease)/increase in other financial liabilities	41.25	(116.28)
(Decrease)/increase in other current liabilities	152.53	99.73
(Decrease)/increase in provisions	(4.02)	(37.40)
<b>Cash generated from operating activities</b>	<b>1,191.63</b>	<b>134.14</b>
Income taxes paid (net of refund received during the year)	7.34	(119.19)
<b>Net cash flow generated from operating activities</b>	<b>1,198.97</b>	<b>14.95</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital advances and capital liabilities	(30.70)	(96.44)
Proceed/Payment for investments in mutual funds	57.36	(52.00)
Payment for investments in subsidiary	-	(1.00)
Proceeds/Payment from maturity / encashment of fixed deposits	(58.70)	95.17
Proceeds from sale of property, plant and equipment	-	44.19
Interest received	5.86	8.51
<b>Net cash flow used in investing activities</b>	<b>(26.18)</b>	<b>(1.57)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	135.00	607.51
Repayment of long-term borrowings	(176.85)	(604.95)
Proceeds/repayment of short term borrowings (net)	(545.29)	573.43
Payment of principal portion of lease liability	(27.60)	(54.20)
Payment of interest portion of lease liability	(43.80)	(8.68)
Dividend paid	-	(33.43)
Proceeds from share warrant application money	-	75.60
Finance charges paid	(613.36)	(520.46)
<b>Net cash flow generated from financing activities</b>	<b>(1,271.90)</b>	<b>34.82</b>



# Standalone Cash Flow Statement

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(99.11)</b>	<b>48.20</b>
E. Cash and cash equivalents as at the beginning of the year	104.65	56.45
<b>F. Cash and cash equivalents as at the end of the year (D+E)</b>	<b>5.54</b>	<b>104.65</b>
<b>Components of cash and cash equivalents:</b>		
Balances with banks-in current accounts	4.85	104.04
Cash on hand	0.69	0.61
	<b>5.54</b>	<b>104.65</b>

## Reconciliation of financial liabilities arising from financing activities for the year ended 31 March 2024:

Particulars	Interest accrued on borrowings	Non-current borrowings *	Current borrowings **	Lease liability
<b>Balance as at 01 April 2022</b>	-	1,006.45	2,440.65	51.99
Add: Loan disbursed	-	607.51	573.43	-
Add: Interest expenses	526.14	-	-	8.68
Add: Lease liability created under IND AS 116	-	-	-	480.91
Less: Payment of lease liability	-	-	-	(54.20)
Less: Loan repaid	-	(604.95)	-	-
Less: Interest expenses paid	(520.46)	-	-	(8.68)
Add/(less): Others	(5.66)	11.53	2.78	(0.07)
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>1,020.54</b>	<b>3,016.86</b>	<b>478.63</b>
Add: Loan disbursed	-	135.00	(545.29)	-
Add: Interest expenses	622.96	-	-	43.80
Less: Payment of lease liability	-	-	-	(27.60)
Less: Loan repaid	-	(176.85)	-	-
Less: Interest expenses paid	(613.36)	-	-	(43.80)
Add/(less): Others	(9.60)	20.42	2.93	-
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>999.11</b>	<b>2,474.50</b>	<b>451.03</b>

\* Includes current maturities of long-term debts

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

The accompanying notes form an integral part of these standalone financial statements

This is the standalone cash flow statement referred to in our report of even date

For **D.Kothary & Co**  
Chartered Accountants  
Firm Registration Number:- 105335W

**Deepak O. Narsaria**  
Partner  
Membership No.: 121190

Place: Mumbai  
Date: 14 May 2024

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

**Kailash Kumar Agarwal**  
Chairman & Managing Director  
DIN: 00063470

Place: New Delhi  
Date: 14 May 2024

**RaghavKumar Agarwal**  
Executive Director  
Chief Executive Officer &  
Chief Financial Officer  
DIN: 02836610

**Shubham Jain**  
Company Secretary  
Membership No. : ACS 49541

# Standalone Statement of Changes in Equity

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## A. EQUITY SHARE CAPITAL

### As at 31 March 2024

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
392.20	-	392.20

### As at 31 March 2023

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
386.60	5.60	392.20

## B. OTHER EQUITY

Particulars	Reserves and surplus				Money received against share warrants	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
<b>Current reporting period</b>						
Balance as at 01 April 2023	0.11	190.58	784.41	(66.68)	-	908.43
Profit for the year	-	-	-	92.09	-	92.09
Remeasurement of defined benefit obligations	-	-	-	(14.47)	-	(14.47)
<b>As at 31 March 2024</b>	<b>0.11</b>	<b>190.58</b>	<b>784.41</b>	<b>10.95</b>	<b>-</b>	<b>986.05</b>
<b>Previous reporting period</b>						
Balance as at 01 April 2022	0.11	95.38	784.41	1,779.92	25.20	2,685.02
Loss for the year	-	-	-	(1,805.22)	-	(1,805.22)
Addition/deduction during the year	-	95.20	-	-	(25.20)	70.00
Remeasurement of defined benefit obligations	-	-	-	(2.71)	-	(2.71)
dividend	-	-	-	(38.66)	-	(38.66)
<b>As at 31 March 2023</b>	<b>0.11</b>	<b>190.58</b>	<b>784.41</b>	<b>(66.68)</b>	<b>-</b>	<b>908.43</b>

### Analysis of accumulated other comprehensive income included in retained earnings

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at beginning of the year	19.12	21.83
Other comprehensive income for the year	(14.47)	(2.71)
<b>Balance as at the end of the year</b>	<b>4.65</b>	<b>19.12</b>

The accompanying notes form an integral part of these standalone financial statements

This is the standalone statement of changes in equity referred to in our report of even date

For **D.Kothary & Co**  
 Chartered Accountants  
 Firm Registration Number:- 105335W

**Deepak O. Narsaria**  
 Partner  
 Membership No.: 121190

Place: Mumbai  
 Date: 14 May 2024

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

**Kailash Kumar Agarwal**  
 Chairman & Managing Director  
 DIN: 00063470

Place: New Delhi  
 Date: 14 May 2024

**RaghavKumar Agarwal**  
 Executive Director  
 Chief Executive Officer &  
 Chief Financial Officer  
 DIN: 02836610

**Shubham Jain**  
 Company Secretary  
 Membership No. : ACS 49541

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

### 1. CORPORATE INFORMATION

#### Nature of operations

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

### 2. MATERIAL ACCOUNTING POLICIES

#### 2.1 Statement of Compliance and basis of preparation of standalone financial statements

##### (a) General information and statement of compliance with Ind AS

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/provisions of applicable laws and guidelines issued by the Securities and Exchange Board of India (SEBI).

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies have been consistently applied to all the periods presented in the standalone financial statements except where 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.

The standalone financial statements for the year ended 31 March 2024 were authorised and approved for issue by the Board of Directors on 14 May 2024. Revisions to standalone financial statements, if required, is permitted by the Board of Directors subject to obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

#### Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorised

have been considered in preparing these standalone financial statements.

#### Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31,2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

##### (b) Historical cost convention

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

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

##### (c) Current and non-current classification

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

##### (d) Rounding of amounts

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

##### (e) Use of estimates

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

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

after that date but provide additional evidence about conditions existing as at the reporting date.

### (f) Significant accounting judgments, estimates and assumptions

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

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

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

#### Critical judgments in applying accounting policies

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

- (i) **Recognition of deferred tax-** The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.
- (ii) **Evaluation of indicators for impairment of assets-** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- (iii) **Recoverability of advances/receivables** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

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

#### Key source of estimation uncertainty

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

- (i) **Useful lives of property, plant and equipment-** The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the assets. The Company reviews the useful life of property, plant and equipment at the end of each reporting date.
- (ii) **Recoverable amount of property, plant and equipment-** The recoverable amount of property plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.
- (iii) **Post-retirement benefit plan-** Employee benefit obligation (gratuity) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) **Fair value measurement of financial instruments-**

The fair values of financial assets and financial liabilities recorded in the standalone balance sheet in respect of which quoted prices in active markets are not available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 2.2 Summary of material accounting policies

**i. Property, plant and equipment**

An item on property, plant and equipment is recognized as asset, if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance including assets having cost upto ₹ 10,000 are charged to the standalone statement of profit and loss during the reporting period in which they are incurred.

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

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

**ii. Intangible assets**

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

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

Useful life considered for calculation of amortisation for various intangible assets are as follows-

<b>Asset category</b>	<b>Estimated useful life (in years)</b>
Software	3-5 years

The amortisation expense on intangible assets with finite life is recognised in the standalone statement of profit and loss under the head Depreciation and amortization expense.

**iii. Depreciation**

The Company depreciates its property, plant and equipment (PPE) over the useful life on Straight line basis in the manner prescribed in Schedule II to the

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act. Useful life considered for calculation of depreciation for various assets class are as follows-

Asset category	As per management estimate	As per Schedule II
Computers	3 years	3 years
Furniture and fixtures	10 years	10 years
Building	30 years	30 years
Vehicles	8 years	8 years
Plant and machinery	15 years	15 years
Office equipment	5 years	5 years
Servers and networks	6 years	6 years

Leasehold improvements are depreciated over the period of lease or 3 years, whichever is less.

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

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

#### iv. Impairment of non-financial asset

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

#### v. Revenue and other income

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

Revenue from sale of goods is recognised when the Company satisfies its performance obligation and substantial risks and rewards of ownership are transferred to the buyer which generally coincides when the goods are dispatched from the factory. Amounts disclosed as revenue are net of returns and allowances, trade discounts and rebates. The Company collects Goods and Service Tax on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from revenue.

#### Contract balances

##### Contract assets

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

##### Trade receivables

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

##### Contract liabilities

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

##### Financing component

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



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

### Cost to obtain a contract with customer

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

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

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

**Interest income:** Income from interest is accounted for on time proportion basis taking into account the amounts outstanding and the applicable rate of interest.

### vi. Inventories

Inventories are valued at cost or net realisable value, whichever is lower.

The cost of raw materials and stores and spares is determined using moving weighted average formula and includes cost of purchase and other cost incurred in bringing the inventory to their present location and condition. Raw materials and stores and spares are not written down below cost if the finished product in which they will be manufactured are expected to be sold at or above cost.

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

Cost of finished goods include raw material cost, conversion cost and packing cost incurred to bring the goods to their present location and condition. Inventory of finished goods is measured at cost or net realisable value, whichever is lower.

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

### vii. Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing:

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

#### Diluted earnings per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### viii. Government grants

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

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

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

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

statement of profit and loss of the period in which it becomes receivable.

### ix. Dividend

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

### x. Investments and other financial assets

#### Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Equity investments in subsidiaries are measured at cost. The investments are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, policy for impairment of financial assets is followed.

Investments in mutual fund are measured at FVTPL. Profit or loss on fair value of mutual fund is recognised in the standalone statement of profit and loss.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

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

#### Initial recognition

Purchases and sales of financial assets are recognised on the trade-date i.e. the date on which the Company commits to purchase or sale the financial asset.

#### Measurement

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

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

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

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

#### Debt instruments at amortised cost

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

#### Debt instrument at FVTOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

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

### Debt instrument at FVTPL

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

### Equity instruments

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

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

### Impairment of financial assets

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

40 details how the Company determines whether there has been a significant increase in credit risk.

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

### De-recognition

A financial asset is derecognised only when

- The Company has transferred or has expired the rights to receive cash flows from the financial asset and
- The Company has transferred substantially all of the risks and rewards of the ownership.

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

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

### Income recognition

#### Interest income

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

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

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

### Dividends

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

### xi. Financial liabilities

#### Initial recognition

The Company recognizes the financial liabilities in its balance sheet when it becomes party to the contractual provisions of the instrument.

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

#### Measurement

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

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

#### Financial liabilities at FVTPL

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

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

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are

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

#### Borrowings

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

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

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

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

### Trade and other payables

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

### De-recognition

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

### xii. Offsetting of financial instruments

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

### xiii. Fair value measurement of financial instruments

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

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

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

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

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

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

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

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

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

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

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

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

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

- Disclosure regarding significant estimates and assumptions- Note 2.1
- Quantitative disclosures of fair value measurement hierarchy- Note 2.2, paragraph xiii.
- Financial instruments (including those carried at amortised cost)- Note 2.2, paragraph x.

### xiv. Provisions, contingent liabilities and contingent assets

#### Provisions

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

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

#### Contingent liabilities

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

#### Contingent assets

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

### xv. Borrowing cost

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

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

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

### xvi. Employees benefits

- Short term employee benefits: Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.
- Other long-term employee benefits obligations: The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the discount rates for Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the standalone statement of profit and loss.
- Post-employment benefits: The Company operates the following post-employments schemes:
  - defined contribution plans- provident fund; and
  - defined benefit plans- gratuity



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

### (a) Defined contribution plan

#### Provident fund

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

### (b) Defined benefit plans

#### Gratuity

The liability or asset recognised in the standalone balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

### xvii. Foreign currency translations

#### (i) Functional and presentation currency

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

### ii) Transaction and balances

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

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

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

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

### xviii. Income tax

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

and liabilities and when the deferred tax balances relate to the same taxation authority.

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

Current and deferred tax is recognised in the standalone statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

### **xix. Leases**

On inception of a contract, the Company (as a lessee) assesses whether it contains a lease. A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, any asset restoration obligation, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification.

Lease liability and ROU asset have been separately presented in the Standalone Balance Sheet and lease payments are presented as follows in the Company's standalone statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2024

- payments for the interest element and principal element of recognised lease liabilities are presented within cash flows from financing activities

### xx. Segment reporting

In accordance with Ind AS 108, operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single reportable operating segment, i.e., Textile (spinning). The Board of Directors is the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108.

### xxi. Cash and cash equivalents

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

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

### xxii. Cash flow statement

Cash flows are reported using indirect method in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows". The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash and cash equivalents in the cash flow comprise cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less.

## Notes

to Standalone Financial Statements for the year ended 31 March 2024  
 (All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

### 3. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Particulars	Property, plant and equipment							Intangible assets		
	Freehold land	Buildings	Leasehold improvements	Plant and Equipments	Furniture and fixtures	Office equipments	Computers	Vehicles	Total	Software
<b>Gross carrying amount</b>										
<b>As at 01 April 2022</b>	651.21	657.71	19.94	6,095.16	74.45	124.35	79.75	309.02	8,011.59	112.87
Additions	-	-	-	262.83	2.12	4.24	1.44	-	270.63	-
Adjustments	-	-	-	233.22	-	-	-	-	233.22	-
Disposals	-	-	-	-	0.07	-	-	47.12	47.19	-
<b>As at 31 March 2023</b>	<b>651.21</b>	<b>657.71</b>	<b>19.94</b>	<b>6,591.21</b>	<b>76.50</b>	<b>128.59</b>	<b>81.19</b>	<b>261.90</b>	<b>8,468.25</b>	<b>112.87</b>
Additions	-	0.50	-	14.62	-	3.14	0.18	12.18	30.62	-
Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2024</b>	<b>651.21</b>	<b>658.21</b>	<b>19.94</b>	<b>6,605.83</b>	<b>76.50</b>	<b>131.73</b>	<b>81.37</b>	<b>274.08</b>	<b>8,498.87</b>	<b>112.87</b>
<b>Accumulated depreciation/amortisation</b>										
<b>As at 01 April 2022</b>	-	539.05	18.94	3,400.95	56.40	90.26	49.60	213.79	4,368.99	60.41
Charge for the year	-	31.68	-	241.55	2.99	15.79	19.57	21.11	332.69	15.29
Adjustments	-	-	-	221.56	-	-	-	-	221.56	-
Disposals	-	-	-	-	0.04	-	-	46.86	46.90	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>570.73</b>	<b>18.94</b>	<b>3,864.06</b>	<b>59.35</b>	<b>106.05</b>	<b>69.17</b>	<b>188.04</b>	<b>4,876.34</b>	<b>75.70</b>
Charge for the year	-	5.17	-	235.00	2.45	8.09	5.35	19.14	275.20	20.28
Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2024</b>	<b>-</b>	<b>575.90</b>	<b>18.94</b>	<b>4,099.06</b>	<b>61.80</b>	<b>114.14</b>	<b>74.52</b>	<b>207.18</b>	<b>5,151.54</b>	<b>95.98</b>
Carrying amount (net)										
<b>As at 31 March 2023</b>	<b>651.21</b>	<b>86.98</b>	<b>1.00</b>	<b>2,727.15</b>	<b>17.15</b>	<b>22.54</b>	<b>12.02</b>	<b>73.86</b>	<b>3,591.91</b>	<b>37.17</b>
<b>As at 31 March 2024</b>	<b>651.21</b>	<b>82.31</b>	<b>1.00</b>	<b>2,506.77</b>	<b>14.70</b>	<b>17.59</b>	<b>6.86</b>	<b>66.89</b>	<b>3,347.33</b>	<b>16.89</b>

(i) Property, plant and equipment have been pledged as security for borrowings, for details refer note 17, 21 and 43

(ii) The title deeds of immovable properties as shown above are held in the name of the company

(iii) Refer note (i)(a) under Note 17 for details of title deeds with banks

# Notes

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## 3A CAPITAL WORK-IN-PROGRESS (CWIP):

Particulars	As at 31 March 2024	As at 31 March 2023
Opening gross carrying amount	-	171.55
Additions	30.73	75.69
Capitalisation / adjustments	30.61	247.24
<b>Closing gross carrying amount</b>	<b>0.12</b>	<b>-</b>

### (i) Ageing schedule

As at 31 March 2024

Particulars	Amount for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	0.12	-	-	-	0.12
<b>Total</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.12</b>

As at 31 March 2023

Particulars	Amount for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (ii) The company does not have any project for which completion is overdue and neither has exceeded its original cost as per original plan.

## 4. NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Investments in unquoted equity shares of subsidiary at cost fully paid up</b>		
HP MMF Textiles Limited	1.00	1.00
10,000 equity shares (previous year : 10000 equity shares) of ₹10 each		
	<b>1.00</b>	<b>1.00</b>
Aggregate amount of unquoted investments	1.00	1.00

## 5. OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good)		
Security deposits	162.84	149.89
Bank deposits with maturity more than 12 months	-	0.70
	<b>162.84</b>	<b>150.59</b>

## 6. NON-CURRENT TAX ASSETS (NET)

Particulars	As at 31 March 2024	As at 31 March 2023
Advance tax (net of provision of income tax ₹Nil (previous year : ₹Nil))	1.05	13.98
	<b>1.05</b>	<b>13.98</b>

# Notes

to Standalone Financial Statements for the year ended 31 March 2024  
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## 7. OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good)		
Capital advances	5.32	5.32
Prepaid expenses	4.98	7.35
	<b>10.30</b>	<b>12.67</b>

## 8. INVENTORIES<sup>^</sup>

Particulars	As at 31 March 2024	As at 31 March 2023
(valued at lower of cost or net realizable value)		
Raw materials	46.84	91.24
Work-in-progress	2,010.55	2,154.96
Finished goods	470.97	634.74
Stores and spares	335.02	289.11
Scrap	37.71	33.48
	<b>2,901.09</b>	<b>3,203.53</b>

<sup>^</sup> Inventories have been pledged as security for borrowings, for details refer note 17, 21 and 43.

## 9. CURRENT INVESTMENTS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Investments in mutual funds (quoted) carried at fair value through profit or loss (FVTPL)</b>		
Nil (previous year : 517,603) units of SBI Mutual Fund	-	53.78
	-	<b>53.78</b>
Aggregate amount of quoted investments and market value thereof	-	53.78

## 10. TRADE RECEIVABLES

Particulars	As at 31 March 2024	As at 31 March 2023
Considered good - secured	219.16	74.72
Considered good - unsecured	409.24	776.10
	<b>628.40</b>	<b>850.82</b>

- i. Trade receivables have been pledged as security for borrowings, for details refer note 17, 21 and 43.
- ii. The Company, as per its credit policy allows credit on export sales, usually by way of Letter of credit or other banking document. Debtors reflected as on balance sheet date, are due to the gestation period between the shipment made and exchange of shipping documents.
- iii. Out of the total unsecured debtors reflected:
  - a. An amount ₹207.96 lacs (previous year ₹459.11 lacs), is reflected on account of transit time between shipment and exchange of documents;



# Notes

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- b. An amount of ₹201.28 lacs (previous year ₹316.99 lacs), is Document Acceptance (DA) basis routed through banking channels and backed by way of acceptances for payment on due date from overseas customers through international interbank communication.
- iv. There are no debts/loans due by directors or other officers of the Company or any of them either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.
- v. Trade receivable ageing:

## As at 31 March 2024

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	148.50	477.80	-	0.08	2.02	-	628.40
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>148.50</b>	<b>477.80</b>	<b>-</b>	<b>0.08</b>	<b>2.02</b>	<b>-</b>	<b>628.40</b>

## As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	47.74	798.68	1.02	3.38	-	-	850.82
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>47.74</b>	<b>798.68</b>	<b>1.02</b>	<b>3.38</b>	<b>-</b>	<b>-</b>	<b>850.82</b>

# Notes

to Standalone Financial Statements for the year ended 31 March 2024  
 (All amounts in ₹ lacs, unless stated otherwise)

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## 11. CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with banks-in current accounts		
-In current accounts	4.85	104.04
Cash on hand	0.69	0.61
	<b>5.54</b>	<b>104.65</b>

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting year and prior year.

## 12. OTHER BANK BALANCES

Particulars	As at 31 March 2024	As at 31 March 2023
Margin money*	121.23	57.80
	<b>121.23</b>	<b>57.80</b>

\*Margin money includes fixed deposits of ₹116.33 lacs (previous year: ₹56.53 lacs) pledged by the Company against letter of credit facility being availed by the Company.

## 13. OTHER CURRENT FINANCIAL ASSETS\*

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good)		
Export incentives receivables	81.52	65.24
Derivative asset	-	1.72
Earmarked bank balances for unpaid dividends	2.23	3.89
	<b>83.75</b>	<b>70.85</b>

### \*Government grant

#### Export incentive and duty drawback receivables

Particulars	31 March 2024	31 March 2023
Balance at the beginning of the year	78.69	325.12
Export incentive and duty drawback received during the year	(210.69)	(449.07)
Credited to the statement of profit and loss (refer note 27)	235.39	202.64
<b>Closing balance</b>	<b>103.39</b>	<b>78.69</b>

#### Export incentive and duty drawback receivables comprises :

Particulars	As at 31 March 2024	As at 31 March 2023
Export incentives receivables (refer note 13)	81.52	65.24
Duty drawback (refer note 14-included in Balance with government authorities)	21.87	13.45
<b>Total</b>	<b>103.39</b>	<b>78.69</b>

# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

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## 14. OTHER CURRENT ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured considered good unless otherwise stated)		
Balances with government authorities	623.70	520.64
Advance to suppliers	13.23	19.47
Prepaid expenses	61.36	55.76
Other advances	7.77	3.34
Reimbursement from HP MMF Textiles Limited	2.84	-
	<b>708.90</b>	<b>599.21</b>

## 15. EQUITY SHARE CAPITAL

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Authorised share capital</b>		
4,250,000 (previous year: 4,250,000) equity shares of ₹10/- each	425.00	425.00
	<b>425.00</b>	<b>425.00</b>
<b>Issued, subscribed and paid up share capital</b>		
3,922,000 (previous year: 3,922,000) equity shares of ₹10/- each	392.20	392.20
	<b>392.20</b>	<b>392.20</b>

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	39,22,000	3,92,20,000	38,66,000	3,86,60,000
Addition/(deletion) during the year*	-	-	56,000	5,60,000
<b>Balance at the end of the year</b>	<b>39,22,000</b>	<b>3,92,20,000</b>	<b>39,22,000</b>	<b>3,92,20,000</b>

\*In FY 21-22, pursuant to the Board resolution passed at the meeting held on 12 January 2022, the Company had approved to issue and allot 1,12,000 share warrants each convertible into, or exchangeable for, 1 (one) fully paid-up Equity Share of the Company having face value of ₹10/- each on preferential basis at an issue price of ₹180/- per share warrant (including a premium of ₹170/- per share warrant) which was not less than the price determined in accordance with Chapter V of SEBI ICDR Regulations, for cash consideration, for an aggregate amount up to ₹202 lakhs. The same was approved by the shareholders in their extra ordinary general meeting held on 07 February 2022. Subsequently, in March 2022, the promoters have paid total consideration for 50 percent of total outstanding warrants for conversion into equity shares. Accordingly, 33,600 equity shares and 22,400 equity shares were allotted to Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal respectively upon conversion in March 2022.

Subsequently in previous year in March 2023, the promoters have paid total consideration for balance 50 percent of total outstanding warrants for conversion into equity shares. Accordingly, 33,600 equity shares and 22,400 equity shares were allotted to Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal respectively upon conversion in March 2023.

## Notes

to Standalone Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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### b) Terms/rights attached to equity shares

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the Shareholder	As at 31 March 2024		As at 31 March 2023	
	Number of shares	Amount	Number of shares	Amount
Kailash Kumar Agarwal	813,308	20.74%	680,058	17.34%
Jainish Products Limited **	242,850	6.19%	242,850	6.19%
Achhar Investments Limited **	231,900	5.91%	231,900	5.91%
Sacred Trading and Investment Company Limited**	224,170	5.72%	224,170	5.72%
Sailesh Textile Manufacturing Company Limited **	207,000	5.28%	207,000	5.28%
Vinod Kumar Ohri	200,000	5.10%	199,996	5.10%

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

\*\* The Company's promoters have entered into a family agreement dated 14 March 2019, which would result in inter-se transfer of equity shares of the Company by and among member of the Promoter Group over next two years (collectively, the "Proposed Family Re-arrangement"), which has partially been executed and partially would be executed in due course.

In continuance of the above family arrangement, Mr. Ravindra Agarwal, Mr. Surendra Kumar Agarwal and Mr. Kailash Kumar Agarwal have executed another re-arrangement agreement dated 12 February 2020, which would result in an inter-se transfer of all equity shares of Mr. Ravindra Agarwal & family and Mr. Surendra Kumar Agarwal & family to Mr. Kailash Kumar Agarwal.

During the FY 21-22, the proposed inter-se transfer from Mr. Surendra Kumar Agarwal and family to Mr. Kailash Kumar Agarwal and the indirect acquisition of shares of the Company held by certain entities, namely, Jainish Products Limited, Sailesh Textile Manufacturing Company Limited, Achhar Investments Limited and Sacred Trading & Investment Co. Limited had been completed in favour of Mr. Kailash Kumar Agarwal.

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

## Notes

to Standalone Financial Statements for the year ended 31 March 2024  
(All amounts in ₹ lacs, unless stated otherwise)

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### e) Shareholding of promoters

#### Shares held by promoters as at 31 March 2024 and 31 March 2023

Promoter name	31-Mar-24			31-Mar-23		
	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Achhar Investments Ltd.	2,31,900	5.91%	0.00%	2,31,900	5.91%	(0.09%)
Ashok Kumar Agarwal	75,896	1.94%	0.00%	75,896	1.94%	(0.03%)
Atma Devi Agarwal	-	0.00%	0.00%	-	0.00%	(0.26%)
Ghanshyam Das Agarwal	45,730	1.17%	0.00%	45,730	1.17%	(0.02%)
Ghanshyam Das Agarwal HUF	1,36,736	3.49%	0.00%	1,36,736	3.49%	(0.05%)
Jainarayan Agarwal HUF	85,000	2.17%	0.00%	85,000	2.17%	(0.03%)
Jainish Products Ltd.	2,42,850	6.19%	0.00%	2,42,850	6.19%	(0.09%)
Kailash Kumar Agarwal	8,13,308	20.74%	3.40%	6,80,058	17.34%	3.29%
Kailash Kumar Agarwal HUF	31,150	0.79%	0.00%	31,150	0.79%	(0.01%)
Mridula Agarwal	7,300	0.19%	0.00%	7,300	0.19%	(0.00%)
Premlata Agarwal	20,000	0.51%	0.00%	20,000	0.51%	(0.01%)
Rachit Agarwal	5,600	0.14%	0.00%	5,600	0.14%	(0.00%)
RaghavKumar Agarwal	1,08,468	2.77%	0.00%	1,08,468	2.77%	0.54%
Raghubir Agarwal HUF	-	0.00%	(1.01%)	39,500	1.01%	(0.01%)
Raghubir Prasad Agarwal	-	0.00%	(2.39%)	93,750	2.39%	(0.03%)
Raj Kumar Agarwal	46,466	1.18%	0.00%	46,466	1.18%	(0.02%)
Raj Kumar Agarwal HUF	1,27,164	3.24%	0.00%	1,27,164	3.24%	(0.05%)
Ravindra Agarwal	1,06,066	2.70%	0.00%	1,06,066	2.70%	(0.04%)
Ravindra Agarwal HUF	30,500	0.78%	0.00%	30,500	0.78%	(0.01%)
Ruchi Agarwal	-	0.00%	0.00%	-	0.00%	(0.92%)
Sacred Trading and Investment Company Ltd.	2,24,170	5.72%	0.00%	2,24,170	5.72%	(0.08%)
Sailesh Textile Manufacturing Company Ltd.	2,07,000	5.28%	0.00%	2,07,000	5.28%	(0.08%)
Vijay Kumar Agarwal	-	0.00%	0.00%	-	0.00%	(1.50%)
	<b>25,45,304</b>	<b>64.91%</b>		<b>25,45,304</b>	<b>64.91%</b>	

The promoter's shareholding is as per Section 2(69) of the Companies Act, 2013.

### 16. OTHER EQUITY

Particulars	As at 31 March 2024	As at 31 March 2023
Capital reserve	0.11	0.11
Securities premium	190.58	190.58
General reserve	784.41	784.41
Retained earnings	10.95	(66.67)
	<b>986.05</b>	<b>908.43</b>

# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## (i) Capital Reserve\*\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	0.11	0.11
Addition/(deletion) during the year	-	-
<b>Balance at the end of the year</b>	<b>0.11</b>	<b>0.11</b>

\*\*Capital reserve pertains to surplus on issue of forfeited shares in earlier year and can be utilised by the Company in accordance with the provisions of the Companies Act, 2013

## (ii) Securities Premium\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	190.58	95.38
Addition/(deletion) during the year	-	95.20
<b>Balance at the end of the year</b>	<b>190.58</b>	<b>190.58</b>

\*Securities premium is created due to premium on issue of shares. Securities premium can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

## (iii) General Reserve\*\*\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	784.41	784.41
Addition/(deletion) during the year	-	-
<b>Balance at the end of the year</b>	<b>784.41</b>	<b>784.41</b>

\*\*\*Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Act, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

## (iv) Retained earnings\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	(66.67)	1,779.92
Add: transferred from statement of profit and loss	77.62	(1,807.93)
Less: dividend paid during the year	-	(38.66)
<b>Balance at the end of the year</b>	<b>10.95</b>	<b>(66.67)</b>

\*Retained earnings of the company are kept aside out of the company's profits to meet future (known or unknown) obligations.

## (v) Share warrant application money\*\*\*\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	-	25.20
Addition/(deletion) during the year	-	(25.20)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

\*\*\*\*During the FY 21-22, the Company had allotted 1,12,000 share warrants at issue price Rs.180 (25 percent received on allotment), out of which 56,000 share warrants were converted in March 2022 and balance 56,000 share warrants have been converted in March 2023.



## Notes

to Standalone Financial Statements for the year ended 31 March 2024  
(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

### 17. NON-CURRENT BORROWINGS

Particulars	Non-current maturities		Current maturities	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
<b>Secured loans from banks</b>				
Vehicle loan	29.61	35.31	14.44	13.18
Term loan	463.57	552.18	81.25	150.15
Capex FLC / SBLC				
'State Bank of India seoul	-	116.30	122.19	-
State Bank of India Frankfurt	-	153.42	156.38	-
	<b>493.18</b>	<b>857.21</b>	<b>374.26</b>	<b>163.33</b>

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

Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
<b>Vehicle Loan</b>					
State Bank of India Vehicle loan	8.00% (previous year : 8.00%)	60 equated monthly installments of ₹0.23 lacs (including interest) each starting from March 2021	Refer Note (i)(a) below	2.87	5.32
HDFC Bank Vehicle Loan	9.25% (previous year : NA)	60 equated monthly installments of ₹0.21 lacs (including interest) each starting from October 2023 till September 2028	Hypothecation of vehicle acquired under respective loans	9.19	-
HDFC Bank Vehicle Loan	NA (previous year : 9.25%)	62 equated monthly installments of ₹0.16 lacs (including interest) each starting from October 2018 till November 2023	Hypothecation of vehicle acquired under respective loans	-	1.14
HDFC Bank Bus Loan	8.99% (previous year : 8.99%)	59 equated monthly installments of ₹1.10 lacs (including interest) each starting from February 2022 till December 2026	Hypothecation of vehicle acquired under respective loans	32.00	42.03
<b>Term Loan</b>					
Guaranteed Emergency Credit Line	EBLR + 0.75%, maximum being 9.25% (previous year : EBLR + 0.75%)	36 monthly instalments of ₹8.22 lacs each (excluding interest) after moratorium period of 12 months starting from June 2021 till June 2024	Refer Note (i)(a) below	24.13	135.14
Guaranteed Emergency Credit Line- (1.0)	EBLR + 0.75%, maximum being 9.25% (previous year : EBLR + 0.75%)	36 monthly installments of ₹4.86 lacs each (excluding interest) after moratorium period of 24 months starting from the date of first disbursement, i.e., October' 2022)	Refer Note (i)(a) below	176.08	174.96

# Notes

to Standalone Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
State Bank of India(MSME Capex Loan)	EBLR + 4 % (previous year : EBLR + 4.20%)	Repayable in total period of 7 years and 6 months including a moratorium period of 6 months which will start from first disbursement (October' 2021), the number and amount of instalments will be worked out based on total amount of loan drawn and amount drawn by way of capex FLC/ SBLC amount	Refer Note (i)(a) below	344.60	392.23
<b>Capex FLC / SBLC</b>					
State Bank of India Frankfurt	12M EURIBOR + 0.80% (previous year : 12M EURIBOR + 0.80%)		Refer Note (i)(a) below	156.38	153.42
State Bank of India seoul	12M EURIBOR + 1.20% (previous year : 12M EURIBOR + 1.20%)		Refer Note (i)(a) below	122.19	116.30
<b>Total</b>				<b>867.44</b>	<b>1,020.54</b>

Note (i)(a)

- Security

- (i) First and exclusive charge by way of hypothecation of all current assets of the Company including stocks, receivables and other current assets both present and future.
- (ii) First and exclusive charge by way of hypothecation of plant & machinery and miscellaneous fixed assets excluding factory land and building.

- Collateral

- (i) Equitable mortgage of Factory land measuring 57K-09M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (ii) Equitable mortgage of Factory land measuring 12K-05M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (iii) Equitable mortgage of Factory land measuring 16K-05M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (iv) Equitable mortgage of Factory land measuring 32K-09M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (v) Equitable mortgage of Factory land measuring 36K-00M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (vi) Equitable mortgage of Factory land measuring 4K-OM, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (vii) Equitable mortgage of Factory land measuring 4K-OM, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (viii) Equitable mortgage of Factory land measuring 23K-11M, situated at Village Mayar, Tehsil Hisar, District Hisar.

- Guarantee

- (i) Personal guarantee of Mr. Kailash Kumar Agarwal, Chairman and Managing Director (Promoter/ Director of the Company in his personal capacity).
- (ii) Personal guarantee of Mr. Raghav Kumar Agarwal, Executive Director, CEO & CFO (Promoter/ Director of the Company in his personal capacity).

# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Unsecured loans</b>		
Loan from others	131.67	-

## 18. NON-CURRENT LEASE LIABILITY

Particulars	As at 31 March 2024	As at 31 March 2023
Lease Liability	420.90	451.03
	<b>420.90</b>	<b>451.03</b>

## 19. DEFERRED TAX (LIABILITIES)/ ASSETS (NET)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Tax effect of items constituting deferred tax liabilities</b>		
Difference between accounting base and tax base of property, plant and equipment	407.06	432.11
	<b>407.06</b>	<b>432.11</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Unabsorbed depreciation carried forward #	611.17	115.64
Timing difference on account of expense allowable on payment basis	140.76	137.86
MAT credit entitlement*	81.62	89.09
	<b>833.55</b>	<b>342.59</b>
<b>Deferred tax (liabilities)/ assets (net)</b>	<b>426.49</b>	<b>(89.52)</b>

# Unabsorbed depreciation as per section 32 of Income Tax Act, 1961 does not have any expiry.

\*MAT credit pertains to AY 2021-22 and is available for utilisation till AY 2036-37

## Movement in deferred tax assets/(liabilities) during the year ended 31 March 2024

Particulars	As at 31 March 2023	Recognised in other comprehensive income	Recognised in standalone statement of profit or loss	As at 31 March 2024
<b>Deferred tax assets</b>				
Unabsorbed losses/ depreciation carried forward	115.64	-	495.53	611.17
Timing difference on account of expense allowable on payment basis	137.86	5.58	(2.68)	140.76
MAT credit entitlement	89.09	-	(7.47)	81.62
<b>Deferred tax liability</b>				
Difference between accounting base and tax base of property, plant and equipment	(432.11)	-	25.04	(407.06)
<b>Total</b>	<b>(89.52)</b>	<b>5.58</b>	<b>510.43</b>	<b>426.49</b>

# Notes

to Standalone Financial Statements for the year ended 31 March 2024  
 (All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## Movement in deferred tax assets/(liabilities) during the year ended 31 March 2023

Particulars	As at 31 March 2022	Recognised in other comprehensive income	Recognised in standalone statement of profit or loss	As at 31 March 2023
<b>Deferred tax assets</b>				
Unabsorbed losses/ depreciation carried forward	-	-	115.64	115.64
Timing difference on account of expense allowable on payment basis	147.50	1.05	(10.69)	137.86
MAT credit entitlement	89.09	-		89.09
<b>Deferred tax liability</b>				
Difference between accounting base and tax base of property, plant and equipment	(397.56)	-	(34.55)	(432.11)
<b>Total</b>	<b>(160.97)</b>	<b>1.05</b>	<b>70.40</b>	<b>(89.52)</b>

## 20. NON-CURRENT PROVISIONS

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for gratuity (refer note 41)	243.97	224.39
Provision for compensated absences	59.68	50.05
	<b>303.65</b>	<b>274.44</b>

## 21. CURRENT BORROWINGS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Secured loans</b>		
Cash credits facilities		
State Bank of India	2,144.50	2,662.61
Capex FLC / SBLC		
State Bank of India Frankfurt	156.38	-
State Bank of India seoul	122.19	-
Outstanding letter of credit		
State Bank of India	330.00	354.25
Current maturities of long term borrowings (refer note 17)	95.69	163.33
	<b>2,848.76</b>	<b>3,180.19</b>

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

Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
<b>Cash credits facilities from banks (secured)</b>					
State Bank of India	For CC, EBLR + 4 % (previous year : EBLR + 4.20%) For EPC, 1.15% above T-Bill 91 days,(previous year : EBLR + 0.75%)	Repayable on demand	Refer Note (i)(a) under Note 17	2,144.50	2,662.61

# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

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Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
<b>Outstanding letter of credit</b>					
LC payable	As per terms of individual LC	As per terms of individual LC	Refer Note (i)(a) under Note 17	330.00	354.25
<b>Total</b>				<b>2,474.50</b>	<b>3,016.86</b>

## 22. CURRENT LEASE LIABILITY

Particulars	As at 31 March 2024	As at 31 March 2023
Lease Liability	30.13	27.60
	<b>30.13</b>	<b>27.60</b>

## 23. TRADE PAYABLES

Particulars	As at 31 March 2024	As at 31 March 2023
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises (refer note below)	249.86	225.24
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,044.40	2,004.55
	<b>2,294.26</b>	<b>2,229.79</b>

- i. Information, as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2024 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at 31 March 2024	As at 31 March 2023
(a) The principal amount remaining unpaid to any supplier at the end of the year;	241.39	173.23
(b) Interest due remaining unpaid to any supplier at the end of the year;	8.47	52.01
(c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year;	763.46	803.79
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	-	26.39
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	8.47	26.39
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	25.62

# Notes

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ii. Trade payable ageing:

As at 31 March 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	94.45	152.49	0.12	1.61	1.19	249.86
(ii) Undisputed dues - Others	710.18	1,235.09	56.35	25.03	17.75	2,044.40
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>804.63</b>	<b>1,387.58</b>	<b>56.47</b>	<b>26.64</b>	<b>18.94</b>	<b>2,294.26</b>

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	54.21	168.23	1.61	1.19	-	225.24
(ii) Undisputed dues - Others	971.28	958.91	50.69	14.29	9.38	2,004.55
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>1,025.49</b>	<b>1,127.14</b>	<b>52.30</b>	<b>15.48</b>	<b>9.38</b>	<b>2,229.79</b>

## 24. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
Unclaimed dividend*	2.23	3.89
Employee related payables	211.86	170.97
Derivative Liability	0.37	-
	<b>214.46</b>	<b>174.86</b>

\* The same is not due for deposit to Investor Education and Protection Fund. Further the company has deposited ₹ 1.65 lacs for the year 2015-16 (previous year ₹ 1.63 lacs for the year 2014-15) to the fund during the year.

## 25. OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
Statutory dues payable	60.33	51.45
Trade deposits	5.05	5.05
Revenue received in advance	461.31	368.71
	<b>526.69</b>	<b>425.21</b>



# Notes

to Standalone Financial Statements for the year ended 31 March 2024  
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## 26. CURRENT PROVISIONS

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for bonus	122.30	142.71
Provision for gratuity (refer note 41)	51.45	50.96
Provision for compensated absences	28.56	27.41
	<b>202.31</b>	<b>221.08</b>

## 27. REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Sale of products</b>		
Yarn and threads	8,874.41	7,727.60
Less: rebate and discounts	(19.35)	(31.37)
	<b>8,855.06</b>	<b>7,696.23</b>
<b>Other operating revenue</b>		
Process waste sale	245.45	469.04
Other scrap sales	19.81	29.90
Duty Drawback and other export incentives (refer note 13 and 14)	235.39	202.64
	<b>500.65</b>	<b>701.58</b>
<b>Revenue from operations</b>	<b>9,355.71</b>	<b>8,397.81</b>

## 28. OTHER INCOME

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest income on fixed deposits carried at amortised cost	4.03	4.13
Interest income on financial assets carried at amortised cost	6.42	6.92
Foreign exchange fluctuation gain (net)	103.89	102.07
Liabilities no longer payable written back	51.06	43.91
Profit on sale of property, plant and equipment	-	38.38
Profit on sale of Mutual Fund	3.59	-
Miscellaneous income	10.59	12.35
	<b>179.58</b>	<b>207.76</b>

## 29. COST OF MATERIAL CONSUMED

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Raw material:		
Cotton	2,498.61	3,391.27
Colour and chemicals	590.64	659.81
Packing materials	387.87	332.23
	<b>3,477.12</b>	<b>4,383.31</b>

# Notes

to Standalone Financial Statements for the year ended 31 March 2024  
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## 30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SCRAP

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Inventories at the end of the year</b>		
Finished goods	470.97	634.74
Work-in-progress	2,010.55	2,154.96
Scrap	37.71	33.48
	<b>2,519.23</b>	<b>2,823.18</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	634.74	651.62
Work-in-progress	2,154.96	1,969.26
Scrap	33.48	82.99
	<b>2,823.18</b>	<b>2,703.87</b>
<b>Decrease/(Increase) in inventories</b>	<b>303.95</b>	<b>(119.31)</b>

## 31. EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Salaries and wages	2,001.34	1,932.83
Contributions to provident and other funds	221.87	224.07
Gratuity expense (refer note 41)	67.07	64.69
Workmen and staff welfare expenses	40.90	41.70
	<b>2,331.18</b>	<b>2,263.29</b>

## 32. OTHER EXPENSES

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Consumption of stores and spare	170.49	147.74
Power and fuel	1,347.37	1,396.12
Freight and forwarding	228.92	236.55
Water and water recycling	166.00	170.57
Rent including lease rentals	78.98	64.67
Travelling and conveyance	46.50	41.55
Security expenses	121.13	116.29
Commission	53.72	58.51
Vehicle running and maintenance	64.30	74.69
Business promotion and advertisement	35.07	37.42
Electricity and water expenses	76.07	59.65
Repairs and maintenance - buildings	15.12	13.79
Repairs and maintenance - machinery	6.49	5.82
Repairs and maintenance - others	26.82	24.34
Legal and professional	191.90	219.46
Insurance	63.96	56.18
Rates and taxes	3.11	15.52

# Notes

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Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Communication	21.53	21.43
Printing and stationery	1.26	3.02
Doubtful recoverables written off	2.14	106.72
Payment to auditors (see note 32(a) below)	23.54	39.07
Corporate social responsibility expenses (refer note 47)	-	10.32
Miscellaneous expenses	80.47	105.20
	<b>2,824.89</b>	<b>3,024.63</b>

### 32(a). Details of payment made to auditors (excluding goods and service tax)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Statutory audit fees (including fees for limited reviews)	16.40	30.90
Tax audit fee	4.00	3.25
Certification fee	-	3.00
Reimbursement of expenses	3.14	1.92
	<b>23.54</b>	<b>39.07</b>

### 33. FINANCE COSTS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest expense - borrowings	403.32	290.40
Interest on lease liability	43.80	8.68
Interest expenses - others	133.21	165.10
Other borrowing costs	86.44	70.64
	<b>666.77</b>	<b>534.82</b>

### 34. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation on property, plant and equipment	275.18	332.69
Amortisation of intangible assets	20.27	15.29
Amortisation of right-of-use assets	54.27	48.62
	<b>349.72</b>	<b>396.60</b>

### 35. INCOME TAX

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>(a) Income tax expense</b>		
- Current tax	-	-
- Tax credited of earlier years	-	(2.15)
- Deferred tax	(510.43)	(70.40)
<b>Income tax expense</b>	<b>(510.43)</b>	<b>(72.55)</b>

# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

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Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>(b) Reconciliation of tax expense and the accounting profit</b>		
(Loss)/profit before income tax expense	(418.34)	(1,877.77)
Statutory income tax rate	27.82%	27.82%
Amount of tax at statutory income tax rate	<b>(116.38)</b>	<b>(522.39)</b>
<b>Adjustments:</b>		
Tax impact of non-deductible expense	2.67	5.16
Tax impact of deferred tax not created on current year tax loss	51.36	443.92
Tax impact of deferred tax created on previous year tax loss	(430.51)	-
Reversal of Deferred tax Liability on Property, plant and equipment	(24.59)	-
Reversal of MAT credit entitlement	7.47	-
Other differences	(0.45)	0.76
<b>Total</b>	<b>(394.05)</b>	<b>449.84</b>
<b>Amount of tax at statutory income tax rate post adjustments</b>	<b>(510.43)</b>	<b>(72.55)</b>

## 36. EARNINGS PER SHARE

Particulars	As at 31 March 2024	As at 31 March 2023
(Loss)/profit for the year	92.09	(1,805.22)
Nominal value per share (in ₹)	10	10
Weighted average number of equity shares for basic earnings per share	39,22,000	38,69,222
Weighted average number of equity shares for diluted earnings per share	39,22,000	38,69,222
<b>(Loss)/earnings per share (in ₹)</b>		
Basic earnings per share	2.35	(46.66)
Diluted earnings per share	2.35	(46.66)

## 37. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>i) Contingent liabilities</b>	77.87	77.87
Entry tax for which the company is contingently liable*	77.87	77.87

\* Estimated liability amounting to ₹77.87 lacs pertains to Haryana entry tax for the period April' 2008 to March' 2016. The Entry tax was imposed by the Government of Haryana but was struck down by the Hon'ble High Court of Punjab and Haryana. The Government of Haryana had gone into appeal before the Hon'ble Supreme Court of India against the judgement of Hon'ble High Court of Punjab and Haryana. The Hon'ble Supreme Court upheld the levy of the entry tax. However, the matter of determination and settlement of the amount of tax is pending with the state. Further, with the introduction of Goods and Service Tax Act, 2017, entry tax has been repealed. In the absence of the appropriate rules and provisions for payment of entry tax, the management has decided to disclose this liability as contingent and accordingly, no adjustment has been considered necessary in these standalone financial statements.

# Notes

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## 38. RELATED PARTY DISCLOSURES

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

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

#### Key managerial personnel

Mr. Kailash Kumar Agarwal

Mr. RaghavKumar Agarwal

CS Shubham Jain

#### Relationship

Chairman and Managing Director

Executive Director, Chief Executive Officer and Chief Financial Officer

Company Secretary

#### Non-executive Directors

Mr. Parshotam Dass Agarwal

Ms. Ritu Bansal

Mr. Vikram Sumatilal Sheth (joined w.e.f 30 April 2022)

Mr. Siddharth Agrawal (Appointed w.e.f 10 August 2022)

Independent Director

Director

Independent Director

Independent Director

#### Subsidiary company

HP MMF Textiles Limited

Wholly owned subsidiary

#### Relatives of key managerial personnel

Mr. Raj Kumar Agarwal

Mr. Ashok Kumar Agarwal

Mr. Ravindra Agarwal

Mr. Surender Agarwal

Relative of Mr. Kailash Kumar Agarwal

Relative of Mr. Kailash Kumar Agarwal

Relative of Mr. Kailash Kumar Agarwal

Relative of Mr. Kailash Kumar Agarwal

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

Sanjay Mercantile Private Limitd

Achhar Investments Limited

Jainish Products Limited

Sacred Trading & Investment Co. Limited

Sailesh Textile Mfg Co Limited

Shree Hunna Ram Ginni Devi Public Charitable Trust

# Notes

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

Nature of transaction & name of related party	31 March 2024	31 March 2023
<b>Board sitting fees</b>		
Mr. Parshotam Dass Agarwal	4.45	4.95
Mr. Vikram Sumatilal Sheth (Appointed w.e.f 30.04.2022)	4.60	4.45
Mr. Siddharth Agrawal (Appointed w.e.f 10.08.2022)	2.45	1.15
Ms. Ritu Bansal	2.15	3.10
<b>Salary/remuneration*</b>		
Mr. Kailash Kumar Agarwal	71.53	70.76
Mr. RaghavKumar Agarwal	59.62	58.62
CS Shubham Jain	11.74	8.95
<b>*Break-up of key managerial personnel remuneration</b>		
Short-term employee benefits	142.89	138.33
Post-employment benefits	-	-
Long-term employee benefits#	-	-
Termination benefits	-	-
<b>Total</b>	<b>142.89</b>	<b>138.33</b>
#As the liability for gratuity and leave encashment are provided on actuarial basis for the Company, as a whole, amounts accrued pertaining to key management personnel are not included above.		
<b>Professional fees to relatives of key managerial personnel</b>		
Mr. Raj Kumar Agarwal	19.20	19.20
Mr. Ashok Kumar Agarwal	19.20	19.20
Mr. Ravindra Agarwal	19.20	19.20
<b>Lease rent expense</b>		
Sanjay Mercantile Private Limited	-	0.15
Mr. Kailash Kumar Agarwal	0.30	0.30
<b>Interest expense on unsecured loan taken</b>		
<b>Share warrant money received during the year</b>		
Mr. Kailash Kumar Agarwal	-	45.36
Mr. RaghavKumar Agarwal	-	30.24
<b>Share warrants converted into equity shares during the year</b>		
Mr. Kailash Kumar Agarwal	-	60.48
Mr. RaghavKumar Agarwal	-	40.32
<b>Reimbursement to related party</b>		
Mr. Kailash Kumar Agarwal	2.19	0.06
Mr. RaghavKumar Agarwal	-	0.59
CS Shubham Jain	0.19	0.65
Mr. Raj Kumar Agarwal	6.20	7.18
Mr. Ashok Kumar Agarwal	4.45	2.10
<b>Donations</b>		
Shree Hunna Ram Ginni Devi Public Charitable Trust	-	14.70



# Notes

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## c) Balances outstanding with related parties at the year end

Nature of outstanding & name of related party	31 March 2024	31 March 2023
<b>Salary/remuneration payable</b>		
Mr. Kailash Kumar Agarwal	2.91	3.06
Mr. RaghavKumar Agarwal	2.50	2.61
<b>Professional fees payable</b>		
Mr. Raj Kumar Agarwal	7.20	4.32
Mr. Ashok Kumar Agarwal	10.80	4.32
Mr. Ravindra Agarwal	18.72	4.32
<b>Lease rentals payable</b>		
Sanjay Mercantile Pvt. Ltd.	8.30	8.30
Mr. Kailash Kumar Agarwal	0.30	0.30
<b>Board sitting fees payable</b>		
Mr. Parshotam Dass Agarwal	1.04	-
Ms. Ritu Bansal	0.45	-
Mr. Vikram Sumatilal Sheth	1.04	-
Mr. Siddharth Agrawal	0.59	-

## d) Balances recoverable from related parties at the year end

Nature of outstanding & name of related party	31 March 2024	31 March 2023
<b>Balance recoverable</b>		
HP MMF Textiles Limited	2.84	-

Outstanding personal guarantee by Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal (previous year: Mr. Kailash Kumar Agarwal and Mr. Raghav Kumar Agarwal) against various credit facilities availed by the Company and the balance of such facilities as at 31 March 2024 being ₹3,300.75 lacs (previous year: ₹3,988.91 lacs), sanctioned limit of such credit facilities: ₹3,750.00 lacs (previous year: ₹4,678.10 lacs).

- e) The Company has not granted any loans or advances to any of its promoter, director, key managerial personal or any other related party.
- f) The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

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## 39. FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

	31 March 2024				31 March 2023			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
<b>Financial assets</b>								
Investments	-	-	1.00	1.00	53.78	-	1.00	54.78
Trade receivables	-	-	628.40	628.40	-	-	850.82	850.82
Cash and cash equivalents	-	-	5.54	5.54	-	-	104.65	104.65
Other bank balances	-	-	121.23	121.23	-	-	57.80	57.80
Other financial assets	-	-	246.59	246.59	-	-	221.44	221.44
<b>Total financial assets</b>	-	-	<b>1,002.76</b>	<b>1,002.76</b>	<b>53.78</b>	-	<b>1,235.71</b>	<b>1,289.49</b>
<b>Financial liabilities</b>								
Borrowings	-	-	3,473.61	3,473.61	-	-	4,037.40	4,037.40
Lease liability	-	-	451.03	451.03	-	-	478.63	478.63
Trade payables	-	-	2,294.26	2,294.26	-	-	2,229.79	2,229.79
Other financial liabilities	-	-	214.46	214.46	-	-	174.86	174.86
<b>Total financial liabilities</b>	-	-	<b>6,433.36</b>	<b>6,433.36</b>	-	-	<b>6,920.68</b>	<b>6,920.68</b>

### (ii) Fair value hierarchy

Financial assets and liabilities measured at amortised cost for which fair values are disclosed	31 March 2024				31 March 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments	-	-	1.00	1.00	53.78	-	1.00	54.78
Trade receivables	-	-	628.40	628.40	-	-	850.82	850.82
Cash and cash equivalents	-	-	5.54	5.54	-	-	104.65	104.65
Other bank balances	-	-	121.23	121.23	-	-	57.80	57.80
Other financial assets	-	-	246.59	246.59	-	-	221.44	221.44
<b>Total financial assets</b>	-	-	<b>1,002.76</b>	<b>1,002.76</b>	<b>53.78</b>	-	<b>1,235.71</b>	<b>1,289.49</b>
<b>Financial liabilities</b>								
Borrowings	-	-	3,473.61	3,473.61	-	-	4,037.40	4,037.40
Lease liability	-	-	451.03	451.03	-	-	478.63	478.63
Trade payables	-	-	2,294.26	2,294.26	-	-	2,229.79	2,229.79
Other financial liabilities	-	-	214.46	214.46	-	-	174.86	174.86
<b>Total financial liabilities</b>	-	-	<b>6,433.36</b>	<b>6,433.36</b>	-	-	<b>6,920.68</b>	<b>6,920.68</b>

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

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

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

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

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

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

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

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

	31 March 2024		31 March 2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Financial assets</b>				
<b>Other financial assets</b>				
Security deposits	162.84	162.84	149.89	149.89

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

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

## 40. FINANCIAL INSTRUMENTS

### A. Capital risk management

The Company's objective when managing capital are to

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

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

During the year, the Company has complied with the externally imposed capital requirements to which it is subject.

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

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Particulars	As at 31 March 2024	As at 31 March 2023
Long term borrowings (including current maturities)	999.11	1,020.54
Short term borrowings	2,474.50	3,016.86
<b>Total debt</b>	<b>3,473.61</b>	<b>4,037.40</b>
Less: Cash and cash equivalent	5.54	104.65
<b>Net debt</b>	<b>3,468.07</b>	<b>3,932.75</b>
Equity share capital	392.20	392.20
Other equity	986.05	908.43
<b>Total equity</b>	<b>1,378.25</b>	<b>1,300.63</b>
<b>Net debt to equity ratio</b>	<b>2.52</b>	<b>3.02</b>

## B. Financial risk management

### Financial risk management objectives and policies

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

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

### (I) Market risk :

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

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

### (i) Interest rate risk

#### (a) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2024, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

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## Interest rate risk exposure

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

Particulars	31 March 2024	31 March 2023
Variable rate borrowings	3,297.89	3,988.91
Fixed rate borrowings*	175.72	48.49
<b>Amount disclosed under borrowings</b>	<b>3,473.61</b>	<b>4,037.40</b>

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

## Sensitivity

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

Particulars	31 March 2024	31 March 2023
<b>Interest sensitivity*</b>		
Interest rates – increase by 500 basis points	20.17	14.52
Interest rates – decrease by 500 basis points	(20.17)	(14.52)

\* Holding all other variables constant

### (b) Assets

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

### (ii) Foreign currency risk

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

## Derivative instruments

Derivative contracts outstanding

	As at 31 March 2024			As at 31 March 2023		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
Forward contract to sell	USD	0.401 million	333.17	USD	0.367 million	305.17
Forward contract to sell	EURO	0.160 million	143.21	EURO	0.264 million	236.47

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

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

	As at 31 March 2024			As at 31 March 2023		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
<b>Financial assets</b>						
Trade receivables	USD	-	-	USD	0.296 million	240.71
	EURO	0.609 million	199.56	EURO	0.063 million	55.87
<b>Financial liabilities</b>						
Trade payables	USD	0.0194 million	16.19	USD	0.0198 million	16.22
	EURO	0.0054 million	4.52	EURO	0.0095 million	8.44
	GBP	0.0028 million	2.90	GBP	0.0016 million	1.63
<b>Financial liabilities</b>						
Borrowings	EURO	0.299 million	278.57	EURO	0.299 million	269.72

## Sensitivity analysis

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

Particulars	As at 31 March 2024	As at 31 March 2023
USD sensitivity		
₹/USD- increase by 2% (previous year:- 8%)*	(0.18)	13.26
₹/USD- decrease by 2% (previous year:- 8%)*	0.18	(13.26)
EURO sensitivity		
₹/EURO- increase by 1% (previous year:- 6%)*	(0.56)	(9.64)
₹/EURO- decrease by 1% (previous year:- 6%)*	0.56	9.64
GBP sensitivity		
₹/GBP- increase by 4% (previous year:- 2%)*	(0.08)	(0.02)
₹/GBP- decrease by 4% (previous year:- 2%)*	0.08	0.02

\* Holding all other variables constant

## (II) Credit Risk:

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

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

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,

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

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

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

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

Particulars	As at 31 March 2024	As at 31 March 2023
Not due	148.50	47.74
0-180 days past due	477.80	798.68
More than 180 days past due	2.10	4.40
<b>Total</b>	<b>628.40</b>	<b>850.82</b>

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

### Concentration of financial assets

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

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

Particulars	As at 31 March 2024	As at 31 March 2023
Export wholesale customers	555.89	840.28
Domestic wholesale customers	72.51	10.54
<b>Total</b>	<b>628.40</b>	<b>850.82</b>

### Liquidity Risk :

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management



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monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

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

	Less than 1 year	1-7 year	Total
<b>As at 31 March 2024</b>			
Borrowings	2,886.53	696.05	3,582.58
Trade payables and other accruals	2,508.72	-	2,508.72
Lease liability	71.40	595.06	666.46
<b>As at 31 March 2023</b>			
Borrowings	3,190.60	862.22	4,052.82
Trade payables and other accruals	2,404.66	-	2,404.66
Lease liability	71.40	666.46	737.86

## Undrawn borrowing facilities

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

Particulars	As at 31 March 2024	As at 31 March 2023
Cash credit and other facilities	378.05	692.24

## 41. EMPLOYEE BENEFITS

Employee benefit obligations	31 March 2024			31 March 2023		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	51.45	243.97	295.42	50.96	224.39	275.35
Compensated absences	28.56	59.68	88.24	27.41	50.05	77.46
<b>Total employee benefit obligations</b>	<b>80.01</b>	<b>303.65</b>	<b>383.66</b>	<b>78.37</b>	<b>274.44</b>	<b>352.81</b>

## Contribution to provident fund

The Company makes contribution to statutory provident fund and employee's state insurance. These are post-employment benefits and are in nature of defined contribution plans. Contribution made by the Company during the year is ₹216.31 lacs (previous year: ₹218.64 lacs).

## Gratuity

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

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## (a) Disclosure of gratuity

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Balance as at beginning of the year</b>	275.35	265.52
Current service cost	46.81	45.62
Interest cost	20.27	19.07
Remeasurement- Actuarial (gains)/losses	20.05	3.76
Benefits paid	(67.05)	(58.62)
<b>Balance as at end of the year</b>	<b>295.43</b>	<b>275.35</b>

The amount recognised in the Standalone Statement of Profit and Loss under employee benefit expense are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Current service cost	46.81	45.62
Interest cost	20.27	19.06
<b>Total amount recognised in statement of profit and loss</b>	<b>67.08</b>	<b>64.69</b>

The amount recognised in the Other Comprehensive Income are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Remeasurements of defined benefit liability</b>		
Actuarial (gains) from change in financial assumptions	2.12	(2.59)
Actuarial (gains)/ losses arising from change in experience adjustments	17.93	6.35
<b>Total amount recognised in other comprehensive income</b>	<b>20.05</b>	<b>3.76</b>

## (b) Assumptions:

### 1. Economic assumptions

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

Particulars	As at 31 March 2024	As at 31 March 2023
Discount rate	7.22%	7.36%
Salary growth rate	3.00%	3.00%
Average remaining working life (years)	17.78	19.05

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## 2. Demographic assumptions

Attrition rates are the Company's best estimate of employee turnover in future determined considering factors such as nature of business and industry, retention policy, demand and supply in employment market, standing of the Company, business plan, HR Policy as provided in the relevant accounting standard. Attrition rates used for valuation are given below:

Particulars	As at 31 March 2024	As at 31 March 2023
Retirement age	58	58
Withdrawal rate, based on age		
Upto 30 years	20.00%	20.00%
From 31 to 44 years	10.00%	10.00%
Above 44 years	5.00%	5.00%
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

### (c) Sensitivity analysis

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>i) Impact of the change in discount rate</b>		
Present value of obligation at the end of the period	295.43	275.35
Impact due to increase of 0.50%	(7.53)	(7.02)
Impact due to decrease of 0.50%	7.95	7.42
<b>ii) Impact of the change in salary increase</b>		
Impact due to increase of 0.50%	8.25	7.70
Impact due to decrease of 0.50%	(7.86)	(7.34)

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

(d) The expected expense of the Company during the next year is ₹69.83 lacs (previous year: ₹67.09 lacs).

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

Particulars	As at 31 March 2024	As at 31 March 2023
Within next 1 year	51.46	50.96
Between 1 to 5 years	107.23	94.49
After 5 years	136.74	129.90
<b>Total expected payments</b>	<b>295.43</b>	<b>275.35</b>

(f) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7.73 years (previous year: 7.76 years).

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## 42. OPERATING SEGMENTS

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Revenue from operations</b>		
India	1,174.17	975.93
Japan	1,305.60	904.38
USA	656.63	588.37
Denmark	2,026.75	1,513.34
Netherlands	1,059.65	765.74
Others	2,632.26	2,948.47
	<b>8,855.06</b>	<b>7,696.23</b>
<b>Revenue from major customers</b>		
Revenue from customers (three) (previous year : two) who contribute 10% or more to the Company's revenue	3,949.13	1,748.35
Revenue from others	4,905.93	5,947.88
	<b>8,855.06</b>	<b>7,696.23</b>
<b>Non - current assets</b>		
Within India	4,395.35	4,290.92
	<b>4,395.35</b>	<b>4,290.92</b>

## 43. ASSETS PLEDGED AS SECURITY

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
<b>Financial assets</b>		
i) Investments	-	53.78
ii) Trade receivables	628.40	850.82
iii) Cash and cash equivalent	5.54	104.65
iv) Bank balances other than (iii) above	121.23	57.80
v) Other financial assets	83.75	70.85
<b>Non-financial assets</b>		
i) Inventories	2,901.09	3,203.53
ii) Other current assets	708.90	599.21
Total current assets pledged as security	<b>4,448.91</b>	<b>4,940.64</b>
<b>Non-current</b>		
<b>Non-financial assets</b>		
i) Property, plant and equipment	2,712.38	2,956.96
Total non-current assets pledged as security	<b>2,712.38</b>	<b>2,956.96</b>
Total assets pledged as security	<b>7,161.29</b>	<b>7,897.60</b>

# Notes

to Standalone Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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## 44. SUBSEQUENT EVENTS AFTER THE REPORTING DATE

There were no significant adjusting events that occurred subsequent to the reporting period other than events disclosed in the relevant notes.

45. The figures of the corresponding previous year have been regrouped/reclassified wherever considered necessary to correspond to current year classification/disclosures.

## 46. COMPANY'S FOREIGN CURRENCY EXPOSURE:

	31 March 2024		31 March 2023	
	In foreign currency	In INR	In foreign currency	In INR
<b>Unhedged</b>				
<b>Trade payables</b>				
USD	0.0194 million	16.19	0.0198 million	16.22
EURO	0.0054 million	4.52	0.0095 million	8.44
GBP	0.0028 million	2.90	0.0016 million	1.63
<b>Trade receivables</b>				
USD	-	-	0.296 million	240.71
EURO	0.609 million	199.56	0.063 million	55.87
<b>Borrowings</b>				
EURO	0.299 million	278.57	0.299 million	269.72
<b>Hedged</b>				
<b>Trade receivables</b>				
EURO	0.160 million	143.21	0.264 million	236.47
USD	0.401 million	333.17	0.367 million	305.17

## 47. CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects. A CSR committee has been formed by the company as per the Act. During the current year, the company is not fulfilling the criteria as mentioned in the provisions of section 135 of the Companies Act, 2013.

Particulars	31 March 2024	31 March 2023
Amount required to be spent by the company during the year	-	10.32
Amount of expenditure incurred	-	10.32
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	-	-
Nature of CSR activities	-	Contribution to Clean Ganga Fund and health care sector
Details of related party transaction	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	-	-

# Notes

to Standalone Financial Statements for the year ended 31 March 2024  
(All amounts in ₹ lacs, unless stated otherwise)

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## 48. LEASES

### i) Lease liabilities are presented in the standalone balance sheet as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Current	30.13	27.60
Non-current	420.90	451.03
<b>Total</b>	<b>451.03</b>	<b>478.63</b>

The maturity analysis of lease liabilities are disclosed in note 40.

### ii) The recognised right-of-use assets relate to corporate office as at 31 March 2024

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Right-of-use assets- corporate office</b>		
Balance as at beginning of the year	483.60	57.52
Add: additions on account of new leases entered during the year	-	474.70
Less: Amortisation expense charged on the right-of-use assets	54.27	48.62
<b>Balance as at end of the year</b>	<b>429.33</b>	<b>483.60</b>

### iii) The following are amounts recognised in standalone statement of profit and loss:

Particulars	As at 31 March 2024	As at 31 March 2023
Amortisation expense of right-of-use assets	54.27	48.62
Interest expense on lease liabilities	43.80	8.68
Rent expense	78.98	64.67
<b>Total</b>	<b>177.05</b>	<b>121.97</b>

### iv) Lease payments not recognised as a liability

Particulars	As at 31 March 2024	As at 31 March 2023
Expenses relating to short term leases (included in other expenses (refer note 32))	78.98	64.67
<b>Total</b>	<b>78.98</b>	<b>64.67</b>

v) Total cash outflow for leases for the year ended 31 March 2024 was ₹71.40 lacs (previous year: ₹62.88 lacs)

vi) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on standalone balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (in years)	Average remaining lease term (in years)
Corporate office	1	7.92	7.92

The company has a right to extend/terminate its leasing arrangements beyond the initial agreement/lock in period. For the assessment of lease term as per Ind AS 116, the management of the Company has considered the extension options and not considered the early termination options wherever available for its property leases in its lease period assessment since the Company is likely to be benefited from a longer lease tenure.

# Notes

to Standalone Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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## 49. IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115: Revenue from Contracts with Customers, establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

### (i) Disaggregation of revenue

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

Revenue from operations	Year ended 31 March 2024	Year ended 31 March 2023
<b>Revenue by geography</b>		
Domestic	1,174.17	975.93
Export	7,680.89	6,720.30
<b>Total</b>	<b>8,855.06</b>	<b>7,696.23</b>

### (ii) Revenue recognised in relation to contract liabilities

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

Description	Year ended 31 March 2024	Year ended 31 March 2023
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	314.51	192.26
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

### (iii) Assets and liabilities related to contracts with customers

Revenue received in advance

Description	Year ended 31 March 2024	Year ended 31 March 2023
<b>Contract liabilities related to sale of goods</b>		
Revenue received in advance	461.31	368.71
<b>Total</b>	<b>461.31</b>	<b>368.71</b>



# Notes

to Standalone Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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## (iv) Reconciliation of revenue recognised in standalone statement of profit and loss with contract price

Description	Year ended 31 March 2024	Year ended 31 March 2023
Contract price	8,874.41	7,727.60
Less: Discount, rebates	19.35	31.37
<b>Revenue from operations (excluding other operating revenue) as per standalone statement of profit and loss</b>	<b>8,855.06</b>	<b>7,696.23</b>

## (v) Significant changes in contract assets and liabilities

Revenue received in advance

Description	Year ended 31 March 2024	Year ended 31 March 2023
<b>Opening balance</b>	<b>368.71</b>	<b>259.48</b>
<b>Add:</b> Addition during the year	<b>407.11</b>	<b>301.49</b>
<b>Less:</b> Revenue recognised during the year from opening liability	<b>314.51</b>	<b>192.26</b>
<b>Closing balance</b>	<b>461.31</b>	<b>368.71</b>

## 50. ADDITIONAL REGULATORY INFORMATION NOT DISCLOSED ELSEWHERE IN THE FINANCIAL STATEMENTS:

- The Company has complied with the number of layers of companies prescribed under the Companies Act, 2013.
- The Company has not delayed in creation or satisfaction of charges with ROC beyond the statutory period.
- The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- During the current year and previous year, the Company has not entered in any transaction with any struck off company and does not have investment in securities, receivable or payable from struck off companies. Further, shares of the Company are not held by any struck off company.
- No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Company is regular in disclosing income on timely basis and there is no undisclosed income assessed by tax officials.
- During the current and previous year, the Company is regular in complying with all the laws and regulations of Foreign Exchange Management Act, 1999, Companies Act, 2013 and Prevention of Money Laundering Act, 2002 as applicable.
- The Company is not a wilful defaulter. During the current and previous year, the Company had repaid all its dues on timely basis and has not defaulted any payment.
- The Company has utilised borrowed money for the same purpose for which is was actually sanctioned and has not diverted any fund from purpose as per sanctioned terms.
- The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts except for the following:

## Notes

to Standalone Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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Name of Bank	Working capital limit sanctioned	Quarter	Nature of current assets offered as security	Amount disclosed as per return (in Lakhs) (A)	Amount as per books of accounts (in Lakhs) (B)	Difference (in lakhs) (A-B)	Remarks/ reason, if any
State Bank of India	2,870.00	Quarter 1	Inventory and Trade Receivables	4,179.91	3,845.51	334.40	Under/over reporting of assets numbers in stock statement is on account of revaluation of foreign trade receivables on closing date as per requirements of Ind AS, reclassification entries and provisional valuation of WIP & Finished Goods inventory
		Quarter 2		4,198.36	4,014.52	183.84	
		Quarter 3		3,782.60	3,719.97	62.63	
		Quarter 4		3,376.21	3,529.49	(153.28)	

- k. The Company has not advanced, loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Company
- l. The Company has not received any funds from any person(s) or entity(ies), including foreign entities with the understanding (whether recorded in writing or otherwise) that the Company shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Company
- m. Ratio Analysis

Ratio	Current period	Previous period	% Variance	Reason for variance (if more than 25%)
<b>Liquidity ratio</b>				
Current Ratio (times) (Current assets/Current liabilities)	0.73	0.79	(7.59%)	Refer Note 1
<b>Solvency ratio</b>				
Debt-Equity Ratio (times) (Total debt (long term + short term)/ Shareholders equity)	2.52	3.10	(18.71%)	Refer Note 1
Debt Service Coverage Ratio (times) ((PAT+Non Cash operating Exp+Interest+other non-cash adjustment)/ Interest+lease payment+principal repayment)	1.17	(1.77)	(166.10%)	Due to increase in shareholder's equity and decrease in debt during the year

# Notes

to Standalone Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Ratio	Current period	Previous period	% Variance	Reason for variance (if more than 25%)
<b>Profitability ratio</b>				
Net Profit Ratio (%) (PAT/Revenue from operations)	0.98%	(21.50%)	(104.56%)	Due to profitability in current year
Return on Equity Ratio (%) ((PAT - preference dividend)/Average shareholders equity)	6.88%	(82.58%)	(108.33%)	Due to profitability in current year
Return on Capital employed (%) (Earning before interest & taxes/Tangible networth+total debt+deferred tax liabilities)	5.61%	(24.91%)	(122.52%)	Due to profitability in current year
Return on Investment (%) (Income generated from invested funds/ Average Invested funds in treasury investments)	3.47%	7.31%	(52.53%)	Due to increase in investment in current year
<b>Utilization ratio</b>				
Trade Receivables turnover ratio (times) (Revenue from operations/Average accounts receivable)	12.65	7.52	68.22%	Due to increase in sales
Inventory turnover ratio (times) (Cost of goods sold/Average inventory)	1.24	1.42	(12.68%)	Refer Note 1
Trade payables turnover ratio (times) (Net credit purchases/Average trade payables)	1.67	1.95	(14.36%)	Refer Note 1
Net capital turnover ratio (times) (Revenue from operations/Closing working capital)	(6.27)	(16.55)	(62.11%)	Due to increase in sales and negative working capital as at the year end

Note 1

There is no significant change (25% or more) in financial year 2023-24 in comparison to financial year 2022-23.

For **D.Kothary & Co**  
Chartered Accountants  
Firm Registration Number:- 105335W

**Deepak O. Narsaria**  
Partner  
Membership No.: 121190

Place: Mumbai  
Date: 14 May 2024

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

**Kailash Kumar Agarwal**  
Chairman & Managing Director  
DIN: 00063470

Place: New Delhi  
Date: 14 May 2024

**RaghavKumar Agarwal**  
Executive Director  
Chief Executive Officer &  
Chief Financial Officer  
DIN: 02836610

**Shubham Jain**  
Company Secretary  
Membership No. : ACS 49541

# Independent Auditor's Report

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

**OPINION**

We have audited the accompanying consolidated financial statements of **H.P. Cotton Textile Mills Limited** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31 March 2024, and its Consolidated profit and other comprehensive income, the Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

**BASIS OF OPINION**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit Matter	How the matter was addressed in our audit
<p><b>Valuation of Inventories</b></p> <p>As at 31 March 2024, the Holding company holds inventories having carrying value is ₹ 2901.09 Lacs.</p> <p>The cost of inventory is calculated using acquisition cost, conversion costs and administration overheads incurred to bring the inventory to its present location and condition, which involves management judgments and estimation.</p> <p>Due to the Significance of the inventory balance to the consolidated financial statements of the company and the level of judgments and estimates required, we identified the valuation of inventories as a key audit matter.</p> <p>Refer Note 2.2(vi) and Note 7 to the consolidated financial statements.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>(a) Assessing the appropriateness of the accounting policy for inventories with relevant accounting standards;</li> <li>(b) We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over the valuation of inventories;</li> <li>(c) Assessing methodology – considering the consistency and appropriateness of the management estimates and assumptions made for arriving at Net realizable value of inventories;</li> <li>(d) Verified the expenses considered as cost of conversion on the different classes of finished goods and work-in progress;</li> <li>(e) Made enquiries regarding obsolete inventory items and looked at the condition of items counted;</li> <li>(f) We evaluated the appropriateness and adequacy of disclosures in the consolidated financial statements in accordance with the applicable accounting standards.</li> </ul>

Key audit Matter	How the matter was addressed in our audit
<p><b>Recoverability of deferred tax assets (DTA)</b></p> <p>The Holding Company has recognised ₹ 692.80 Lacs as DTA, as at 31 March 2024, relating to carry forwards tax losses, unabsorbed depreciation and MAT credit to the extent it is probable that the future taxable profits will be available against which such unused tax losses and MAT credit can be utilized.</p> <p>Such recognition of DTA is a key audit matter as the recoverability of tax losses within the time frame allowed, involves significant estimate of the financial projections, availability of sufficient taxable income in the future and significant judgments in the interpretation of tax regulations and tax positions adopted by the Holding Company.</p> <p>Refer note 2.2(xviii) "Income Tax" for accounting policies, note 18 "Deferred Tax Assets/ Liabilities" and note 34 "Income tax expense" for disclosures related to taxes of the Consolidated Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>We obtained an understanding of controls performed by the management to assess the recoverability of the DTA relating to carry-forwards tax losses, unabsorbed depreciation and MAT Credit entitlement;</li> <li>Evaluated the Holding Company's tax positions by comparing it with prior years and past precedents;</li> <li>Evaluated the estimates of profitability made by the management on the basis of which it is considered probable that the Holding Company will have sufficient taxable income against which the unused tax losses will be utilised and also within the expected timing of utilisation;</li> <li>Discussed with the management the future business plans and financial projections and underlying assumptions used based on which the estimate of profitability is made;</li> <li>We evaluated the adequacy of disclosures in the financial statements related to deferred tax in notes 2.2(xviii), 18 and 34 respectively of the consolidated financial statements in accordance with the requirements of Ind AS 12.</li> </ol>

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive

income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors are also responsible for overseeing the Company's financial reporting process of the companies included in the Group.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;
  - c. The consolidated financial statements dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting



- Standards (Ind AS) specified under Section 133 of the Act;
- e. On the basis of the written representations received from the directors of the Holding company and its subsidiary company as on 31 March 2024 and taken on record by the Board of Directors of the Holding company, and its subsidiary company respectively, none of the directors of the Group companies, are disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of Holding company, and its subsidiary company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**;
  - g. As required by Section 197(16) of the Act based on our audit, we report that the Holding company has paid remuneration to its directors during the year in accordance with the provisions of Section 197 read with Schedule V to the Act; and
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Holding company and its subsidiary have disclosed the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group in note 36 to the consolidated financial statements.
    - ii. The Holding company and its subsidiary did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;
    - iii. There has been no delay in transferring of amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company during the year ended 31 March 2024.
- iv.
    - 1. The respective managements of the Holding company and its subsidiary company have represented to us that, to the best of its knowledge and belief, as disclosed in note no. 50(k) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the the Holding company or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - 2. The respective managements of the Holding company and its subsidiary company has represented to us that, to the best of its knowledge and belief, as disclosed in note no. 50(l) to the Consolidated financial statements, no funds have been received by the Holding company or its subsidiary company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding company or its subsidiary company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - 3. Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clause (1) and (2) above contain any material misstatement.



- v. The Holding company or its subsidiary company have neither declared nor paid any dividend during the year.
- vi. Based on our examination which included test checks, excepts for the instances mentioned below, the Holding company and its subsidiary company have used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software:
  - (a) The feature of recording audit trail (edit Log) facility was not enabled for certain changes in the accounting software which can be performed by users having privileged access (debug).
  - (b) The feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining the books of accounts.

Further, where audit trail feature was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered.

- vii. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiary included in the consolidated financial statements of the Holding Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports

For **D. Kothary & Co**  
Chartered Accountants  
Firm Regn No. 105335W

**Deepak O. Narsaria**  
(Partner)

Membership No. 121190  
UDIN: 24121190BKBOSU4196

Place: Mumbai  
Date: May 14, 2024

# Annexure A

(List of entities included in the consolidated financial statements)

**NAME OF HOLDING COMPANY**

H.P. Cotton Textile Mills Limited

**NAME OF SUBSIDIARY COMPANY**

HP MMF Textiles Limited

## Annexure B

(Report on the Internal Financial Controls with reference to the consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"))

In conjunction with our audit of the consolidated financial statements of **H.P. Cotton Textile Mills Limited** ("the Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as on that date.

### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE INTERNAL FINANCIAL CONTROLS**

The Company's Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Group's business, including adherence to Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan

and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, an adequate internal financial

controls with reference to consolidated financial statements and such controls were operating effectively as at 31<sup>st</sup> March, 2024, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **D. Kothary & Co**  
Chartered Accountants  
Firm Regn No. 105335W

**Deepak O. Narsaria**  
(Partner)

Place: Mumbai  
Date: May 14, 2024

Membership No. 121190  
UDIN: 24121190BKBOSU4196

# Consolidated Balance Sheet

As at 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Note	As at	
		31 March 2024	31 March 2023
<b>Assets</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3	3,347.33	3,591.91
b) Capital work-in-progress	3A	0.12	-
c) Right-of-use assets	47	429.33	483.60
d) Other intangible assets	3	16.89	37.17
e) Financial assets			
i) Other financial assets	4	162.84	150.59
f) Deferred tax assets (net)	18	426.49	-
g) Non-current tax assets (net)	5	1.05	13.98
h) Other non-current assets	6	10.30	12.67
		<b>4,394.35</b>	<b>4,289.92</b>
<b>Current assets</b>			
a) Inventories	7	2,901.09	3,203.53
b) Financial assets			
i) Investments	8	-	53.78
ii) Trade receivables	9	628.40	850.82
iii) Cash and cash equivalents	10	6.52	105.65
iv) Bank balances other than (iii) above	11	121.23	57.80
v) Other financial assets	12	83.75	70.85
c) Other current assets	13	706.06	599.21
		<b>4,447.05</b>	<b>4,941.64</b>
		<b>8,841.40</b>	<b>9,231.56</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
a) Equity share capital	14	392.20	392.20
b) Other equity	15	982.59	906.43
		<b>1,374.79</b>	<b>1,298.63</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	16	624.85	857.21
ii) Lease liability	17	420.90	451.03
b) Deferred tax liabilities (net)	18	-	89.52
c) Provisions	19	303.65	274.44
		<b>1,349.40</b>	<b>1,672.20</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	20	2,848.76	3,180.19
ii) Lease liability	21	30.13	27.60
iii) Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises		249.86	225.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,044.95	2,006.55
iv) Other financial liabilities	23	214.46	174.86
b) Other current liabilities	24	526.74	425.21
c) Provisions	25	202.31	221.08
		<b>6,117.21</b>	<b>6,260.73</b>
		<b>8,841.40</b>	<b>9,231.56</b>

The accompanying notes form an integral part of these consolidated financial statements  
 This is the consolidated balance sheet referred to in our report of even date

For **D.Kothary & Co**  
 Chartered Accountants  
 Firm Registration Number:- 105335W

**Deepak O. Narsaria**  
 Partner  
 Membership No.: 121190

Place: Mumbai  
 Date: 14 May 2024

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

**Kailash Kumar Agarwal**  
 Chairman & Managing Director  
 DIN: 00063470

Place: New Delhi  
 Date: 14 May 2024

**RaghavKumar Agarwal**  
 Executive Director  
 Chief Executive Officer &  
 Chief Financial Officer  
 DIN: 02836610

**Shubham Jain**  
 Company Secretary  
 Membership No. : ACS 49541

# Consolidated Statement of Profit and Loss

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Note	Year ended 31 March 2024	Year ended 31 March 2023
<b>Income</b>			
Revenue from operations	26	9,355.71	8,397.81
Other income	27	179.58	207.76
<b>Total Income</b>		<b>9,535.29</b>	<b>8,605.57</b>
<b>Expenses</b>			
Cost of materials consumed	28	3,477.12	4,383.31
Changes in inventories of finished goods, work-in-progress and scrap	29	303.95	(119.31)
Employee benefits expense	30	2,331.18	2,263.29
Other expenses	31	2,826.34	3,026.63
<b>Total expenses</b>		<b>8,938.59</b>	<b>9,553.92</b>
<b>(Loss)/profit before finance costs, depreciation and tax</b>		<b>596.70</b>	<b>(948.35)</b>
Finance costs	32	666.78	534.82
Depreciation and amortisation expenses	33	349.72	396.60
<b>(Loss)/profit before tax</b>		<b>(419.80)</b>	<b>(1,879.77)</b>
<b>Tax expense</b>	34		
Current tax		-	-
Tax credit of earlier years		-	(2.15)
Deferred tax		(510.43)	(70.40)
<b>Total tax expense</b>		<b>(510.43)</b>	<b>(72.55)</b>
<b>(Loss)/profit for the year</b>		<b>90.63</b>	<b>(1,807.22)</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations		(20.05)	(3.76)
Income tax relating to above items		5.58	1.05
<b>Total other comprehensive income</b>		<b>(14.47)</b>	<b>(2.71)</b>
<b>Total comprehensive income for the year</b>		<b>76.16</b>	<b>(1,809.93)</b>
<b>(Loss)/profit for the year attributable to</b>			
a) Owners of the Holding Company		90.63	(1,807.22)
b) Non-controlling interest		-	-
<b>Other comprehensive income attributable to</b>			
a) Owners of the Holding Company		(14.47)	(2.71)
b) Non-controlling interest		-	-
<b>Total comprehensive income for the year attributable to</b>			
a) Owners of the Holding Company		76.16	(1,809.93)
b) Non-controlling interest		-	-
<b>(Loss)/earnings per equity share (face value of ₹10/- per share)</b>	35		
Basic (loss)/earnings per share (in ₹)		2.31	(46.71)
Diluted (loss)/earnings per share (in ₹)		2.31	(46.71)

The accompanying notes form an integral part of these consolidated financial statements

This is the consolidated statement of profit and loss referred to in our report of even date

For **D.Kothary & Co**  
Chartered Accountants  
Firm Registration Number:- 105335W

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

**Deepak O. Narsaria**  
Partner  
Membership No.: 121190

**Kailash Kumar Agarwal**  
Chairman & Managing Director  
DIN: 00063470

**RaghavKumar Agarwal**  
Executive Director  
Chief Executive Officer &  
Chief Financial Officer  
DIN: 02836610

**Shubham Jain**  
Company Secretary  
Membership No. : ACS 49541

Place: Mumbai  
Date: 14 May 2024

Place: New Delhi  
Date: 14 May 2024

# Consolidated Cash Flow Statement

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>A. Cash flows from operating activities</b>		
<b>(Loss)/profit before tax</b>	(419.80)	(1,879.77)
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	349.72	396.60
Liabilities no longer required written back	(51.06)	(43.91)
Amount written off	2.14	167.65
Profit on sale of property, plant and equipment	-	(38.38)
Unrealised gain on foreign exchange fluctuation	6.54	(3.55)
Interest income	(9.89)	(8.51)
Interest expense	666.78	534.82
Interest on fair valuation of financial assets carried at amortised cost	(4.15)	(2.54)
<b>Operating (loss)/profit before working capital changes</b>	<b>540.28</b>	<b>(877.59)</b>
<b>Adjustments for:</b>		
Decrease/(increase) in other non-current assets	2.37	(0.34)
Decrease/(increase) in other non-current financial assets	(12.39)	0.88
Decrease/(increase) in trade receivables	227.95	849.16
Decrease/(increase) in other current assets	(106.85)	131.32
Decrease/(increase) in other current financial assets	(14.56)	176.46
Decrease/(increase) in inventories	302.45	32.71
(Decrease)/increase in trade payables	62.56	(124.51)
(Decrease)/increase in other financial liabilities	41.25	(116.28)
(Decrease)/increase in other current liabilities	152.58	99.73
(Decrease)/increase in provisions	(4.02)	(37.40)
<b>Cash generated from operating activities</b>	<b>1,191.62</b>	<b>134.14</b>
Income taxes paid (net of refund received during the year)	7.34	(119.19)
<b>Net cash flow generated from operating activities</b>	<b>1,198.96</b>	<b>14.95</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital advances and capital liabilities	(30.70)	(96.44)
Payment for investments in mutual funds	57.36	(52.00)
Proceeds from maturity / encashment of fixed deposits	(58.70)	95.17
Proceeds from sale of property, plant and equipment	-	44.19
Interest received	5.86	8.51
<b>Net cash flow used in investing activities</b>	<b>(26.18)</b>	<b>(0.57)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	135.00	607.51
Repayment of long-term borrowings	(176.85)	(604.95)
Proceeds/repayment of short term borrowings (net)	(545.29)	573.43
Payment of principal portion of lease liability	(27.60)	(54.20)
Payment of interest portion of lease liability	(43.80)	(8.68)
Dividend paid	-	(33.43)
Proceeds from share warrant application money	-	75.60
Finance charges paid	(613.37)	(520.46)
<b>Net cash flow generated from financing activities</b>	<b>(1,271.91)</b>	<b>34.82</b>



# Consolidated Cash Flow Statement

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(99.13)</b>	<b>49.20</b>
<b>E. Cash and cash equivalents as at the beginning of the year</b>	<b>105.65</b>	<b>56.45</b>
<b>F. Cash and cash equivalents as at the end of the year (D+E)</b>	<b>6.52</b>	<b>105.65</b>
<b>Components of cash and cash equivalents:</b>		
Balances with banks-in current accounts	5.83	105.04
Cash on hand	0.69	0.61
	<b>6.52</b>	<b>105.65</b>

## Reconciliation of financial liabilities arising from financing activities for the year ended 31 March 2024:

Particulars	Interest accrued on borrowings	Non-current borrowings *	Current borrowings **	Lease liability
<b>Balance as at 01 April 2022</b>	-	1,006.45	2,440.65	51.99
Add: Loan disbursed	-	607.51	573.43	-
Add: Interest expenses	526.14	-	-	8.68
Add: Lease liability created under IND AS 116	-	-	-	480.91
Less: Payment of lease liability	-	-	-	(54.20)
Less: Loan repaid	-	(604.95)	-	-
Less: Interest expenses paid	(520.46)	-	-	(8.68)
Add/(less): Others	(5.66)	11.53	2.78	(0.07)
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>1,020.54</b>	<b>3,016.86</b>	<b>478.63</b>
Add: Loan disbursed	-	135.00	(545.29)	-
Add: Interest expenses	622.97	-	-	43.80
Less: Payment of lease liability	-	-	-	(27.60)
Less: Loan repaid	-	(176.85)	-	-
Less: Interest expenses paid	(613.37)	-	-	(43.80)
Add/(less): Others	(9.60)	20.42	2.93	-
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>999.11</b>	<b>2,474.50</b>	<b>451.03</b>

\* Includes current maturities of long-term debts

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

The accompanying notes form an integral part of these consolidated financial statements

This is the consolidated cash flow statement referred to in our report of even date

For **D.Kothary & Co**  
Chartered Accountants  
Firm Registration Number:- 105335W

**Deepak O. Narsaria**  
Partner  
Membership No.: 121190

Place: Mumbai  
Date: 14 May 2024

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

**Kailash Kumar Agarwal**  
Chairman & Managing Director  
DIN: 00063470

Place: New Delhi  
Date: 14 May 2024

**RaghavKumar Agarwal**  
Executive Director  
Chief Executive Officer &  
Chief Financial Officer  
DIN: 02836610

**Shubham Jain**  
Company Secretary  
Membership No. : ACS 49541

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## A. EQUITY SHARE CAPITAL

### As at 31 March 2024

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
392.20	-	392.20

### As at 31 March 2023

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
386.60	5.60	392.20

## B. OTHER EQUITY

Particulars	Reserves and surplus				Money received against share warrants	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
<b>Current reporting period</b>						
Balance as at 01 April 2023	0.11	190.58	784.41	(68.68)	-	906.43
Profit for the year	-	-	-	90.63	-	90.63
Remeasurement of defined benefit obligations	-	-	-	(14.47)	-	(14.47)
<b>As at 31 March 2024</b>	<b>0.11</b>	<b>190.58</b>	<b>784.41</b>	<b>7.49</b>	<b>-</b>	<b>982.59</b>
<b>Previous reporting period</b>						
Balance as at 01 April 2022	0.11	95.38	784.41	1,779.92	25.20	2,685.02
Loss for the year	-	-	-	(1,807.22)	-	(1,807.22)
Addition/deduction during the year	-	95.20	-	-	(25.20)	70.00
Remeasurement of defined benefit obligations	-	-	-	(2.71)	-	(2.71)
dividend	-	-	-	(38.66)	-	(38.66)
<b>As at 31 March 2023</b>	<b>0.11</b>	<b>190.58</b>	<b>784.41</b>	<b>(68.68)</b>	<b>-</b>	<b>906.43</b>

### Analysis of accumulated other comprehensive income included in retained earnings

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at beginning of the year	19.12	21.83
Other comprehensive income for the year	(14.47)	(2.71)
<b>Balance as at the end of the year</b>	<b>4.65</b>	<b>19.12</b>

The accompanying notes form an integral part of these consolidated financial statements

This is the consolidated statement of changes in equity referred to in our report of even date

For **D.Kothary & Co**  
 Chartered Accountants  
 Firm Registration Number:- 105335W

**Deepak O. Narsaria**  
 Partner  
 Membership No.: 121190

Place: Mumbai  
 Date: 14 May 2024

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

**Kailash Kumar Agarwal**  
 Chairman & Managing Director  
 DIN: 00063470

Place: New Delhi  
 Date: 14 May 2024

**RaghavKumar Agarwal**  
 Executive Director  
 Chief Executive Officer &  
 Chief Financial Officer  
 DIN: 02836610

**Shubham Jain**  
 Company Secretary  
 Membership No. : ACS 49541

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

### 1. CORPORATE INFORMATION

#### Nature of operations

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

These consolidated financial statements relate to H.P. Cotton Textile Mills Ltd. ('the Company' or 'the Holding Company') and its subsidiary ('the Holding Company and its subsidiary together referred to as 'the Group').

#### Subsidiary comprises of following:

Name of the subsidiary	Country of incorporation	Shareholding as at 31 March 2024
HP MMF Textiles Limited	India	100%

### 2. MATERIAL ACCOUNTING POLICIES

#### 2.1 Statement of Compliance and basis of preparation of consolidated financial statements

##### (a) General information and statement of compliance with Ind AS

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other pronouncements/provisions of applicable laws and guidelines issued by the Securities and Exchange Board of India (SEBI).

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies have been consistently applied to all the periods presented in the consolidated financial statements except where 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.

The consolidated financial statements for the year ended 31 March 2024 were authorised and approved for issue by the Board of Directors on 14 May 2024.

Revisions to consolidated financial statements, if required, is permitted by the Board of Directors subject to obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

#### Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are authorised have been considered in preparing these consolidated financial statements.

#### Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31,2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

##### (b) Historical cost convention

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

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

##### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to consolidated financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. The consolidated financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on 31 March 2024.

The consolidated financial statements have been prepared on the following basis:

The consolidated financial statements of the parent and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, revenues and expenses after eliminating intra-group balances / transactions and resulting profits in full.

Non-controlling interest share in net assets of 'the Group' is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

### (d) Current and non-current classification

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

### (e) Rounding of amounts

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

### (e) Use of estimates

The estimates and judgements used in the preparation of the consolidated financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

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

### (f) Significant accounting judgments, estimates and assumptions

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

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

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

#### Critical judgments in applying accounting policies

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

- (i) **Recognition of deferred tax-** The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.
- (ii) **Evaluation of indicators for impairment of assets-** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iii) **Recoverability of advances/receivables** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

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

#### Key source of estimation uncertainty

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

- (i) **Useful lives of property, plant and equipment-** The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the assets. The Group reviews the useful life of property, plant and equipment at the end of each reporting date.
- (ii) **Recoverable amount of property, plant and equipment-** The recoverable amount of property plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

**(iii) Post-retirement benefit plan-** Employee benefit obligation (gratuity) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**(iv) Fair value measurement of financial instruments-** The fair values of financial assets and financial liabilities recorded in the consolidated balance sheet in respect of which quoted prices in active markets are not available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 2.2 Summary of material accounting policies

#### i. Property, plant and equipment

An item on property, plant and equipment is recognized as asset, if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance including assets having cost upto ₹ 10,000 are charged to the consolidated statement of profit and loss during the reporting period in which they are incurred.

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

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

#### ii. Intangible assets

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

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

Useful life considered for calculation of amortisation for various intangible assets are as follows-

Asset category	Estimated useful life (in years)
Software	3-5 years

The amortisation expense on intangible assets with finite life is recognised in the consolidated statement of profit and loss under the head Depreciation and amortization expense.

#### iii. Depreciation

The Group depreciates its property, plant and equipment (PPE) over the useful life on Straight line basis in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act.



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

Useful life considered for calculation of depreciation for various assets class are as follows-

Asset category	As per management estimate	As per Schedule II
Computers	3 years	3 years
Furniture and fixtures	10 years	10 years
Building	30 years	30 years
Vehicles	8 years	8 years
Plant and machinery	15 years	15 years
Office equipment	5 years	5 years
Servers and networks	6 years	6 years

Leasehold improvements are depreciated over the period of lease or 3 years, whichever is less.

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

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

#### iv. Impairment of non-financial asset

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

#### v. Revenue and other income

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

Revenue from sale of goods is recognised when the Group satisfies its performance obligation and substantial risks and rewards of ownership are transferred to the buyer which generally coincides when

the goods are dispatched from the factory. Amounts disclosed as revenue are net of returns and allowances, trade discounts and rebates. The Group collects Goods and Service Tax on behalf of the government and therefore, these are not economic benefits flowing to the Group. Hence, these are excluded from revenue.

#### Contract balances

##### Contract assets

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

##### Trade receivables

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

##### Contract liabilities

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

##### Financing component

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

##### Cost to obtain a contract with customer

The Group pays sales commission to selling agents for each contract that they obtain for sales of Group's products. Such commission are in nature of incremental cost to obtain contract with customer and the Group has elected to apply the optional practical expedient



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

for costs to obtain a contract wherein it immediately expenses off such sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

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

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

**Interest income:** Income from interest is accounted for on time proportion basis taking into account the amounts outstanding and the applicable rate of interest.

### vi. Inventories

Inventories are valued at cost or net realisable value, whichever is lower.

The cost of raw materials and stores and spares is determined using moving weighted average formula and includes cost of purchase and other cost incurred in bringing the inventory to their present location and condition. Raw materials and stores and spares are not written down below cost if the finished product in which they will be manufactured are expected to be sold at or above cost.

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

Cost of finished goods include raw material cost, conversion cost and packing cost incurred to bring the goods to their present location and condition. Inventory of finished goods is measured at cost or net realisable value, whichever is lower.

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

### vii. Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing:

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

#### Diluted earnings per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### viii. Government grants

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

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

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

### ix. Dividend

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

### x. Investments and other financial assets

#### Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Equity investments in subsidiaries are measured at cost. The investments are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, policy for impairment of financial assets is followed.

Investments in mutual fund are measured at FVTPL. Profit or loss on fair value of mutual fund is recognised in the consolidated statement of profit and loss.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

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

#### Initial recognition

Purchases and sales of financial assets are recognised on the trade-date i.e. the date on which the Group commits to purchase or sale the financial asset.

#### Measurement

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

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

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

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

#### Debt instruments at amortised cost

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

#### Debt instrument at FVTOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

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

### Debt instrument at FVTPL

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

### Equity instruments

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

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

### Impairment of financial assets

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

39 details how the Group determines whether there has been a significant increase in credit risk.

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

### De-recognition

A financial asset is derecognised only when

- The Group has transferred or has expired the rights to receive cash flows from the financial asset and
- The Group has transferred substantially all of the risks and rewards of the ownership.

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

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

### Income recognition

#### Interest income

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

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

### Dividends

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

### xi. Financial liabilities

#### Initial recognition

The Group recognizes the financial liabilities in its balance sheet when it becomes party to the contractual provisions of the instrument.

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

#### Measurement

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

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

#### Financial liabilities at FVTPL

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

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

Financial liabilities designated upon initial recognition at FVTPL are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value

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

#### Borrowings

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

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

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

### Trade and other payables

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

### De-recognition

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

### xii. Offsetting of financial instruments

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

### xiii. Fair value measurement of financial instruments

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

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

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

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

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

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

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

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

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

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

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

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

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

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

- Disclosure regarding significant estimates and assumptions- Note 2.1
- Quantitative disclosures of fair value measurement hierarchy- Note 2.2, paragraph xiii.
- Financial instruments (including those carried at amortised cost)- Note 2.2, paragraph x.

### xiv. Provisions, contingent liabilities and contingent assets

#### Provisions

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

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

#### Contingent liabilities

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

#### Contingent assets

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

### xv. Borrowing cost

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

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

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

### xvi. Employees benefits

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

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



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

are recognised in the consolidated statement of profit and loss.

**(iii) Post-employment benefits:** The Group operates the following post-employments schemes:

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

**(a) Defined contribution plan  
Provident fund**

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

**(b) Defined benefit plans  
Gratuity**

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

statement of changes in equity and in the consolidated balance sheet.

### xvii. Foreign currency translations

**(i) Functional and presentation currency**

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

**ii) Transaction and balances**

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

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

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

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

### xviii. Income tax

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

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2024

to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Current and deferred tax is recognised in the consolidated statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

### **xix. Leases**

On inception of a contract, the Group (as a lessee) assesses whether it contains a lease. A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, any asset restoration obligation, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Group is reasonably certain to exercise and excludes the effect of early termination options where the Group is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Group is reasonably certain it will purchase the underlying asset after the lease term.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment if whether it will exercise an extension or a termination option and any lease modification.

Lease liability and ROU asset have been separately presented in the Consolidated Balance Sheet and

lease payments are presented as follows in the Group's consolidated statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element and principal element of recognised lease liabilities are presented within cash flows from financing activities

#### **xx. Segment reporting**

In accordance with Ind AS 108, operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Group predominantly fall within a single reportable operating segment, i.e., Textile (spinning). The Board of Directors of the Holding Company is the Group's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108.

#### **xxi. Cash and cash equivalents**

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

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

#### **xxii. Cash flow statement**

Cash flows are reported using indirect method in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows". The cash flows from regular revenue generating, financing and investing activities of the Group are segregated. Cash and cash equivalents in the cash flow comprise cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less.

## Notes

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(All amounts in ₹ lacs, unless stated otherwise)

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### 3. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Particulars	Property, plant and equipment							Intangible assets		
	Freehold land	Buildings	Leasehold improvements	Plant and Equipments	Furniture and fixtures	Office equipments	Computers	Vehicles	Total	Software
<b>Gross carrying amount</b>										
<b>As at 01 April 2022</b>	651.21	657.71	19.94	6,095.16	74.45	124.35	79.75	309.02	8,011.59	112.87
Additions	-	-	-	262.83	2.12	4.24	1.44	-	270.63	-
Adjustments	-	-	-	233.22	-	-	-	-	233.22	-
Disposals	-	-	-	-	0.07	-	-	47.12	47.19	-
<b>As at 31 March 2023</b>	<b>651.21</b>	<b>657.71</b>	<b>19.94</b>	<b>6,591.21</b>	<b>76.50</b>	<b>128.59</b>	<b>81.19</b>	<b>261.90</b>	<b>8,468.25</b>	<b>112.87</b>
Additions	-	0.50	-	14.62	-	3.14	0.18	12.18	30.62	-
Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2024</b>	<b>651.21</b>	<b>658.21</b>	<b>19.94</b>	<b>6,605.83</b>	<b>76.50</b>	<b>131.73</b>	<b>81.37</b>	<b>274.08</b>	<b>8,498.87</b>	<b>112.87</b>
<b>Accumulated depreciation/amortisation</b>										
<b>As at 01 April 2022</b>	-	539.05	18.94	3,400.95	56.40	90.26	49.60	213.79	4,368.99	60.41
Charge for the year	-	31.68	-	241.55	2.99	15.79	19.57	21.11	332.69	15.29
Adjustments	-	-	-	221.56	-	-	-	-	221.56	-
Disposals	-	-	-	-	0.04	-	-	46.86	46.90	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>570.73</b>	<b>18.94</b>	<b>3,864.06</b>	<b>59.35</b>	<b>106.05</b>	<b>69.17</b>	<b>188.04</b>	<b>4,876.34</b>	<b>75.70</b>
Charge for the year	-	5.17	-	235.00	2.45	8.09	5.35	19.14	275.20	20.28
Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2024</b>	<b>-</b>	<b>575.90</b>	<b>18.94</b>	<b>4,099.06</b>	<b>61.80</b>	<b>114.14</b>	<b>74.52</b>	<b>207.18</b>	<b>5,151.54</b>	<b>95.98</b>
Carrying amount (net)										
<b>As at 31 March 2023</b>	<b>651.21</b>	<b>86.98</b>	<b>1.00</b>	<b>2,727.15</b>	<b>17.15</b>	<b>22.54</b>	<b>12.02</b>	<b>73.86</b>	<b>3,591.91</b>	<b>37.17</b>
<b>As at 31 March 2024</b>	<b>651.21</b>	<b>82.31</b>	<b>1.00</b>	<b>2,506.77</b>	<b>14.70</b>	<b>17.59</b>	<b>6.86</b>	<b>66.89</b>	<b>3,347.33</b>	<b>16.89</b>

- (i) Property, plant and equipment have been pledged as security for borrowings, for details refer note 16, 20 and 42  
(ii) The title deeds of immovable properties as shown above are held in the name of the company  
(iii) Refer note (i)(a) under Note 16 for details of title deeds with banks

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

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## 3A CAPITAL WORK-IN-PROGRESS (CWIP):

Particulars	As at 31 March 2024	As at 31 March 2023
Opening gross carrying amount	-	171.55
Additions	30.73	75.69
Capitalisation / adjustments	30.61	247.24
<b>Closing gross carrying amount</b>	<b>0.12</b>	<b>-</b>

### (i) Ageing schedule

As at 31 March 2024

Particulars	Amount for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	0.12	-	-	-	0.12
<b>Total</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.12</b>

As at 31 March 2023

Particulars	Amount for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (ii) The Group does not have any project for which completion is overdue and neither has exceeded its original cost as per original plan.

## 4. OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good)		
Security deposits	162.84	149.89
Bank deposits with maturity more than 12 months	-	0.70
	<b>162.84</b>	<b>150.59</b>

## 5. NON-CURRENT TAX ASSETS (NET)

Particulars	As at 31 March 2024	As at 31 March 2023
Advance tax (net of provision of income tax ₹ Nil (previous year : ₹ Nil))	1.05	13.98
	<b>1.05</b>	<b>13.98</b>

## 6. OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good)		
Capital advances	5.32	5.32
Prepaid expenses	4.98	7.35
	<b>10.30</b>	<b>12.67</b>

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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## 7. INVENTORIES<sup>^</sup>

Particulars	As at 31 March 2024	As at 31 March 2023
(valued at lower of cost or net realizable value)		
Raw materials	46.84	91.24
Work-in-progress	2,010.55	2,154.96
Finished goods	470.97	634.74
Stores and spares	335.02	289.11
Scrap	37.71	33.48
	<b>2,901.09</b>	<b>3,203.53</b>

<sup>^</sup> Inventories have been pledged as security for borrowings, for details refer note 16, 20 and 42.

## 8. CURRENT INVESTMENTS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Investments in mutual funds (quoted) carried at fair value through profit or loss (FVTPL)</b>		
NIL (previous year : 517,603) units of SBI Mutual Fund <sup>^</sup>	-	53.78
	-	<b>53.78</b>
Aggregate amount of quoted investments and market value thereof	-	53.78

## 9. TRADE RECEIVABLES

Particulars	As at 31 March 2024	As at 31 March 2023
Considered good - secured	219.16	74.72
Considered good - unsecured	409.24	776.10
	<b>628.40</b>	<b>850.82</b>

- i. Trade receivables have been pledged as security for borrowings, for details refer note 16, 20 and 42.
- ii. The Group, as per its credit policy allows credit on export sales, usually by way of Letter of credit or other banking document. Debtors reflected as on balance sheet date, are due to the gestation period between the shipment made and exchange of shipping documents.
- iii. Out of the total unsecured debtors reflected:
  - a. An amount ₹207.96 lacs (previous year ₹459.11 lacs), is reflected on account of transit time between shipment and exchange of documents;
  - b. An amount of ₹201.28 lacs (previous year ₹316.99 lacs), is Document Acceptance (DA) basis routed through banking channels and backed by way of acceptances for payment on due date from overseas customers through international interbank communication.
- iv. There are no debts/loans due by directors or other officers of the Company or any of them either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

v. Trade receivable ageing:

**As at 31 March 2024**

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	148.50	477.80	-	0.08	2.02	-	628.40
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>148.50</b>	<b>477.80</b>	<b>-</b>	<b>0.08</b>	<b>2.02</b>	<b>-</b>	<b>628.40</b>

**As at 31 March 2023**

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	47.74	798.68	1.02	3.38	-	-	850.82
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>47.74</b>	<b>798.68</b>	<b>1.02</b>	<b>3.38</b>	<b>-</b>	<b>-</b>	<b>850.82</b>

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## 10. CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with banks-in current accounts		
-In current accounts	5.83	105.04
Cash on hand	0.69	0.61
	<b>6.52</b>	<b>105.65</b>

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting year and prior year.

## 11. OTHER BANK BALANCES

Particulars	As at 31 March 2024	As at 31 March 2023
Margin money*	121.23	57.80
	<b>121.23</b>	<b>57.80</b>

\*Margin money includes fixed deposits of ₹116.33 lacs (previous year: ₹56.53 lacs) pledged by the Group against letter of credit facility being availed by the Group.

## 12. OTHER CURRENT FINANCIAL ASSETS\*

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured, considered good)		
Export incentives receivables	81.52	65.24
Derivative asset	-	1.72
Earmarked bank balances for unpaid dividends	2.23	3.89
	<b>83.75</b>	<b>70.85</b>

### \*Government grant

#### Export incentive and duty drawback receivables

Particulars	31 March 2024	31 March 2023
Balance at the beginning of the year	78.69	325.12
Export incentive and duty drawback received during the year	(210.69)	(449.07)
Credited to the statement of profit and loss (refer note 26)	235.39	202.64
<b>Closing balance</b>	<b>103.39</b>	<b>78.69</b>

#### Export incentive and duty drawback receivables comprises :

Particulars	As at 31 March 2024	As at 31 March 2023
Export incentives receivables (refer note 12)	81.52	65.24
Duty drawback (refer note 13-included in Balance with government authorities)	21.87	13.45
<b>Total</b>	<b>103.39</b>	<b>78.69</b>



# Notes

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## 13. OTHER CURRENT ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
(Unsecured considered good unless otherwise stated)		
Balances with government authorities	623.70	520.64
Advance to suppliers	13.23	19.47
Prepaid expenses	61.36	55.76
Other advances	7.77	3.34
	<b>706.06</b>	<b>599.21</b>

## 14. EQUITY SHARE CAPITAL

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Authorised share capital</b>		
4,250,000 (previous year: 4,250,000) equity shares of ₹10/- each	425.00	425.00
	<b>425.00</b>	<b>425.00</b>
<b>Issued, subscribed and paid up share capital</b>		
3,922,000 (previous year: 3,922,000) equity shares of ₹10/- each	392.20	392.20
	<b>392.20</b>	<b>392.20</b>

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	39,22,000	3,92,20,000	38,66,000	3,86,60,000
Addition/(deletion) during the year*	-	-	56,000	5,60,000
<b>Balance at the end of the year</b>	<b>39,22,000</b>	<b>3,92,20,000</b>	<b>39,22,000</b>	<b>3,92,20,000</b>

\*In FY-21-22, pursuant to the Board resolution passed at the meeting held on 12 January 2022, the Holding Company had approved to issue and allot 1,12,000 share warrants each convertible into, or exchangeable for, 1 (one) fully paid-up Equity Share of the Holding Company having face value of ₹10/- each on preferential basis at an issue price of ₹180/- per share warrant (including a premium of ₹170/- per share warrant) which was not less than the price determined in accordance with Chapter V of SEBI ICDR Regulations, for cash consideration, for an aggregate amount up to ₹202 lakhs. The same was approved by the shareholders in their extra ordinary general meeting held on 07 February 2022. Subsequently, in March 2022, the promoters have paid total consideration for 50 percent of total outstanding warrants for conversion into equity shares. Accordingly, 33,600 equity shares and 22,400 equity shares were allotted to Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal respectively upon conversion in March 2022.

Subsequently in previous year in March 2023, the promoters have paid total consideration for balance 50 percent of total outstanding warrants for conversion into equity shares. Accordingly, 33,600 equity shares and 22,400 equity shares were allotted to Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal respectively upon conversion in March 2023.

## Notes

to Consolidated Financial Statements for the year ended 31 March 2024

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### b) Terms/rights attached to equity shares

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

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the Shareholder	As at 31 March 2024		As at 31 March 2023	
	Number of shares	Amount	Number of shares	Amount
Kailash Kumar Agarwal	813,308	20.74%	680,058	17.34%
Jainish Products Limited **	242,850	6.19%	242,850	6.19%
Achhar Investments Limited **	231,900	5.91%	231,900	5.91%
Sacred Trading and Investment Company Limited **	224,170	5.72%	224,170	5.72%
Sailesh Textile Manufacturing Company Limited **	207,000	5.28%	207,000	5.28%
Vinod Kumar Ohri	200,000	5.10%	199,996	5.10%

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

\*\* The Holding Company's promoters have entered into a family agreement dated 14 March 2019, which would result in inter-se transfer of equity shares of the Holding Company by and among member of the Promoter Group over next two years (collectively, the "Proposed Family Re-arrangement"), which has partially been executed and partially would be executed in due course.

In continuance of the above family arrangement, Mr. Ravindra Agarwal, Mr. Surendra Kumar Agarwal and Mr. Kailash Kumar Agarwal have executed another re-arrangement agreement dated 12 February 2020, which would result in an inter-se transfer of all equity shares of Mr. Ravindra Agarwal & family and Mr. Surendra Kumar Agarwal & family to Mr. Kailash Kumar Agarwal.

During the FY 21-22, the proposed inter-se transfer from Mr. Surendra Kumar Agarwal and family to Mr. Kailash Kumar Agarwal and the indirect acquisition of shares of the Company held by certain entities, namely, Jainish Products Limited, Sailesh Textile Manufacturing Company Limited, Achhar Investments Limited and Sacred Trading & Investment Co. Limited had been completed in favour of Mr. Kailash Kumar Agarwal.

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

# Notes

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## e) Shareholding of promoters

### Shares held by promoters as at 31 March 2024 and 31 March 2023

Promoter name	31-Mar-24			31-Mar-23		
	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Achhar Investments Ltd.	2,31,900	5.91%	0.00%	2,31,900	5.91%	(0.09%)
Ashok Kumar Agarwal	75,896	1.94%	0.00%	75,896	1.94%	(0.03%)
Atma Devi Agarwal	-	0.00%	0.00%	-	0.00%	(0.26%)
Ghanshyam Das Agarwal	45,730	1.17%	0.00%	45,730	1.17%	(0.02%)
Ghanshyam Das Agarwal HUF	1,36,736	3.49%	0.00%	1,36,736	3.49%	(0.05%)
Jainarayan Agarwal HUF	85,000	2.17%	0.00%	85,000	2.17%	(0.03%)
Jainish Products Ltd.	2,42,850	6.19%	0.00%	2,42,850	6.19%	(0.09%)
Kailash Kumar Agarwal	8,13,308	20.74%	3.40%	6,80,058	17.34%	3.29%
Kailash Kumar Agarwal HUF	31,150	0.79%	0.00%	31,150	0.79%	(0.01%)
Mridula Agarwal	7,300	0.19%	0.00%	7,300	0.19%	(0.00%)
Premlata Agarwal	20,000	0.51%	0.00%	20,000	0.51%	(0.01%)
Rachit Agarwal	5,600	0.14%	0.00%	5,600	0.14%	(0.00%)
RaghavKumar Agarwal	1,08,468	2.77%	0.00%	1,08,468	2.77%	0.54%
Raghubir Agarwal HUF	-	0.00%	(1.01%)	39,500	1.01%	(0.01%)
Raghubir Prasad Agarwal	-	0.00%	(2.39%)	93,750	2.39%	(0.03%)
Raj Kumar Agarwal	46,466	1.18%	0.00%	46,466	1.18%	(0.02%)
Raj Kumar Agarwal HUF	1,27,164	3.24%	0.00%	1,27,164	3.24%	(0.05%)
Ravindra Agarwal	1,06,066	2.70%	0.00%	1,06,066	2.70%	(0.04%)
Ravindra Agarwal HUF	30,500	0.78%	0.00%	30,500	0.78%	(0.01%)
Ruchi Agarwal	-	0.00%	0.00%	-	0.00%	(0.92%)
Sacred Trading and Investment Company Ltd.	2,24,170	5.72%	0.00%	2,24,170	5.72%	(0.08%)
Sailesh Textile Manufacturing Company Ltd.	2,07,000	5.28%	0.00%	2,07,000	5.28%	(0.08%)
Vijay Kumar Agarwal	-	0.00%	0.00%	-	0.00%	(1.50%)
	<b>25,45,304</b>	<b>64.91%</b>		<b>25,45,304</b>	<b>64.91%</b>	

The promoter's shareholding is as per Section 2(69) of the Companies Act, 2013.

## 15. OTHER EQUITY

Particulars	As at 31 March 2024	As at 31 March 2023
Capital reserve	0.11	0.11
Securities premium	190.58	190.58
General reserve	784.41	784.41
Retained earnings	7.49	(68.67)
	<b>982.59</b>	<b>906.43</b>

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## (i) Capital Reserve\*\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	0.11	0.11
Addition/(deletion) during the year	-	-
<b>Balance at the end of the year</b>	<b>0.11</b>	<b>0.11</b>

\*\*Capital reserve pertains to surplus on issue of forfeited shares in earlier year and can be utilised by the Holding Company in accordance with the provisions of the Companies Act, 2013

## (ii) Securities Premium\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	190.58	95.38
Addition/(deletion) during the year	-	95.20
<b>Balance at the end of the year</b>	<b>190.58</b>	<b>190.58</b>

\*Securities premium is created due to premium on issue of shares. Securities premium can be utilised by the Holding Company in accordance with the provisions of the Companies Act, 2013.

## (iii) General Reserve\*\*\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	784.41	784.41
Addition/(deletion) during the year	-	-
<b>Balance at the end of the year</b>	<b>784.41</b>	<b>784.41</b>

\*\*\* Under the Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Act, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

## (iv) Retained earnings\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	(68.67)	1,779.92
Add: transferred from consolidated statement of profit and loss	76.16	(1,809.93)
Less: dividend paid during the year	-	(38.66)
<b>Balance at the end of the year</b>	<b>7.49</b>	<b>(68.67)</b>

\*Retained earnings of the company are kept aside out of the group's profits to meet future (known or unknown) obligations.

## (v) Share warrant application money\*\*\*\*

Particulars	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	-	25.20
Addition/(deletion) during the year	-	(25.20)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

\*\*\*\*During the FY 21-22, the Holding Company had allotted 1,12,000 share warrants at issue price Rs.180 (25 percent received on allotment), out of which 56,000 share warrants were converted in March 2022 and balance 56,000 share warrants have been converted in March 2023.

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024  
 (All amounts in ₹ lacs, unless stated otherwise)

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## 16. NON-CURRENT BORROWINGS

Particulars	Non-current maturities		Current maturities	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
<b>Secured loans from banks</b>				
Vehicle loan	29.61	35.31	14.44	13.18
Term loan	463.57	552.18	81.25	150.15
Capex FLC / SBLC				
'State Bank of India seoul	-	116.30	122.19	-
State Bank of India Frankfurt	-	153.42	156.38	-
	<b>493.18</b>	<b>857.21</b>	<b>374.26</b>	<b>163.33</b>

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

Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
<b>Vehicle Loan</b>					
State Bank of India Vehicle loan	8.00% (previous year : 8.00%)	60 equated monthly installments of ₹0.23 lacs (including interest) each starting from March 2021	Refer Note (i)(a) below	2.87	5.32
HDFC Bank Vehicle Loan	9.25% (previous year : NA)	60 equated monthly installments of ₹0.21 lacs (including interest) each starting from October 2023 till September 2028	Hypothecation of vehicle acquired under respective loans	9.19	-
HDFC Bank Vehicle Loan	NA (previous year : 9.25%)	62 equated monthly installments of ₹0.16 lacs (including interest) each starting from October 2018 till November 2023	Hypothecation of vehicle acquired under respective loans	-	1.14
HDFC Bank Bus Loan	8.99% (previous year : 8.99%)	59 equated monthly installments of ₹1.10 lacs (including interest) each starting from February 2022 till December 2026	Hypothecation of vehicle acquired under respective loans	32.00	42.03
<b>Term Loan</b>					
Guaranteed Emergency Credit Line	EBLR + 0.75%, maximum being 9.25% (previous year : EBLR + 0.75%)	36 monthly instalments of ₹8.22 lacs each (excluding interest) after moratorium period of 12 months starting from June 2021 till June 2024	Refer Note (i)(a) below	24.13	135.14
Guaranteed Emergency Credit Line- (1.0)	EBLR + 0.75%, maximum being 9.25% (previous year : EBLR + 0.75%)	36 monthly installments of ₹4.86 lacs each (excluding interest) after moratorium period of 24 months starting from the date of first disbursement, i.e., October' 2022)	Refer Note (i)(a) below	176.08	174.96

## Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
State Bank of India(MSME Capex Loan)	EBLR + 4 % (previous year : EBLR + 4.20%)	Repayable in total period of 7 years and 6 months including a moratorium period of 6 months which will start from first disbursement (October' 2021), the number and amount of instalments will be worked out based on total amount of loan drawn and amount drawn by way of capex FLC/ SBLC amount	Refer Note (i)(a) below	344.60	392.23
<b>Capex FLC / SBLC</b>					
State Bank of India Frankfurt	12M EURIBOR + 0.80% (previous year : 12M EURIBOR + 0.80%)		Refer Note (i)(a) below	156.38	153.42
'State Bank of India seoul	12M EURIBOR + 1.20% (previous year : 12M EURIBOR + 1.20%)		Refer Note (i)(a) below	122.19	116.30
<b>Total</b>				<b>867.44</b>	<b>1,020.54</b>

Note (i)(a)

- Security

- (i) First and exclusive charge by way of hypothecation of all current assets of the Holding Company including stocks, receivables and other current assets both present and future.
- (ii) First and exclusive charge by way of hypothecation of plant & machinery and miscellaneous fixed assets excluding factory land and building

- Collateral

- (i) Equitable mortgage of Factory land measuring 57K-09M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (ii) Equitable mortgage of Factory land measuring 12K-05M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (iii) Equitable mortgage of Factory land measuring 16K-05M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (iv) Equitable mortgage of Factory land measuring 32K-09M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (v) Equitable mortgage of Factory land measuring 36K-00M, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (vi) Equitable mortgage of Factory land measuring 4K-OM, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (vii) Equitable mortgage of Factory land measuring 4K-OM, situated at Village Mayar, Tehsil Hisar, District Hisar.
- (viii) Equitable mortgage of Factory land measuring 23K-11M, situated at Village Mayar, Tehsil Hisar, District Hisar.

- Guarantee

- (i) Personal guarantee of Mr. Kailash Kumar Agarwal, Chairman and Managing Director (Promoter/ Director of the Holding Company in his personal capacity).
- (ii) Personal guarantee of Mr. Raghav Kumar Agarwal, Executive Director, CEO & CFO (Promoter/ Director of the Holding Company in his personal capacity).

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

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Particulars	As at 31 March 2024	As at 31 March 2023
<b>Unsecured loans</b>		
Loan from others	131.67	-

## 17. NON-CURRENT LEASE LIABILITY

Particulars	As at 31 March 2024	As at 31 March 2023
Lease Liability	420.90	451.03
	<b>420.90</b>	<b>451.03</b>

## 18. DEFERRED TAX (LIABILITIES)/ ASSETS (NET)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Tax effect of items constituting deferred tax liabilities</b>		
Difference between accounting base and tax base of property, plant and equipment	407.06	432.11
	<b>407.06</b>	<b>432.11</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Unabsorbed depreciation carried forward #	611.17	115.64
Timing difference on account of expense allowable on payment basis	140.76	137.86
MAT credit entitlement*	81.62	89.09
	<b>833.55</b>	<b>342.59</b>
<b>Deferred tax (liabilities)/ assets (net)</b>	<b>426.49</b>	<b>(89.52)</b>

# Unabsorbed depreciation as per section 32 of Income Tax Act, 1961 does not have any expiry.

\*MAT credit pertains to AY 2021-22 and is available for utilisation till AY 2036-37

### Movement in deferred tax assets/(liabilities) during the year ended 31 March 2024

Particulars	As at 31 March 2023	Recognised in other comprehensive income	Recognised in Consolidated statement of profit or loss	As at 31 March 2024
<b>Deferred tax assets</b>				
Unabsorbed losses/ depreciation carried forward	115.64	-	495.53	611.17
Timing difference on account of expense allowable on payment basis	137.86	5.58	(2.68)	140.76
MAT credit entitlement	89.09	-	(7.47)	81.62
<b>Deferred tax liability</b>				
Difference between accounting base and tax base of property, plant and equipment	(432.11)	-	25.04	(407.06)
<b>Total</b>	<b>(89.52)</b>	<b>5.58</b>	<b>510.43</b>	<b>426.49</b>



# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## Movement in deferred tax assets/(liabilities) during the year ended 31 March 2023

Particulars	As at 31 March 2022	Recognised in other comprehensive income	Recognised in Consolidated statement of profit or loss	As at 31 March 2023
<b>Deferred tax assets</b>				
Unabsorbed losses/ depreciation carried forward	-	-	115.64	115.64
Timing difference on account of expense allowable on payment basis	147.50	1.05	(10.69)	137.86
MAT credit entitlement	89.09	-		89.09
<b>Deferred tax liability</b>				
Difference between accounting base and tax base of property, plant and equipment	(397.56)	-	(34.55)	(432.11)
<b>Total</b>	<b>(160.97)</b>	<b>1.05</b>	<b>70.40</b>	<b>(89.52)</b>

## 19. NON-CURRENT PROVISIONS

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for gratuity (refer note 40)	243.97	224.39
Provision for compensated absences	59.68	50.05
	<b>303.65</b>	<b>274.44</b>

## 20. CURRENT BORROWINGS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Secured loans</b>		
Cash credits facilities		
State Bank of India	2,144.50	2,662.61
Capex FLC / SBLC		
State Bank of India Frankfurt	156.38	-
State Bank of India seoul	122.19	-
Outstanding letter of credit		
State Bank of India	330.00	354.25
Current maturities of long term borrowings (refer note 16)	95.69	163.33
	<b>2,848.76</b>	<b>3,180.19</b>

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

Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
<b>Cash credits facilities from banks (secured)</b>					
State Bank of India	For CC, EBLR + 4 % (previous year : EBLR + 4.20%) For EPC, 1.15% above T-Bill 91 days,(previous year : EBLR + 0.75%)	Repayable on demand	Refer Note (i)(a) under Note 16	2,144.50	2,662.61

# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	Rate of Interest (%)	Terms of Repayment	Security Details	As at 31 March 2024	As at 31 March 2023
<b>Outstanding letter of credit</b>					
LC payable	As per terms of individual LC	As per terms of individual LC	Refer Note (i)(a) under Note 16	330.00	354.25
<b>Total</b>				<b>2,474.50</b>	<b>3,016.86</b>

## 21. CURRENT LEASE LIABILITY

Particulars	As at 31 March 2024	As at 31 March 2023
Lease Liability	30.13	27.60
	<b>30.13</b>	<b>27.60</b>

## 22. TRADE PAYABLES

Particulars	As at 31 March 2024	As at 31 March 2023
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises (refer note below)	249.86	225.24
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,044.95	2,006.55
	<b>2,294.81</b>	<b>2,231.79</b>

- i. Information, as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2024 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at 31 March 2024	As at 31 March 2023
(a) The principal amount remaining unpaid to any supplier at the end of the year;	241.39	173.23
(b) Interest due remaining unpaid to any supplier at the end of the year;	8.47	52.01
(c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year;	763.46	803.79
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	-	26.39
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	8.47	26.39
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	25.62

# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

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ii. Trade payable ageing:

As at 31 March 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	94.45	152.49	0.12	1.61	1.19	249.86
(ii) Undisputed dues - Others	710.73	1,235.09	56.35	25.03	17.75	2,044.95
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>805.18</b>	<b>1,387.58</b>	<b>56.47</b>	<b>26.64</b>	<b>18.94</b>	<b>2,294.81</b>

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	54.21	168.23	1.61	1.19	-	225.24
(ii) Undisputed dues - Others	973.28	958.91	50.69	14.29	9.38	2,006.55
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>1,027.49</b>	<b>1,127.14</b>	<b>52.30</b>	<b>15.48</b>	<b>9.38</b>	<b>2,231.79</b>

## 23. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
Unclaimed dividend*	2.23	3.89
Employee related payables	211.86	170.97
Derivative Liability	0.37	-
	<b>214.46</b>	<b>174.86</b>

\* The same is not due for deposit to Investor Education and Protection Fund. Further the company has deposited ₹1.65 lacs for the year 2015-16 (previous year ₹1.63 lacs for the year 2014-15) to the fund during the year.

## 24. OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
Statutory dues payable	60.38	51.45
Trade deposits	5.05	5.05
Revenue received in advance	461.31	368.71
	<b>526.74</b>	<b>425.21</b>

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024  
 (All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## 25. CURRENT PROVISIONS

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for bonus	122.30	142.71
Provision for gratuity (refer note 40)	51.45	50.96
Provision for compensated absences	28.56	27.41
	<b>202.31</b>	<b>221.08</b>

## 26. REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Sale of products</b>		
Yarn and threads	8,874.41	7,727.60
Less: rebate and discounts	(19.35)	(31.37)
	<b>8,855.06</b>	<b>7,696.23</b>
<b>Other operating revenue</b>		
Process waste sale	245.45	469.04
Other scrap sales	19.81	29.90
Duty Drawback and other export incentives (refer note 12 and 13)	235.39	202.64
	<b>500.65</b>	<b>701.58</b>
<b>Revenue from operations</b>	<b>9,355.71</b>	<b>8,397.81</b>

## 27. OTHER INCOME

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest income on fixed deposits carried at amortised cost	4.03	4.13
Interest income on financial assets carried at amortised cost	6.42	6.92
Foreign exchange fluctuation gain (net)	103.89	102.07
Liabilities no longer payable written back	51.06	43.91
Profit on sale of property, plant and equipment	-	38.38
Profit on sale of Mutual Fund	3.59	-
Miscellaneous income	10.59	12.35
	<b>179.58</b>	<b>207.76</b>

## 28. COST OF MATERIAL CONSUMED

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Raw material:		
Cotton	2,498.61	3,391.27
Colour and chemicals	590.64	659.81
Packing materials	387.87	332.23
	<b>3,477.12</b>	<b>4,383.31</b>

# Notes

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CIN: L18101HR1981PLC012274

## 29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SCRAP

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Inventories at the end of the year</b>		
Finished goods	470.97	634.74
Work-in-progress	2,010.55	2,154.96
Scrap	37.71	33.48
	<b>2,519.23</b>	<b>2,823.18</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	634.74	651.62
Work-in-progress	2,154.96	1,969.26
Scrap	33.48	82.99
	<b>2,823.18</b>	<b>2,703.87</b>
<b>Decrease/(Increase) in inventories</b>	<b>303.95</b>	<b>(119.31)</b>

## 30. EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Salaries and wages	2,001.34	1,932.83
Contributions to provident and other funds	221.87	224.07
Gratuity expense (refer note 40)	67.07	64.69
Workmen and staff welfare expenses	40.90	41.70
	<b>2,331.18</b>	<b>2,263.29</b>

## 31. OTHER EXPENSES

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Consumption of stores and spare	170.49	147.74
Power and fuel	1,347.37	1,396.12
Freight and forwarding	228.92	236.55
Water and water recycling	166.00	170.57
Rent including lease rentals	78.98	64.67
Travelling and conveyance	46.50	41.55
Security expenses	121.13	116.29
Commission	53.72	58.51
Vehicle running and maintenance	64.30	74.69
Business promotion and advertisement	35.07	37.42
Electricity and water expenses	76.07	59.65
Repairs and maintenance - buildings	15.12	13.79
Repairs and maintenance - machinery	6.49	5.82
Repairs and maintenance - others	26.82	24.34
Legal and professional	192.30	219.46
Insurance	63.96	56.18

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

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Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Rates and taxes	3.12	15.52
Communication	21.53	21.43
Printing and stationery	1.26	3.02
Doubtful recoverables written off	2.14	106.72
Payment to auditors (see note 31(a) below)	24.58	41.07
Corporate social responsibility expenses (refer note 46)	-	10.32
Miscellaneous expenses	80.47	105.20
	<b>2,826.34</b>	<b>3,026.63</b>

### 31(a). Details of payment made to auditors (excluding goods and service tax)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Statutory audit fees (including fees for limited reviews)	17.44	32.90
Tax audit fee	4.00	3.25
Certification fee	-	3.00
Reimbursement of expenses	3.14	1.92
	<b>24.58</b>	<b>41.07</b>

### 32. FINANCE COSTS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest expense - borrowings	403.32	290.40
Interest on lease liability	43.80	8.68
Interest expenses - others	133.21	165.10
Other borrowing costs	86.45	70.64
	<b>666.78</b>	<b>534.82</b>

### 33. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation on property, plant and equipment	275.18	332.69
Amortisation of intangible assets	20.27	15.29
Amortisation of right-of-use assets	54.27	48.62
	<b>349.72</b>	<b>396.60</b>

### 34. INCOME TAX

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>(a) Income tax expense</b>		
- Current tax	-	-
- Tax credited of earlier years	-	(2.15)
- Deferred tax	(510.43)	(70.40)
<b>Income tax expense</b>	<b>(510.43)</b>	<b>(72.55)</b>

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Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>(b) Reconciliation of tax expense and the accounting profit</b>		
(Loss)/profit before income tax expense	(419.80)	(1,879.77)
Statutory income tax rate	27.82%	27.82%
Amount of tax at statutory income tax rate	<b>(116.78)</b>	<b>(522.95)</b>
<b>Adjustments:</b>		
Tax impact of non-deductible expense	2.67	5.16
Tax impact of deferred tax not created on current year tax loss	51.76	444.48
Tax impact of deferred tax created on previous year tax loss	(430.51)	
Reversal of Deferred tax Liability on Property, plant and equipment	(24.59)	
Reversal of MAT credit entitlement	7.47	
Other differences	(0.45)	0.76
<b>Total</b>	<b>(393.65)</b>	<b>450.40</b>
<b>Amount of tax at statutory income tax rate post adjustments</b>	<b>(510.43)</b>	<b>(72.55)</b>

## 35. EARNINGS PER SHARE

Particulars	As at 31 March 2024	As at 31 March 2023
(Loss)/profit for the year	90.63	(1,807.22)
Nominal value per share (in ₹)	10	10
Weighted average number of equity shares for basic earnings per share	39,22,000	38,69,222
Weighted average number of equity shares for diluted earnings per share	39,22,000	38,69,222
<b>(Loss)/earnings per share (in ₹)</b>		
Basic earnings per share	2.31	(46.71)
Diluted earnings per share	2.31	(46.71)

## 36. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>i) Contingent liabilities</b>	77.87	77.87
Entry tax for which the company is contingently liable*	77.87	77.87

\* Estimated liability amounting to ₹77.87 lacs pertains to Haryana entry tax for the period April' 2008 to March' 2016. The Entry tax was imposed by the Government of Haryana but was struck down by the Hon'ble High Court of Punjab and Haryana. The Government of Haryana had gone into appeal before the Hon'ble Supreme Court of India against the judgement of Hon'ble High Court of Punjab and Haryana. The Hon'ble Supreme Court upheld the levy of the entry tax. However, the matter of determination and settlement of the amount of tax is pending with the state. Further, with the introduction of Goods and Service Tax Act, 2017, entry tax has been repealed. In the absence of the appropriate rules and provisions for payment of entry tax, the management of the Holding Company has decided to disclose this liability as contingent and accordingly, no adjustment has been considered necessary in these consolidated financial statements.



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## 37. RELATED PARTY DISCLOSURES

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

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

#### Key managerial personnel

Mr. Kailash Kumar Agarwal

Mr. RaghavKumar Agarwal

CS Shubham Jain

#### Relationship

Chairman and Managing Director

Executive Director, Chief Executive Officer and Chief Financial Officer

Company Secretary

#### Non-executive Directors

Mr. Parshotam Dass Agarwal

Ms. Ritu Bansal

Mr. Vikram Sumatilal Sheth (joined w.e.f 30 April 2022)

Mr. Siddharth Agrawal (Appointed w.e.f 10 August 2022)

Independent Director

Director

Independent Director

Independent Director

#### Relatives of key managerial personnel

Mr. Raj Kumar Agarwal

Mr. Ashok Kumar Agarwal

Mr. Ravindra Agarwal

Mr. Surender Agarwal

Relative of Mr. Kailash Kumar Agarwal

Relative of Mr. Kailash Kumar Agarwal

Relative of Mr. Kailash Kumar Agarwal

Relative of Mr. Kailash Kumar Agarwal

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

Sanjay Mercantile Private Limitd

Achhar Investments Limited

Jainish Products Limited

Sacred Trading & Investment Co. Limited

Sailesh Textile Mfg Co Limited

Shree Hunna Ram Ginni Devi Public Charitable Trust

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

Nature of transaction & name of related party	31 March 2024	31 March 2023
<b>Board sitting fees</b>		
Mr. Parshotam Dass Agarwal	4.45	4.95
Mr. Vikram Sumatilal Sheth (Appointed w.e.f 30.04.2022)	4.60	4.45
Mr. Siddharth Agrawal (Appointed w.e.f 10.08.2022)	2.45	1.15
Ms. Ritu Bansal	2.15	3.10
<b>Salary/remuneration*</b>		
Mr. Kailash Kumar Agarwal	71.53	70.76
Mr. RaghavKumar Agarwal	59.62	58.62
CS Shubham Jain	11.74	8.95
<b>* Break-up of key managerial personnel remuneration</b>		
Short-term employee benefits	142.89	138.33
Post-employment benefits	-	-
Long-term employee benefits#	-	-
Termination benefits	-	-
<b>Total</b>	<b>142.89</b>	<b>138.33</b>
#As the liability for gratuity and leave encashment are provided on actuarial basis for the Holding Company, as a whole, amounts accrued pertaining to key management personnel are not included above.		
<b>Professional fees to relatives of key managerial personnel</b>		
Mr. Raj Kumar Agarwal	19.20	19.20
Mr. Ashok Kumar Agarwal	19.20	19.20
Mr. Ravindra Agarwal	19.20	19.20
<b>Lease rent expense</b>		
Sanjay Mercantile Private Limited	-	0.15
Mr. Kailash Kumar Agarwal	0.30	0.30
<b>Share warrant money received during the year</b>		
Mr. Kailash Kumar Agarwal	-	45.36
Mr. RaghavKumar Agarwal	-	30.24
<b>Professional fees to relatives of key managerial personnel</b>		
Mr. Raj Kumar Agarwal	19.20	19.20
Mr. Ashok Kumar Agarwal	19.20	19.20
Mr. Ravindra Agarwal	19.20	19.20
<b>Lease rent expense</b>		
Sanjay Mercantile Private Limited	-	0.15
Mr. Kailash Kumar Agarwal	0.30	0.30
<b>Share warrant money received during the year</b>		
Mr. Kailash Kumar Agarwal	-	45.36
Mr. RaghavKumar Agarwal	-	30.24
<b>Share warrants converted into equity shares during the year</b>		
Mr. Kailash Kumar Agarwal	-	60.48
Mr. RaghavKumar Agarwal	-	40.32
<b>Reimbursement to related party</b>		
Mr. Kailash Kumar Agarwal	2.19	0.06
Mr. RaghavKumar Agarwal	-	0.59
CS Shubham Jain	0.19	0.65
Mr. Raj Kumar Agarwal	6.20	7.18
Mr. Ashok Kumar Agarwal	4.45	2.10
<b>Donations</b>		
Shree Hunna Ram Ginni Devi Public Charitable Trust	-	14.70

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### c) Balances outstanding with related parties at the year end

Nature of outstanding & name of related party	31 March 2024	31 March 2023
<b>Salary/remuneration payable</b>		
Mr. Kailash Kumar Agarwal	2.91	3.06
Mr. RaghavKumar Agarwal	2.50	2.61
<b>Professional fees payable</b>		
Mr. Raj Kumar Agarwal	7.20	4.32
Mr. Ashok Kumar Agarwal	10.80	4.32
Mr. Ravindra Agarwal	18.72	4.32
<b>Lease rentals payable</b>		
Sanjay Mercantile Pvt. Ltd.	8.30	8.30
Mr. Kailash Kumar Agarwal	0.30	0.30
<b>Board sitting fees payable</b>		
Mr. Parshotam Dass Agarwal	1.04	-
Ms. Ritu Bansal	0.45	-
Mr. Vikram Sumatilal Sheth	1.04	-
Mr. Siddharth Agrawal	0.59	-

Outstanding personal guarantee by Mr. Kailash Kumar Agarwal and Mr. RaghavKumar Agarwal (previous year: Mr. Kailash Kumar Agarwal and Mr. Raghav Kumar Agarwal) against various credit facilities availed by the Company and the balance of such facilities as at 31 March 2024 being ₹3,300.75 lacs (previous year: ₹3,988.91 lacs), sanctioned limit of such credit facilities: ₹3,750.00 lacs (previous year: ₹4,678.10 lacs).

- d) The Group Company has not granted any loans or advances to any of its promoter, director, key managerial personal or any other related party.
- e) The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

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## 38. FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

	31 March 2024				31 March 2023			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
<b>Financial assets</b>								
Investments	-	-	-	-	53.78	-	-	53.78
Trade receivables	-	-	628.40	628.40	-	-	850.82	850.82
Cash and cash equivalents	-	-	6.52	6.52	-	-	105.65	105.65
Other bank balances	-	-	121.23	121.23	-	-	57.80	57.80
Other financial assets	-	-	246.59	246.59	-	-	221.44	221.44
<b>Total financial assets</b>	-	-	<b>1,002.74</b>	<b>1,002.74</b>	<b>53.78</b>	-	<b>1,235.71</b>	<b>1,289.49</b>
<b>Financial liabilities</b>								
Borrowings	-	-	3,473.61	3,473.61	-	-	4,037.40	4,037.40
Lease liability	-	-	451.03	451.03	-	-	478.63	478.63
Trade payables	-	-	2,294.81	2,294.81	-	-	2,231.79	2,231.79
Other financial liabilities	-	-	214.46	214.46	-	-	174.86	174.86
<b>Total financial liabilities</b>	-	-	<b>6,433.91</b>	<b>6,433.91</b>	-	-	<b>6,922.68</b>	<b>6,922.68</b>

### (ii) Fair value hierarchy

Financial assets and liabilities measured at amortised cost for which fair values are disclosed	31 March 2024				31 March 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments	-	-	-	-	53.78	-	-	53.78
Trade receivables	-	-	628.40	628.40	-	-	850.82	850.82
Cash and cash equivalents	-	-	6.52	6.52	-	-	105.65	105.65
Other bank balances	-	-	121.23	121.23	-	-	57.80	57.80
Other financial assets	-	-	246.59	246.59	-	-	221.44	221.44
<b>Total financial assets</b>	-	-	<b>1,002.74</b>	<b>1,002.74</b>	<b>53.78</b>	-	<b>1,235.72</b>	<b>1,289.49</b>
<b>Financial liabilities</b>								
Borrowings	-	-	3,473.61	3,473.61	-	-	4,037.40	4,037.40
Lease liability	-	-	451.03	451.03	-	-	478.63	478.63
Trade payables	-	-	2,294.81	2,294.81	-	-	2,231.79	2,231.79
Other financial liabilities	-	-	214.46	214.46	-	-	174.86	174.86
<b>Total financial liabilities</b>	-	-	<b>6,433.91</b>	<b>6,433.91</b>	-	-	<b>6,922.68</b>	<b>6,922.68</b>

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

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

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

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

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

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

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

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

	31 March 2024		31 March 2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Financial assets</b>				
<b>Other financial assets</b>				
Security deposits	162.84	162.84	149.89	149.89

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

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

## 39. FINANCIAL INSTRUMENTS

### A. Capital risk management

The Group's objective when managing capital are to

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

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

During the year, the Group has complied with the externally imposed capital requirements to which it is subject.

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

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Particulars	As at 31 March 2024	As at 31 March 2023
Long term borrowings (including current maturities)	999.11	1,020.54
Short term borrowings	2,474.50	3,016.86
<b>Total debt</b>	<b>3,473.61</b>	<b>4,037.40</b>
Less: Cash and cash equivalent	6.52	105.65
<b>Net debt</b>	<b>3,467.09</b>	<b>3,931.75</b>
Equity share capital	392.20	392.20
Other equity	982.59	906.43
<b>Total equity</b>	<b>1,374.79</b>	<b>1,298.63</b>
<b>Net debt to equity ratio</b>	<b>2.52</b>	<b>3.03</b>

## B. Financial risk management

### Financial risk management objectives and policies

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

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

### (I) Market risk :

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

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

### (i) Interest rate risk

#### (a) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2024, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

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## Interest rate risk exposure

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

Particulars	31 March 2024	31 March 2023
Variable rate borrowings	3,297.89	3,988.91
Fixed rate borrowings*	175.72	48.49
<b>Amount disclosed under borrowings</b>	<b>3,473.61</b>	<b>4,037.40</b>

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

## Sensitivity

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

Particulars	31 March 2024	31 March 2023
<b>Interest sensitivity*</b>		
Interest rates – increase by 500 basis points	20.17	14.52
Interest rates – decrease by 500 basis points	(20.17)	(14.52)

\* Holding all other variables constant

## (b) Assets

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

## (ii) Foreign currency risk

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

## Derivative instruments

Derivative contracts outstanding

	As at 31 March 2024			As at 31 March 2023		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
Forward contract to sell	USD	0.401 million	333.17	USD	0.367 million	305.17
Forward contract to sell	EURO	0.160 million	143.21	EURO	0.264 million	236.47

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



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

	As at 31 March 2024			As at 31 March 2023		
	Foreign Currency	Amount (foreign currency)	Amount (INR)	Foreign Currency	Amount (foreign currency)	Amount (INR)
<b>Financial assets</b>						
Trade receivables	USD	-	-	USD	0.296 million	240.71
	EURO	0.609 million	199.56	EURO	0.063 million	55.87
<b>Financial liabilities</b>						
Trade payables	USD	0.0194 million	16.19	USD	0.0198 million	16.22
	EURO	0.0054 million	4.52	EURO	0.0095 million	8.44
	GBP	0.0028 million	2.90	GBP	0.0016 million	1.63
<b>Financial liabilities</b>						
Borrowings	EURO	0.299 million	278.57	EURO	0.299 million	269.72

## Sensitivity analysis

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

Particulars	As at 31 March 2024	As at 31 March 2023
USD sensitivity		
₹/USD- increase by 2% (previous year:- 8%)*	(0.18)	13.26
₹/USD- decrease by 2% (previous year:- 8%)*	0.18	(13.26)
EURO sensitivity		
₹/EURO- increase by 1% (previous year:- 6%)*	(0.56)	(9.64)
₹/EURO- decrease by 1% (previous year:- 6%)*	0.56	9.64
GBP sensitivity		
₹/GBP- increase by 4% (previous year:- 2%)*	(0.08)	(0.02)
₹/GBP- decrease by 4% (previous year:- 2%)*	0.08	0.02

\* Holding all other variables constant

## (II) Credit Risk:

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

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

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,

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

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

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

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

Particulars	As at 31 March 2024	As at 31 March 2023
Not due	148.50	47.74
0-180 days past due	477.80	798.68
More than 180 days past due	2.10	4.40
<b>Total</b>	<b>628.40</b>	<b>850.82</b>

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

### Concentration of financial assets

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

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

Particulars	As at 31 March 2024	As at 31 March 2023
Export wholesale customers	555.89	840.28
Domestic wholesale customers	72.51	10.54
<b>Total</b>	<b>628.40</b>	<b>850.82</b>

### Liquidity Risk :

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors

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rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

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

	Less than 1 year	1-7 year	Total
<b>As at 31 March 2024</b>			
Borrowings	2,886.53	696.05	3,582.58
Trade payables and other accruals	2,508.72	-	2,508.72
Lease liability	71.40	595.06	666.46
<b>As at 31 March 2023</b>			
Borrowings	3,190.60	862.22	4,052.82
Trade payables and other accruals	2,404.66	-	2,404.66
Lease liability	71.40	666.46	737.86

## Undrawn borrowing facilities

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

Particulars	As at 31 March 2024	As at 31 March 2023
Cash credit and other facilities	378.05	692.24

## 40. EMPLOYEE BENEFITS

Employee benefit obligations	31 March 2024			31 March 2023		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	51.45	243.97	295.42	50.96	224.39	275.35
Compensated absences	28.56	59.68	88.24	27.41	50.05	77.46
<b>Total employee benefit obligations</b>	<b>80.01</b>	<b>303.65</b>	<b>383.66</b>	<b>78.37</b>	<b>274.44</b>	<b>352.81</b>

## Contribution to provident fund

The Group makes contribution to statutory provident fund and employee's state insurance. These are post-employment benefits and are in nature of defined contribution plans. Contribution made by the Group during the year is ₹216.31 lacs (previous year: ₹218.64 lacs).

## Gratuity

### Holding Company

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

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## (a) Disclosure of gratuity

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Balance as at beginning of the year</b>	275.35	265.52
Current service cost	46.81	45.62
Interest cost	20.27	19.07
Remeasurement- Actuarial (gains)/losses	20.05	3.76
Benefits paid	(67.05)	(58.62)
<b>Balance as at end of the year</b>	<b>295.43</b>	<b>275.35</b>

The amount recognised in the Consolidated Statement of Profit and Loss under employee benefit expense are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Current service cost	46.81	45.62
Interest cost	20.27	19.07
<b>Total amount recognised in consolidated statement of profit and loss</b>	<b>67.08</b>	<b>64.69</b>

The amount recognised in the Other Comprehensive Income are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Remeasurements of defined benefit liability</b>		
Actuarial (gains) from change in financial assumptions	2.12	(2.59)
Actuarial (gains)/ losses arising from change in experience adjustments	17.93	6.35
<b>Total amount recognised in other comprehensive income</b>	<b>20.05</b>	<b>3.76</b>

## (b) Assumptions:

### 1. Economic assumptions

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

Particulars	As at 31 March 2024	As at 31 March 2023
Discount rate	7.22%	7.36%
Salary growth rate	3.00%	3.00%
Average remaining working life (years)	17.78	19.05

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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## 2. Demographic assumptions

Attrition rates are the Group's best estimate of employee turnover in future determined considering factors such as nature of business and industry, retention policy, demand and supply in employment market, standing of the Group, business plan, HR Policy as provided in the relevant accounting standard. Attrition rates used for valuation are given below:

Particulars	As at 31 March 2024	As at 31 March 2023
Retirement age	58	58
Withdrawal rate, based on age		
Upto 30 years	20.00%	20.00%
From 31 to 44 years	10.00%	10.00%
Above 44 years	5.00%	5.00%
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

### (c) Sensitivity analysis

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>i) Impact of the change in discount rate</b>		
Present value of obligation at the end of the period	295.43	275.35
Impact due to increase of 0.50%	(7.53)	(7.02)
Impact due to decrease of 0.50%	7.95	7.42
<b>ii) Impact of the change in salary increase</b>		
Impact due to increase of 0.50%	8.25	7.70
Impact due to decrease of 0.50%	(7.86)	(7.34)

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

(d) The expected expense of the Group during the next year is ₹69.83 lacs (previous year: ₹67.09 lacs).

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

Particulars	As at 31 March 2024	As at 31 March 2023
Within next 1 year	51.46	50.96
Between 1 to 5 years	107.23	94.49
After 5 years	136.74	129.90
<b>Total expected payments</b>	<b>295.43</b>	<b>275.35</b>

(f) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7.73 years (previous year: 7.76 years).

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to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

## Subsidiary Company

The Subsidiary Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan. There were no employees in the Subsidiary Company during the period and hence, no expense has been incurred during the period.

## 41. OPERATING SEGMENTS

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Revenue from operations</b>		
India	1,174.17	975.93
Japan	1,305.60	904.38
USA	656.63	588.37
Denmark	2,026.75	1,513.34
Netherlands	1,059.65	765.74
Others	2,632.26	2,948.47
	<b>8,855.06</b>	<b>7,696.23</b>
<b>Revenue from major customers</b>		
Revenue from customers (three) (previous year : two) who contribute 10% or more to the Company's revenue	3,949.13	1,748.35
Revenue from others	4,905.93	5,947.88
	<b>8,855.06</b>	<b>7,696.23</b>
<b>Non - current assets</b>		
Within India	4,394.35	4,289.92
	<b>4,394.35</b>	<b>4,289.92</b>

## 42. ASSETS PLEDGED AS SECURITY

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

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
<b>Financial assets</b>		
i) Investments	-	53.78
ii) Trade receivables	628.40	850.82
iii) Cash and cash equivalent	6.52	105.65
iv) Bank balances other than (iii) above	121.23	57.80
v) Other financial assets	83.75	70.85
<b>Non-financial assets</b>		
i) Inventories	2,901.09	3,203.53
ii) Other current assets	706.06	599.21
<b>Total current assets pledged as security</b>	<b>4,447.05</b>	<b>4,941.64</b>

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

CIN: L18101HR1981PLC012274

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
<b>Non-financial assets</b>		
i) Property, plant and equipment	2,712.38	2,956.96
<b>Total non-current assets pledged as security</b>	<b>2,712.38</b>	<b>2,956.96</b>
<b>Total assets pledged as security</b>	<b>7,159.43</b>	<b>7,898.60</b>

## 43. SUBSEQUENT EVENTS AFTER THE REPORTING DATE

There were no significant adjusting events that occurred subsequent to the reporting period other than events disclosed in the relevant notes.

44. The figures of the corresponding previous year have been regrouped/reclassified wherever considered necessary to correspond to current year classification/disclosures.

## 45. GROUP'S FOREIGN CURRENCY EXPOSURE:

	31 March 2024		31 March 2023	
	In foreign currency	In INR	In foreign currency	In INR
<b>Unhedged</b>				
<b>Trade payables</b>				
USD	0.0194 million	16.19	0.0198 million	16.22
EURO	0.0054 million	4.52	0.0095 million	8.44
GBP	0.0028 million	2.90	0.0016 million	1.63
<b>Trade receivables</b>				
USD	-	-	0.296 million	240.71
EURO	0.609 million	199.56	0.063 million	55.87
<b>Borrowings</b>				
EURO	0.299 million	278.57	0.299 million	269.72
<b>Hedged</b>				
<b>Trade receivables</b>				
EURO	0.160 million	143.21	0.264 million	236.47
USD	0.401 million	333.17	0.367 million	305.17

## 46. CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects. A CSR committee has been formed by the Holding company as per the Act. During the current



# Notes

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(All amounts in ₹ lacs, unless stated otherwise)

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year, the Holding company is not fulfilling the criteria as mentioned in the provisions of section 135 of the Companies Act, 2013.

Particulars	31 March 2024	31 March 2023
Amount required to be spent by the Holding company during the year	-	10.32
Amount of expenditure incurred	-	10.32
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	-	-
Nature of CSR activities	-	Contribution to Clean Ganga Fund and health care sector
Details of related party transaction	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	-	-

## 47. LEASES

i) Lease liabilities are presented in the consolidated balance sheet as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Current	30.13	27.60
Non-current	420.90	451.03
<b>Total</b>	<b>451.03</b>	<b>478.63</b>

The maturity analysis of lease liabilities are disclosed in note 39.

ii) The recognised right-of-use assets relate to corporate office as at 31 March 2024

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Right-of-use assets- corporate office</b>		
Balance as at beginning of the year	483.60	57.52
Add: additions on account of new leases entered during the year	-	474.70
Less: Amortisation expense charged on the right-of-use assets	54.27	48.62
<b>Balance as at end of the year</b>	<b>429.33</b>	<b>483.60</b>

iii) The following are amounts recognised in consolidated statement of profit and loss:

Particulars	As at 31 March 2024	As at 31 March 2023
Amortisation expense of right-of-use assets	54.27	48.62
Interest expense on lease liabilities	43.80	8.68
Rent expense	78.98	64.67
<b>Total</b>	<b>177.05</b>	<b>121.97</b>

iv) Lease payments not recognised as a liability

Particulars	As at 31 March 2024	As at 31 March 2023
Expenses relating to short term leases (included in other expenses (refer note 31))	78.98	64.67
<b>Total</b>	<b>78.98</b>	<b>64.67</b>

v) Total cash outflow for leases for the year ended 31 March 2024 was ₹71.40 lacs (previous year: ₹62.88 lacs)

# Notes

to Consolidated Financial Statements for the year ended 31 March 2024

(All amounts in ₹ lacs, unless stated otherwise)

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- vi) The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on consolidated balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (in years)	Average remaining lease term (in years)
Corporate office	1	7.92	7.92

The Group has a right to extend/terminate its leasing arrangements beyond the initial agreement/lock in period. For the assessment of lease term as per Ind AS 116, the management of the Group has considered the extension options and not considered the early termination options wherever available for its property leases in its lease period assessment since the Group is likely to be benefited from a longer lease tenure.

## 48. IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Ind AS 115: Revenue from Contracts with Customers, establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

### (i) Disaggregation of revenue

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

Revenue from operations	Year ended 31 March 2024	Year ended 31 March 2023
<b>Revenue by geography</b>		
Domestic	1,174.17	975.93
Export	7,680.89	6,720.30
<b>Total</b>	<b>8,855.06</b>	<b>7,696.23</b>

### (ii) Revenue recognised in relation to contract liabilities

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

Description	Year ended 31 March 2024	Year ended 31 March 2023
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	314.51	192.26
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

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(All amounts in ₹ lacs, unless stated otherwise)

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### (iii) Assets and liabilities related to contracts with customers

Revenue received in advance

Description	Year ended 31 March 2024	Year ended 31 March 2023
<b>Contract liabilities related to sale of goods</b>		
Revenue received in advance	461.31	368.71
<b>Total</b>	<b>461.31</b>	<b>368.71</b>

### (iv) Reconciliation of revenue recognised in consolidated statement of profit and loss with contract price

Description	Year ended 31 March 2024	Year ended 31 March 2023
Contract price	8,874.41	7,727.60
Less: Discount, rebates	19.35	31.37
<b>Revenue from operations (excluding other operating revenue) as per consolidated statement of profit and loss</b>	<b>8,855.06</b>	<b>7,696.23</b>

### (v) Significant changes in contract assets and liabilities

Revenue received in advance

Description	Year ended 31 March 2024	Year ended 31 March 2023
<b>Opening balance</b>	368.71	259.48
<b>Add:</b> Addition during the year	407.11	301.49
<b>Less:</b> Revenue recognised during the year from opening liability	314.51	192.26
<b>Closing balance</b>	<b>461.31</b>	<b>368.71</b>

## 49. GROUP INFORMATION

### A Information about subsidiaries

The Holding Company's subsidiary at 31 March 2024 is set out below. Unless otherwise stated, the subsidiary has share capital consisting solely of equity shares that is held directly by the Holding Company and the proportion of ownership interests held equals the voting rights held by the Holding Company. The country of incorporation or registration is also its principal place of business.

Name of the entity	Principal activities	Country of incorporation	Ownership interest held by the Group	Ownership interest held by Non-controlling interest
			31 March 2024	31 March 2024
			%	%
HP MMF Textiles Limited	Manufacture all kinds of textiles, yarns, fabrics, garments and other related products	India	100.00%	-

## Notes

to Consolidated Financial Statements for the year ended 31 March 2024

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### B Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets*	Amount (INR)	As % of consolidated profit or loss*	Amount (INR)	As % of consolidated other comprehensive income*	Amount (INR)	As % of consolidated total comprehensive income	Amount (INR)
<b>Holding Company</b>								
H.P. Cotton Textile Mills Limited	100.07%	1,375.79	101.62%	92.10	100.00%	-14.47	101.93%	77.63
<b>Indian subsidiaries</b>								
HP MMF Textiles Limited	-0.07%	-1.00	-1.62%	-1.47	0.00%	-	-1.93%	-1.47
<b>Non-controlling interest in subsidiaries</b>	0.00%	-	0.00%	-	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>1,374.79</b>	<b>100.00%</b>	<b>90.63</b>	<b>100.00%</b>	<b>- 14.47</b>	<b>100.00%</b>	<b>76.16</b>

\*The above amounts / percentage of net assets and net profit or (loss) in respect of H. P. Cotton Textile Mills Limited and its subsidiary are determined based on the amounts of the respective entities included in consolidated financial statements after inter-company eliminations / consolidation adjustments.

### 50. ADDITIONAL REGULATORY INFORMATION NOT DISCLOSED ELSEWHERE IN THE CONSOLIDATED FINANCIAL STATEMENTS:

- The Group has complied with the number of layers of companies prescribed under the Companies Act, 2013.
- The Group has not delayed in creation or satisfaction of charges with ROC beyond the statutory period.
- The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.
- During the current year and previous year, the Group has not entered in any transaction with any struck off company and does not have investment in securities, receivable or payable from struck off companies. Further, shares of the Group are not held by any struck off company.
- No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Group is regular in disclosing income on timely basis and there is no undisclosed income assessed by tax officials.
- During the current and previous year, the Group is regular in complying with all the laws and regulations of Foreign Exchange Management Act, 1999, Companies Act, 2013 and Prevention of Money Laundering Act, 2002 as applicable.
- The Group is not a wilful defaulter. During the current and previous year, the Group had repaid all its dues on timely basis and has not defaulted any payment.

# Notes

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- i. The Group has utilised borrowed money for the same purpose for which is was actually sanctioned and has not diverted any fund from purpose as per sactioned terms.
- j. The quarterly returns or statements of current assets filed by the Group with banks are in agreement with the books of accounts except for the following:

Name of Bank	Working capital limit sanctioned	Quarter	Nature of current assets offered as security	Amount disclosed as per return (in Lakhs) (A)	Amount as per books of accounts (in Lakhs) (B)	Difference (in lakhs) (A-B)	Remarks/ reason, if any
State Bank of India	2,870.00	Quarter 1	Inventory and Trade Receivables	4,179.91	3,845.51	334.40	Under/over reporting of assets numbers in stock statement is on account of revaluation of foreign trade receivables on closing date as per requirements of Ind AS, reclassification entries and provisional valuation of WIP & Finished Goods inventory
		Quarter 2		4,198.36	4,014.52	183.84	
		Quarter 3		3,782.60	3,719.97	62.63	
		Quarter 4		3,376.21	3,529.49	(153.28)	

- k. The Group has not advanced, loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group or
- (ii) provide any guarantee, security or the like to or on behalf of the Group
- l. The Group has not received any funds from any person(s) or entity(ies), including foreign entities with the understanding (whether recorded in writing or otherwise) that the Group shall
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group or
- (ii) provide any guarantee, security or the like to or on behalf of the Group

m. Ratio Analysis

Ratio	Current period	Previous period	% Variance	Reason for variance (if more than 25%)
<b>Liquidity ratio</b>				
Current Ratio (times) (Current assets/Current liabilities)	0.73	0.79	(7.59%)	Refer Note 1
<b>Solvency ratio</b>				
Debt-Equity Ratio (times) (Total debt (long term + short term)/ Shareholders equity)	2.53	3.11	(18.65%)	Refer Note 1

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CIN: L18101HR1981PLC012274

Ratio	Current period	Previous period	% Variance	Reason for variance (if more than 25%)
Debt Service Coverage Ratio (times) ((PAT+Non Cash operating Exp+Interest+other non-cash adjustment)/ Interest+lease payment+principal repayment)	1.17	(1.77)	(166.10%)	Due to increase in shareholder's equity and decrease in debt during the year
<b>Profitability ratio</b>				
Net Profit Ratio (%) (PAT/Revenue from operations)	0.97%	(21.52%)	(104.51%)	Due to profitability in current year
Return on Equity Ratio (%) ((PAT - preference dividend)/Average shareholders equity)	6.78%	(82.71%)	(108.20%)	Due to profitability in current year
Return on Capital employed (%) (Earning before interest & taxes/Tangible networth+total debt+deferred tax liabilities)	5.61%	(24.96%)	(122.48%)	Due to profitability in current year
Return on Investment (%) (Income generated from invested funds/ Average Invested funds in treasury investments)	3.47%	7.31%	(52.53%)	Due to increase in investment in current year
<b>Utilization ratio</b>				
Trade Receivables turnover ratio (times) (Revenue from operations/Average accounts receivable)	12.65	7.52	68.22%	Due to increase in sales
Inventory turnover ratio (times) (Cost of goods sold/Average inventory)	1.24	1.42	(12.68%)	Refer Note 1
Trade payables turnover ratio (times) (Net credit purchases/Average trade payables)	1.67	1.95	(14.36%)	Refer Note 1
Net capital turnover ratio (times) (Revenue from operations/Closing working capital)	(6.26)	(16.53)	(62.13%)	Due to increase in sales and negative working capital as at the year end

## Note 1

There is no significant change (25% or more) in financial year 2023-24 in comparison to financial year 2022-23.

For **D.Kothary & Co**  
Chartered Accountants  
Firm Registration Number:- 105335W

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

**Deepak O. Narsaria**  
Partner  
Membership No.: 121190

**Kailash Kumar Agarwal**  
Chairman & Managing Director  
DIN: 00063470

**RaghavKumar Agarwal**  
Executive Director  
Chief Executive Officer &  
Chief Financial Officer  
DIN: 02836610

**Shubham Jain**  
Company Secretary  
Membership No. : ACS 49541

Place: Mumbai  
Date: 14 May 2024

Place: New Delhi  
Date: 14 May 2024



**CORPORATE OFFICE**  
F-0, The Mira Corporate Suites,  
1 & 2, Old Ishwar Nagar, Mathura Road,  
New Delhi - 110065, India  
[www.hpthreads.com](http://www.hpthreads.com)