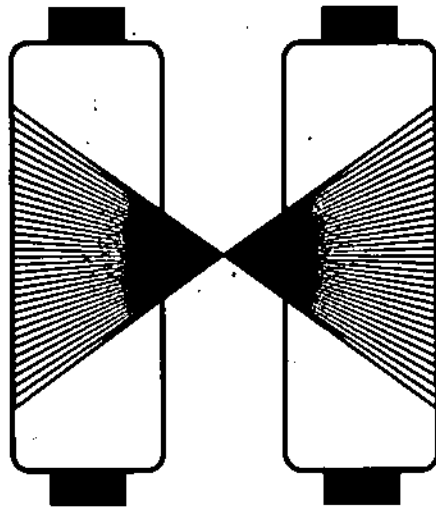




24th

ANNUAL REPORT

2015-2016



HSML



HISAR SPINNING MILLS LIMITED



BOARD OF DIRECTORS

Mr. Gopal Krishan Gupta
Managing Director

Mr. T N Goel
Independent Director

Mr. Anurag Gupta
Executive Director

Mr. Vikas Gupta
Independent Director

Mr. Rajesh Gupta
Independent Director
(Expired on 04/07/2016)

Mrs. Sapna Kansal
Non Executive Director

AUDIT COMMITTEE

Mr. Rajesh Gupta
Chairman
(Expired on 04/07/2016)

Mr. Vikas Gupta
Independent Director

Mr. Gopal Krishan Gupta
Managing Director

NOMINATION & REMUNERATION COMMITTEE

Mr. T N Goel
Chairman

Mr. Vikas Gupta
Independent Director

Mrs. Sapna Kansal
Non Executive Director

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mrs. Sapna Kansal
Chairman

Mr. Anurag Gupta
Executive Director

Mr. Vikas Gupta
Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER **CHIEF FINANCIAL OFFICER**

Ms. Tanu Sharma

Mr. Sharad Goel

AUDITORS **BANKERS**

M/s Jain & Anil Sood
Chartered Accountant
SCO 12, Basement, Feroze Gandhi Market,
Ludhiana - 141001

Punjab National Bank
Main Branch, Hisar 125001

REGD. OFFICE & WORKS

9th KM Stone, Hisar Bhiwani Road, V.P.O Dabra (Hisar), Haryana -125005

TWENTY-FOURTH ANNUAL GENERAL MEETING

30th day of September, 2016 i.e Friday at 12:00 HRS. at the Registered Office of the Company at 9th KM Stone, Hisar Bhiwani Road, V.P.O Dabra (Hisar), Haryana -125005



NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of the company will be held on Friday, the 30th day of September, 2016 at 12:00 Hrs. at the Registered Office of the Company at 9th KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar to transact the following business-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance sheet as at March 31, 2016 and the Profit & Loss Account for the year ended on that date together with the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Ms. Sapna Kansal, DIN 06892410 who retires by rotation and is eligible for reappointment.
3. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of Companies Act, 2013, the appointment of M/s Jain & Anil Sood, Chartered Accountants, Chandigarh, the retiring auditors of the Company, be and is hereby ratified to enable them to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting required to be held for the financial year 2016-2017, at a remuneration to be decided by the Board of Directors."

For and on behalf of the Board

Place: Chandigarh
Date: 05.09.2016
Regd. Office:
9th KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar

(Gopal Krishan Gupta)
Managing Director

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company.
2. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the register of Members and Share Transfer Books of the Company shall remain closed from 26th day of September, 2016 to 30th day of September, 2016 (both days inclusive).
3. The instrument of proxy, in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of Limited Companies or societies etc. must be supported by appropriate resolutions/authority, as applicable.
4. In case of joint holders attending the Meeting, the joint holder who is higher in order of names under a given Folio/DPID-Client (in respect of dematerialized shares) will be entitled to vote.
5. Members/Proxies are requested to bring their copy of this Notice along with dully filled admission slip for attending the meeting.
6. Members holding shares in physical form are requested to notify change in address, if any, to the Company at its Registered Office or to the Registrar & Transfer Agents-M/s Indus Portfolio Private Limited, G-65, Bali Nagar, New Delhi-110015.
7. Members holding shares in electronic form are requested to notify change in their address, if any, to their Depository Participant.



8. Pursuant to provisions of the Companies Act, 2013 read with the Rules framed there under, the company may send notice of general meeting and other documents through electronic mode. Further, pursuant to the first proviso to the Rule 18 of the Companies (Management and Administration) Rule, 2014, the Company shall provide an advance opportunity at least once in a financial year to the members to register their e-mail address and changes therein. In view of the same, members are requested to kindly update their e-mail address with depository participants in case of holding shares in demat form. If holding shares in physical form, Members are requested to inform their e-mail ID to the company.

9. Electronic copy of the Notice of general meeting of the company is being sent to all the members whose email ids are registered with the company/Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies are being sent by the permitted mode.

10. Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and the provisions of Listing Agreement with Stock Exchanges, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening Annual General Meeting to be held on Friday, the 30th day of September, 2016 at 12:00 Hrs. at the registered office of the company at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar. The Company has engaged the services of CDSL to provide the e-voting facility.

11. The instructions for members for E-Voting are as under:

(i) The voting period begins on Tuesday, the 27th day of September, 2016 at 9.00 A.M. and ends on Thursday, the 29th day of September, 2016 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 Friday, the 23rd day of September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) 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) Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant Company, i.e. Hisar Spinning Mills Limited on which you choose to vote.

(xii) 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.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- 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.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xx) Since, the Company is required to provide the members facility to exercise their vote by electronic means, shareholders of the company, holding shares either in physical form or dematerialized form as on the cut off date i.e. Friday, the 23rd day of September, 2016 and not casting their vote electronically, may also cast their vote at the Annual General Meeting.

(xxi) The members who have cast their vote by e-voting prior to the Annual General meeting, may also attend the meeting but shall not be entitled to cast their vote again.

(xxii) Mr. Sanjiv Kumar Goel, Company Secretary in practice, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair & transparent manner.

(xxiii) The Scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter, unblock the votes cast through remote e-voting in the presence of atleast 2 witnesses not in employment of the Company and make, not later than 3 days from the conclusion of the meeting, a Consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman, who shall countersign the same.



Form no. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L17112HR1992PLC031621
 Name of the Company : Hisar Spinning Mills Limited
 Registered office : 9th, KM Stone, Hisar Bhiwani Road, VPO, Dabra, Hisar

I/ We, being the member (s) of Shares of the above named company, hereby appoint

Name:

Address:
 Email ID:
 Signature:....., or failing him

Name:

Address:
 Email ID:
 Signature:....., or failing him

Name:

Address:
 Email ID:
 Signature:.....

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Annual General Meeting of the Company, to be held on Friday, the 30th day of September, 2016 at 12:00 Hrs. at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO. RESOLUTIONS

1	Consider and adopt the Audited Financial Statements, Reports of the Board of Directors and Auditors
2	Re-appointment of Ms. Sapna Kansal, DIN 06892410, retiring by rotation
3	Ratification of appointment of Auditors and fix their remuneration

Signed this day of September, 2016

Signature of Shareholder:

Signature of Proxy Holder (s):

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.



HISAR SPINNING MILLS LIMITED

Registered Office: 9th, KM Stone, Hisar Bhiwani
 Road, VPO Dabra, Hisar-125005
 Tel: 01662-260397, Te/Fex:-91-1662-260397
 E-mail: hsmt2000@rediffmail.com
 Website: www.hisarspinningmills.com
 CIN: L17112HR1992PLC031621

Attendance Slip for 24th Annual General Meeting
 (to be handed over at the Registration Counter)

I/We hereby record my/our presence at the 24th Annual General Meeting of the company at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar on 30th day of September, 2016 at 12:00 Hrs.

Signature of the Member/Proxy present

Note: The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. Hence, persons attending the Meeting are requested to bring their copies of the Annual Report with them.

PLEASE CUT HERE AND BRING THE ABOVE ATTANDACE SLIP AT THE MEETING.

Registered Office: 9th, KM Stone, Hisar Bhiwani
 Road, VPO Dabra, Hisar-125005
 Tel: 01662-260397, Te/Fex:-91-1662-260397
 Website: www.hisarspinningmills.com
 CIN: L17112HR1992PLC031621

Dear Sir,

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the company is pleased to provide remote e-voting facility to the members to cast their votes electronically on all the resolutions set forth in the Notice convening the 24th Annual General Meeting to be held on Friday, 30th day of September, 2016 at 12:00 Hrs. The company has engaged the Central Depository Services Limited (CDSL) to provide the remote e-voting facility:

Your electronic voting particulars are set out below:

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password
160805004		

The remote e-voting facility will be available during the voting period as indicate herein below:

Commencement of remote e-voting period	End of remote e-voting period
From 9.00 A.M. IST on Tuesday, 27 th September, 2016	Till 5.00 P.M. IST on Thursday, 29 th September, 2016



Notes:

1. Please read the instructions printed overleaf before exercising your vote.
2. These details and instructions form an integral part of the Notice for the 24th Annual General Meeting to be held on 30th day of September, 2016.
3. The voting rights of the members shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date of Tuesday, 23rd September, 2016, being the record date for the purpose of voting.



Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2016.

Financial Highlights	Year ended 31.3.2016 (Rs. in lacs)	Year ended 31.3.2015 (Rs. in lacs)
Sales & other income	2399.28	2404.79
Profit before Interest & Depreciation	346.72	265.88
Less : Interest	46.83	28.31
Profit/(Loss) before Depreciation	299.89	237.57
Less : Depreciation.	230.63	134.53
Profit before exceptional items and before Tax	69.26	103.04
Add: Exceptional Items	17.60	-
Profit/ (Loss) before Tax	86.86	103.04
Less : Provision for Taxation - Current Tax	17.14	46.06
- MAT Credit	-	-
-Deferred Tax Liability/(Assets)	10.19	(21.89)
-MAT Credit earlier year	-	-
-Tax for earlier years	-	-
Net Profit/ (Loss) after Tax	59.53	78.87
Add : Surplus brought from previous year	178.91	100.04
Total Surplus	238.44	178.91
Appropriations :		
Proposed Dividend	NIL	NIL
Corporate Dividend Tax	NIL	NIL
Surplus Carried to Balance Sheet	238.44	178.91
	238.44	178.91

OPERATIONAL & PERFORMANCE REVIEW

During the year under review, the gross receipts of your Company were Rs. 2399.28 lacs as against gross receipts of Rs. 2404.79 lacs during the previous year showing a minor decrease in total receipts and profit (after tax) was Rs. 59.53 lacs for the year as against net profit (after tax) of Rs.78.87 lacs during previous year showing a decline of 24.52%. The Company has made a major technological up gradation of machines in the last financial year and its benefits shall accrue in the years to come. The directors are optimistic about future performance of the Company.

SUBSIDIARY COMPANY

During the year ended 31st March, 2016, the Company did not have any subsidiary company.

FIXED DEPOSITS

The Company has not accepted or renewed any deposit from the public during the year under review pursuant to the provisions of Companies Act, 2013 and rules made thereunder.

**DIVIDEND**

With a view to conserve resources of the company, your Directors do not recommend any dividend for the year under review.

APPOINTMENT OF KEY MANAGERIAL PERSONS (KMPs) AND INDEPENDENT DIRECTORS

Pursuant to provisions of section 152 of Companies Act 2013 read with Companies (Appointment and Qualification of Directors) Rules, Mrs. Sapna Kansal, DIN 06892410 shall retire by rotation and being eligible, offer herself for re-appointment Mr. T N Goel, DIN 00193103 and Mr. Rajesh Gupta, DIN 00193052, were appointed as Independent Directors for a period of five consecutive years in the Annual General Meeting held on 29th September 2015 in terms of provisions of section 149, 152 read with Schedule IV and all other applicable provisions of Companies Act 2013 & Companies (Appointment and Qualification of Directors) Rules 2014.

As on 31st March 2016, following are Key Managerial Personnel of Company:

- Mr. Gopal Krishan Gupta Managing Director
- Mr. Anurag Gupta Executive Director
- Shri Sharad Goel Chief Financial Officer
- Mrs. Tanu Sharma Company Secretary

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company Mrs. Sapna Kansal, DIN 06892410 shall retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. Rajesh Gupta, DIN 00193103, ceased to be the director of the company consequent upon his sudden & - untimely death on 04th July, 2016. Your directors applauded contribution made by him during his association with the company. Your directors expressed their sympathy for the bereaved family and wished peace for the departed soul.

STATUTORY AUDITORS

At the 23rd Annual General Meeting of Company held on 29th September 2015, M/s Jain & Anil Sood, Chartered Accountants, were re-appointed as Statutory Auditors of the Company, for a period of two years i.e. from the conclusion of 23rd Annual General Meeting of Company till the conclusion of 25th Annual General Meeting of Company, subject to the ratification of their appointment by the members in subsequent Annual General Meeting in accordance with the provisions of section 139 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014.

In pursuance to the same, the Company has obtained a Letter of Eligibility in terms of provisions of section 139 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014 from M/s Jain & Anil Sood, Chartered Accountants, to the effect that their re-appointment, if ratified in the ensuing AGM would be in accordance with the provisions of section 141 of Companies Act 2013 and rules made there under and that they are not disqualified for such appointment under Companies Act, 2013, the Chartered Accountants Act 1949 and rules & regulations made there under. Accordingly, the appointment of M/s Jain & Anil Sood, Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification by the shareholders. The said appointment has also been approved by Audit Committee.

AUDITOR'S REPORT

Observations, if any, made in the Auditor's Report are self explanatory and do not call any explanation.

SECRETARIAL AUDIT

Mr. Sanjiv Kumar Goel, Practicing Company Secretary has been appointed by the Board to conduct Secretarial Audit under provisions of section 204 of the Companies Act 2013. The Secretarial Audit report is annexed with



the Director's Report as Annexure – 1. There is no qualification in secretarial audit report.

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

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out manufacturing operations. As required by the provisions of section 134 of the Companies Act, 2013, the relevant information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure- 2 forming part of this report.

STATUTORY DISCLOSURES

None of the Directors of the Company are disqualified under the provisions of section 164 of the Companies Act 2013. The Directors have made the requisite disclosures, as required under the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("hereinafter referred to as Listing Regulations").

CORPORATE GOVERNANCE

The Company is committed to maintain the good standards of Corporate Governance. The Company has complied with the Corporate Governance requirements as stipulated under Listing Regulations. Pursuant to said Regulations, Report on Corporate Governance together with the Certificate issued by Practicing Company Secretary regarding compliance of Corporate Governance is annexed to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(3)(c) of the Companies Act, 2013, it is hereby confirmed that:

- (a) in the preparation of annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed and that there are no material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequately and operating effectively.

EXTRACT OF ANNUAL RETURN

The details forming part of extract of the Annual Return is given in Form MGT-9 in Annexure - 3.

NUMBER OF BOARD MEETINGS

During the financial year 2015-16, six Board meetings were held. The meetings were held on 15th April, 2015, 30th May, 2015, 13th August, 2015, 04th September, 2015, 13th November, 2015 and 15th February, 2016. The other relevant details of Board meetings and the attendance of the Directors etc. is given under Corporate Governance Report annexed with Director's Report.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have submitted the Declaration of Independence, as required pursuant to section 149(7) of the Companies Act 2013 and under Listing Regulations, stating that they meet the criteria of independence as provided in sub-section (6).

**PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

No loans, guarantees or investments under Section 186 of the Companies Act, 2013 have been given by the Company.

RELATED PARTY TRANSCATIONS

All related party transactions that were entered into during the financial year were in the ordinary course of business and were at arm's length basis. No Materially significant related party transactions have been entered by the Company with Promoters, Directors or Key Managerial Personnel etc. that had potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of a foreseen and repetitive nature. The detail of transactions entered into pursuant to the omnibus approval so granted is placed before the Audit Committee and the Board of Directors on a quarterly basis. None of the Directors has any pecuniary relationships or transactions vis-a-vis the company.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition, & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The said policy is uploaded on the Company's website www.hisarspinningmills.com.

The following is a summary of sexual harassment complaints received and disposed off during the year 2015-16

- a) No. of complaints received: Nil
- b) No. of complaints disposed off: Nil

MATERIAL CHANGES FROM END OF FINANCIAL YEAR TILL DATE OF REPORT

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report other than those disclosed in the financial statements.

RISK MANAGEMENT POLICY

Risk management is a continuous process across the organization designed to identify, assess and frame a response to threats that affect the achievement of its objectives. It enables management to prepare for risks before they devolve to improve the operational effectiveness. Determination of the risk appetite allows management to deploy resources according to the need. The Company firmly believes that to ensure effective risk management, there ought to be risk management plans to handle the risks based on the priorities and challenges of the business. The factors involved in identified risks must be considered and the accuracy of assessment is very important. This implies, if proper risk management is implemented as a best practice then massive capital losses can be prevented. The success of the Risk Management Framework depends on the efforts taken to mitigate/reduce either the probability or consequence of the risk/threat. Therefore considering the same, Company's Risk Management Policy includes three key elements:

- I. Risk Assessment
- II. Risk Management and Risk Mitigation
- III. Risk Monitoring

Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed effectively. Adhering the same, Company has constituted Risk Management Committee and adopted an effective Risk Management Policy in its place to assess, mitigate and to monitor the different risks exposed to the industry in which it operates. Risk management policy of the company is available at company's website www.hisarspinningmills.com.

**POLICY ON DIRECTOR'S APPOINTMENT & REMUNERATION AND OTHER PRESCRIBED MATTERS**

The Nomination and Remuneration Committee constituted by the Company functions in accordance with the terms of reference as set out under provisions of Clause 49 of Listing Agreement read with provisions of Section 178 of the Companies Act, 2013 & rules made thereunder. Apart from other Corporate Policies which are mandatory under Companies Act as well as under Listing Agreement, the said Committee has also formulated and recommended to the Board a Nomination & Remuneration Policy relating to director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and all other matters as stipulated under the provisions of section 178 of Companies Act 2013.

The policy also relates to remuneration of Director's, KMP's and other employees of the Company. The said policy is given in Annexure-4.

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

Your Company maintains an adequate and effective Internal Control system commensurate with its size and complexity. Internal control systems provide, among other things, a reasonable assurance that transactions are executed with Management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safeguarded against significant misuse or loss.

During the year under review, the Company continued to implement their suggestions and recommendations to improve the internal financial control environment. Their scope of work inter-alia includes review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee actively reviews the adequacy and effectiveness of internal control system and suggests further strengthening the same, wherever required.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, there is no material order(s) passed by the regulators or courts or Tribunal impacting the going concern status and company's operation in future.

DISCLOSURE REGARDING COMPANIES (SHARE CAPITAL AND DEBENTURE) RULES 2014

The paid up listed equity share capital of the Company as at 31st March 2016 was Rs. 3,73,50,000/- comprising of 37,35,000 equity shares of Rs. 10/- each. As required under Companies (Share Capital and Debenture) Rules 2014, during the year under review, the Company has not issued equity shares with differential voting rights, sweat equity shares, preference shares and employee stock options and also not made any provision for purchase of its own shares by employees or by trustees.

DISCLOSURE REGARDING VOTING RIGHT NOT EXERCISED DIRECTLY BY THE EMPLOYEES

During the year under review, there is NIL disclosure as required under provisions of section 67(3) of Companies Act 2013.

AUDIT COMMITTEE

Audit Committee constituted by the Company functions in accordance with the terms of reference as set out under the provisions of Clause 49 of Listing Agreement read with provisions of Section 177 of Companies Act, 2013 & rules made thereunder and additional responsibilities assigned to it by Board of Directors of the Company. The Committee reviews the internal audit reports and findings of internal auditors along with the comments of management. The functions of the Audit Committee among others include approving and implementing the audit procedures, effective supervision of financial reporting system, Whistle Blower Mechanism, internal control and procedures, recommending appointment of Statutory Auditors, Cost Auditors to Board and also ensuring compliances with regulatory guidelines. The Board has constituted the Audit Committee comprises of following:

S.NO.	NAME	DESIGNATION
1	Sh. Rajesh Kumar Gupta, Non-executive and Independent Director	Chairman
2	Sh. Gopal Krishan Gupta, Managing Director	Member
3	Sh. Vikas Gupta, Non-executive and Independent Director	Member



The other relevant details of Audit Committee are given under Corporate Governance Report annexed with Director's Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a vigil mechanism named "Whistle Blower Policy/Vigil Mechanism" to deal with instance of fraud and mismanagement, if any. The detail of the Policy is explained in the Corporate Governance Report and also available at company's website www.hisar spinningmills.com.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS

During the year under review, the Board adopted a formal mechanism for evaluating its performance and as well as that of its committees, individual Directors, including the Chairman of the Board in compliance with the Companies Act 2013 and Listing Regulations. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board, its committee & members, their experience & competencies, performance of specific duties & obligations, governance and also in accordance with Performance Evaluation Policy of Company. Broadly the performance of Non-Independent/Executive/Whole Time Director(s) was evaluated on the basis of their own performance, expertise, intelligence, their qualitative & quantitative contribution towards operational achievements, organizational performance etc. The performance of Non-Executive Independent Directors were evaluated on the basis of their constructive participations in Board/Committee/General meetings, their informed & balanced decision-making, ability to monitor financial controls & systems, & certain allied parameters. The performance evaluation of various Board Committees constituted under Companies Act & Listing Agreement was made on the basis of their respective terms of reference, discharge of functions, governance etc.

Disclosure of information's as required under rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs. 60 lacs per year to be disclosed in the Report of Board of Directors are not applicable to the Company as none of the employees was in receipt of remuneration in excess of Rs. 60 lacs during the financial year 2015-16.

Disclosures pertaining to remuneration and other details as required 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 are provided in the Annexure forming part of the Annual Report. Having regard to the provisions of Section 136(1) read with its relevant proviso of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished free of cost.

The Nomination and Remuneration Committee of the Company has affirmed that the remuneration is as per the remuneration policy of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and analysis report, as required by Listing Regulations, forms part of the Annual Report.

ACKNOWLEDGEMENT

Your Directors wish to convey their appreciation to all of the Company's employees for their enormous efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank shareholders, customers, dealers, suppliers, Financial Institutions, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

By order of the Board of Directors

Place: Chandigarh
Dated: September 05, 2016

Sd/-
(Anurag Gupta)
Executive Director
DIN-00192888

Sd/-
(Gopal Krishan Gupta)
Managing Director
DIN-00192985



Corporate Governance Report

1. Company's philosophy on code of Governance

Corporate Governance is a set of system, process and principles which ensure that a Company is governed in the best interest of all stakeholders. The objective of Good Corporate Governance is to ensure the Board's commitment towards transparent management to maximize long term value for the Company's shareholders of all stakeholders. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

2. Board of Directors

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. As on 31st March 2016, the Board of Directors consists of six Directors, out of which two are Promoter Directors (Managing Director and executive Director), one Non - Executive Woman Director and three are Independent Non-Executive Directors. None of the Directors on the board is a member on more than 10 committees and Chairman of more than 5 committees as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("hereinafter referred to as Listing Regulations"), across all the companies in which they are Directors. The necessary disclosures regarding committee memberships have been made by all the Directors. The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 of Companies Act 2013 and rules made there under and meet with requirements of Listing Regulations.

During the financial year 2015-16, six Board meetings were held. The meetings were held on 15th April, 2015, 30th May, 2015, 13th August, 2015, 04th September, 2015, 13th November, 2015 and 15th February, 2016. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Regulations, a separate meeting of independent directors was held on 15th February, 2016 to review the performance of Non-Independent directors including the Chairman and the Boards as a whole. The Independent Directors also reviewed the quality, content and timeliness of follow of information between Management and the Board. All Independent Directors were present in the said meeting.

The names and categories of Directors on the board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships/ Committee memberships/ Chairmanship held by them in other Companies are given below:

No. of Directorship and Committee Membership/Chairmanship as on 31.03.2016:-

Name of Director	Category	Attendance Particulars		No. of Directorship	No. of Membership/ Chairmanship in Committees +		
		Board Meeting	Last AGM	Other Directorship	Membership	Chairmanship	Total
Sh. Gopal Krishan Gupta	MD	5	Yes	1	1	Nil	1
Sh. T N Goel	INED	5	Yes	4	Nil	Nil	Nil
Smt. Sapna Kansal	NED	5	Yes	Nil	Nil	1	1
Sh. Anurag Gupta	ED	5	Yes	Nil	1	Nil	1
Sh. Vikas Gupta	INED	5	No	Nil	2	Nil	2
Sh. Rajesh Gupta	INED	5	Yes	Nil	Nil	1	1

INED : Independent Non Executive Director

NED : Non Executive Director

MD : Managing Director (Executive)

ED : Executive Director



+ The committees considered for the above purpose are Audit Committee and Stakeholders Relationship Committee.

3. INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information about the Company. All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information including minimum information as stipulated under Regulation 17(7) of Listing Regulations to the extent it is applicable & relevant and documents to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees for the information of Board. The Board reviews the declarations/reports made by the Management regarding compliance with applicable laws on quarterly basis as well as steps taken by the Company to rectify instances of non-compliances, if any. Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments.

4. MAXIMUM DIRECTORSHIP & TENURE OF INDEPENDENT DIRECTORS

The maximum tenure of Independent Directors is in compliance with the Companies Act 2013. The Company has issued formal letters of appointment to all the Independent Directors. At the time of appointment of an independent director, it was ensured that the number of Boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time (executive) director of a listed company. The terms & conditions of appointment of independent directors are available on Company's website viz. www.hisarspinningmills.com.

5. Code of Conduct

The Company is committed to conduct its business in accordance with the pertinent laws, rules and regulations and with the highest standards of business ethics. The Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is posted on Company's website viz. www.hisarspinningmills.com. All Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Sh. Gopal Krishan Gupta, DIN 00192985, Managing Director of the Company to this effect is enclosed at the end of this report.

6. PREVENTION OF INSIDER TRADING CODE

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Code is applicable to Promoters and Promoter's Group, all Directors, KMP's and such Designated Employees etc. who are expected to have access to unpublished price sensitive information relating to Company. The Code lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of Company and cautioning them about the consequences of violations. The Company Secretary is responsible for implementation of this code. During the year under review, there has been due compliance with the said code. The Company has also formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The same is also posted on Company's website viz. www.hisarspinningmills.com.

7. CEO and CFO Certification

As per Regulation 17 of Listing Regulations, Sh. Sharad Goel, Chief Financial Officer (CFO) & Sh. Gopal Krishan Gupta, DIN 00192985, Managing Director (CEO) of the Company have issued certificate pursuant to the provisions of Listing Regulations certifying that the financial statements and the cash flow statement do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is attached herewith and forms part of the Annual Report.

8. COMMITTEES OF THE BOARD

The Board of Directors have constituted various Board Committees in compliance of Companies Act as well as Listing Regulations/Listing Agreement to deal with specific areas and activities as stipulated under the Companies Act and Listing Obligations. The Board Committees meet at regular intervals, takes necessary steps to perform its duties/functions entrusted by the Board.



(A) Audit Committee

Audit Committee functions in accordance with the terms of reference as set out under Listing Regulations read with provisions of Section 177 of the Companies Act, 2013 & rules made there under and additional responsibilities assigned to it by Board of Directors of the Company. The Committee reviews the internal audit reports and findings of internal auditors along with the comments of management. The functions of the Audit Committee among others, include approving and implementing the audit procedures, effective supervision of financial reporting system, Whistle Blower Mechanism, internal control and procedures, recommending appointment of Statutory Auditors, Cost Auditors to Board and also ensuring compliances with regulatory guidelines. The composition, names of members, chairperson, particulars of the meetings and attendance of the members during the financial year are as below:

During the financial year 2015-16, Four Audit Committee meetings were held on May 30, 2015, August 13, 2015, November 13, 2015 and February 15, 2016.

S.NO.	NAME	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2015-2016
1	Sh. Rajesh Kumar Gupta, Non-executive and Independent Director	Chairman	4
2	Sh. Gopal Krishan Gupta, Managing Director	Member	4
3	Sh. Vikas Gupta, Non-executive and Independent Director	Member	4

The Managing Director along with the Statutory Auditors, Cost Auditors and Internal Auditors were invitees to the meetings. The Company Secretary acts as secretary to the Audit Committee.

(B). Nomination and Remuneration Committee

The Nomination and Remuneration Committee functions in accordance with the terms of reference as set out under Listing Regulations read with provisions of Section 178 of Companies Act, 2013 & rules made there under. The functions of Nomination and Remuneration Committee include formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to remuneration of directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of independent directors and the board of directors, devising a policy on diversity of board of directors, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with criteria laid down and recommend to the board of directors their appointment and removal etc. During the financial year 2015-2016, one meeting of Nomination and Remuneration Committee was held on May 30, 2015.

S.NO.	NAME	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2015-2016
1	Sh. T N Goel, Non-executive and Independent Director	Chairman	1
2	Sh. Vikas Gupta, Non-executive and Independent Director	Member	1
3	Ms. Sapna Kansal, Non-executive Director	Member	1

Remuneration Policy

The objective of this Policy is directed towards having a compensation philosophy and structure that will reward and retain talent. The Company has adopted and implemented the provisions of Section 178 of the Companies Act, 2013 on the requirement of the Committee to recommend to the Board a policy, relating to the remuneration for the directors, KMPs and other employees.

HISAR SPINNING MILLS LIMITED



i) Remuneration of Non-Executive Directors

No remuneration was paid to the Non-Executive Directors during the year 2015-16.

ii) Remuneration of Executive Directors

The details of remuneration paid to the Executive Directors during the year 2015-16 are given below:

(In Rs.)

Name of Directors	Salary	Perquisites*	Commission	Total
Sh. Anurag Gupta, Director	360000	-	-	360000

There is no Employee Stock Option Scheme (ESOP) in the Company as on 31st March 2016. Further, there are no pecuniary relationships or transactions of Non-Executive Director vis-a vis the Company which has potential conflict with the interest of the Company at large.

(C). Stakeholders Relationship Committee

The Stakeholders Relationship Committee functions in accordance with the terms of reference as set out under provisions of Listing Regulations read with provisions of Section 178 of the Companies Act, 2013 & rules made thereunder i.e. redressing of Shareholders/Investors complaints, regarding to share transfers, non-receipt of balance sheet/dividend-by-the-shareholders etc. During the financial year 2015-16, four Stakeholders Relationship Committee meetings were held on May 30, 2015, August 13, 2015, November 13, 2015 and February 15, 2016. The composition, names of the members, chairperson, particulars of the meetings and attendance of the members during the year are as below:

S.NO[2]	NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2015-2016
1	Mrs. Sapna Kansal, Non Executive Director	Chairman	4
2	Sh. Anurag Gupta, Executive Director	Member	4
3	Sh. Vikas Gupta, Non-executive and Independent Director	Member	4

During the financial year, the request for transfer/demat/remat of shares, change of address etc have been duly effected. During the year, no complaint from any shareholder was received. Hence no grievance was pending at the end of the financial year. Ms. Tanu Sharma is the Compliance Officer of the Company for SEBI/ Stock Exchange/ROC related issues etc.

(D). Risk Management Committee:

The Risk Management Committee was discontinued during the year as Listing Regulations in this respect are not applicable to the company.

9. General Body Meetings

The last three Annual General Meetings of the Company were held as under :-

YEAR	VENUE	DATE	TIME	DETAILS OF SPECIAL RESOLUTION
2012-13	9 th KM. Stone; Hisar Bhiwani road, V.P.O Dabra (Hisar)	30/09/2013	11.00 A.M.	Nil
2013-14	9 th KM Stone, Hisar Bhiwani - road; V.P.O Dabra (Hisar)	29/09/2014	11.00 A.M.	Nil
2014-15	9 th KM Stone, Hisar Bhiwani road,	29/09/2015	11.00 A.M.	Nil



YEAR	VENUE	DATE	TIME	DETAILS OF SPECIAL RESOLUTION
	V.P.O Dabra (Hisar)			

No Postal ballots were used for voting in these meetings. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal ballots.

10. Subsidiary Company

During the year ended 31st March, 2018, neither the Company has any subsidiary nor any material listed/unlisted subsidiary company.

11. RISK MANAGEMENT POLICY

The Company's Risk Management Policy is available at company's website www.hisarspinningmills.com.

12. Disclosures

a) Related Party Transactions

All related party transactions of the Company are dealt with in accordance with Related Party Transactions Policy of Company and as per provisions of section 188 of Companies Act 2013 & rules made there under and as per Listing Regulations. All Related Party Transactions are presented to the Audit Committee and the Board for approval by specifying the nature, value, terms and conditions of the transactions etc.. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions for which omnibus approval has obtained are presented before the Audit Committee as well as to Board on quarterly basis. Although all related party transactions are entered in ordinary course of business and at arm's length basis. There are no materially significant related party transactions made by the Company with its promoters, Directors or Key Managerial Personnel, their relatives etc. that may have potential conflict with the interest of the Company at large.

Suitable disclosures as required by the Accounting Standards (AS 18) are disclosed in Notes to Accounts in the Annual Report. The Related Party Transactions Policy of Company available on the Company's website: www.hisarspinningmills.com.

b) Disclosure of Accounting Treatment in preparation of Financial Statements

The Company has followed all relevant Accounting Standards referred to in Section 133 of Companies Act 2013 & rules made there under and laid down by Institute of Chartered Accountants of India, while preparing Financial Statements.

c) Details of non-compliance by the listed entity, penalties, strictures imposed by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets.

d) Whistle Blower Policy/Vigil Mechanism

The Company has adopted Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. This policy is reviewed quarterly by the Audit Committee to check the effectiveness of the policy & related matters. No personnel have been denied access to the Audit Committee. The relevant details of Whistle Blower Policy are given under the Director's Report and same is available on the Company's website: www.hisarspinningmills.com.

2e) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all applicable mandatory requirements. The Company has not adopted non-mandatory requirements.

**f) Subsidiary Company**

During the year ended 31st March, 2016, neither the Company has any subsidiary nor any material listed/unlisted subsidiary company.

g) Independent Director's Declarations

All Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under the Companies Act, 2013 and Listing Regulations.

h) Disclosures by Senior Management & Key Managerial Personnel

Senior Management and Key Managerial Personnel have made disclosure to the Board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in a conflict with the interest of the Company at large. The material, financial and commercial transactions where Key Managerial Personnel have personal interest forms part of the disclosure on related parties referred to in Notes to Annual Accounts.

13. Performance evaluation of Board of Directors

During the year, the Board adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors, including the Chairman of the Board. For Board and its Committees, the exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. The Performance evaluation of Non-Independent directors including the Chairman was carried out by Independent Directors in their separate meeting. The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees. The necessary details regarding criteria of performance evaluation is mentioned under Director's Report. The Performance Evaluation Policy of Board of Directors is available on Company's website viz. www.hisarspinningmills.com.

14. Familiarisation Programme/Induction for Independent Directors

At the Board Meetings, apart from the regular agenda items, it is ensured that the Board members are provided a deep and thorough insight into the business model of the Company and updates either by way of presentation of business units or otherwise. The Board members get an open forum for discussion and share their experience. At the time of appointing an Independent Director, a formal letter of appointment is given to him/her, which *inter alia* explains the role, function, duties, responsibilities expected of him/her as a Director of the Company and expected time commitments. As required under Listing Regulations, Company has conducted a familiarization programme for its independent directors under which the necessary information was provided to familiarize them with the nature, activities, products of the Company and also about their roles, rights, responsibilities in the Company.

15. Board Diversity Policy

The Nomination and Remuneration Committee have formulated Board Diversity Policy in accordance with the Listing Regulations. Under the said policy, it is recognized that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall while selecting the Board Members consider a number of factors including but not limited to age, culture, functional skills, industry/professional experience, financial literate and integrity etc. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

16. Means of Communications

The quarterly, half yearly & annual financial results, notices etc. are published in widely circulating national & local dailies newspaper The Statesman / The Pioneer in English editions and Vyapar Bharti in Hindi Edition. The

HISAR SPINNING MILLS LIMITED



same are also being posted on the website of BSE www.bseindia.com under Scrip Code 521068 and also on the website of the company. The Management Discussion and Analysis report forms a part of this Annual Report.

18. General Shareholder informations

Annual General Meeting at 12:00 HRS. on 30th day of September 2016 at Registered Office of the Company at 9th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar).

Financial Calendar : 1st April to 31st March
 Date of Book Closure : 26.09.2016 to 30.09.2016
 (both days inclusive)
 Dividend Payment Date : N.A.
 Listing on Stock Exchange : Bombay Stock Exchange Limited (BSE)
 Scrip Code : 521068
 Corporate Identity Number (CIN) : L17112HR1992PLC031621
 CDSL ISIN No. : INE689E01014

Annual listing fee for the year 2016-2017 has duly been paid to Bombay Stock Exchange(BSE).

Market price data – High and Low during each month on BSE in the financial year 2015-16. Stock code - 521068 (Source: www.bseindia.com)

Months	High	Low	Closed	Shares
April, 2015	5.85	5.54	5.54	900
May, 2015	6.72	5.27	6.72	1100
June, 2015	6.66	6.05	6.05	1300
July, 2015	–	–	–	–
August, 2015	5.75	5.47	5.47	300
September, 2015	--	–	--	--
October, 2015	–	–	--	--
November, 2015	5.74	5.74	5.74	100
December, 2015	6.31	5.46	6.31	3100
January, 2016	8.20	6.62	8.20	1300
February, 2016	9.04	8.46	8.90	2500
March, 2016	8.88	7.62	7.62	1600

Registrar and Share Transfer Agent : M/s Indus Portfolio Private limited
 G-65, Balli Nagar, New Delhi-110015

Share Transfer System : Shares lodged in physical form with the RTA directly or through Company, are processed and returned, duly transferred, within fifteen days normally, except in cases which are under objection.

In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.

Compliance Officer : Ms. Tanu Sharma, Company Secretary.

E-mail ID's : hsmi2000@rediffmail.com

HISAR SPINNING MILLS LIMITEDDistribution of shareholding as on 31st March, 2016.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
0-500	10115	97.55	1468130	39.31
501-1000	141	1.35	112500	3.01
1001-5000	71	0.68	143100	3.83
5001-10000	10	0.10	75300	2.02
10001-20000	9	0.09	145400	3.89
20001-30000	6	0.06	151180	4.05
30001-40000	0	0.00	0	0
40001-50000	3	0.03	134500	3.60
50001-100000	7	0.07	460200	12.32
Above 100000	7	0.07	1044690	27.97
	10369	100	3735000	100

Shareholding Pattern as on 31st March, 2016.

Category	No. of shares	Percentage
Promoters/Promoter Group	1864370	49.92
FI's/FII's/ Banks/ Mutual Funds	-	-
Indian Public	1787230	47.85
Others	83400	2.23
Shares held by Custodian & against which Depository Receipts have been issued	-	-
Total	3735000	100

Details of shareholding of Directors in the Company as on 31.03.2016.

Name of Director	No. of shares held
GOPAL KRISHAN GUPTA	115000
ANURAG GUPTA	184250
SAPNA KANSAL	83100
TRILOKI NATH GOEL	400

Dematerialisation of shares : 2175070 (58.23%) shares

Plant(s) Location : 9th K.M. stone, Hisar Bhiwani Road,
V.P.O. Dabra (Hisar) 125005Address for correspondence : Hisar Spinning Mills limited
9th K.M. stone, Hisar Bhiwani Road,
V.P.O. Dabra (Hisar) 125005E-mail ID's : Ph. 01662-260397 Fax: 91-1662-260397
hsmi2000@rediffmail.com



By order of the Board of Directors
CORPORATION AND DISCLOSURE (REGULATIONS)

Place: Chandigarh
Dated: September 05, 2016

Sd/- (Anurag Gupta) Executive Director
DIN-00192888
Sd/- (Gopal Krishan Gupta) Managing Director
DIN-00192985

DECLARATION ON CODE OF CONDUCT

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby declared that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Company for the year ended 31st March 2016.

Place: Chandigarh
Dated: September 05, 2016

Sd/- (Gopal Krishan Gupta) Managing Director
DIN-00192985

CEO AND CFO CERTIFICATION

To
The Board of Directors
Hisar Spinning Mills Limited

- (a) We have reviewed the financial statements and the cash flow statement of Hisar Spinning Mills Limited for the year ended 31st March, 2016 and to the best of our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of significant fraud of which we have become aware.

Yours sincerely,

Sd/-
(Gopal Krishan Gupta)
Managing Director

Sd/-
(Sharad Goel)
Chief Financial Officer

Place: Chandigarh
Date: September 05, 2016



CERTIFICATE OF PRACTICING COMPANY SECRETARY ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER REGULATION E OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015.

To the Members of Hisar Spinning Mills Limited

I have examined the compliance of the conditions of Corporate Governance by Hisar Spinning Mills Limited, Hisar (Haryana) for the year ended March 31, 2016 as stipulated in Regulation E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

In my opinion and to the best of my information and according to the explanations given to me, and the information given by the management, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned regulations.

I state that in respect of investor grievance received during the year ended March, 31, 2016, no investor grievances were pending against the Company, as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

I further state that 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

Sd/:

Place: Chandigarh
Date: 05.09.2016

SANJIV KUMAR GOEL
Practicing Company Secretary
FCS No. 2107
C P No. 1248



FORM NO. MR-3
SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

To,

The Members,
Hisar Spinning Mills Limited
9th KM Stone, Hisar Bhiwani Road,
V.P.O Dabra (Hisar), Haryana -125005

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hisar Spinning Mills Limited (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the Hisar Spinning Mills Limited's books, papers, minutes 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 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:-

1. I have examined the books, papers minute books, forms and returns filed and other records maintained by Hisar Spinning Mills Limited for the financial year ended on March 31, 2016 according to the provisions of

- i) The companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulations) Act, 1956 (SCRA) and the rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye Laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the 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):-
 - (a)The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - (b)The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c)The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - (d)The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
 - (e)The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f)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;
 - (g)The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - (h)The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);

2. I have relied on the representation made by the company and its officers for systems and mechanism put in place by the company for compliances under the applicable Act, Laws and Regulations to the Company.



3. I have also examined compliance with applicable clauses of the followings:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India, effective from July 01, 2015.
- ii) The erstwhile Listing Agreement entered into by the company with Bombay Stock Exchange Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 notified w.e.f. December 01, 2015.

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

I 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 Meeting, 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 were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that 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, suits, rules, regulations and guidelines.

Place: Chandigarh
Date: 05/09/2016

sd/-
Sanjiv Kumar Goel
FCS No.2107
C P No. 1248



Annexure '2' to Directors' Report

Information as per section 217(1)(e) read with companies (Disclosure of Particulars in the Report of Directors) Rules 1988 and forming part of the Director's Report for the period ended 31st March, 2016.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has been giving high priority to conservation of energy by close monitoring of energy consuming equipments. All efforts are made for installing energy saving devices wherever required.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

New equipments, whenever required, are purchased from time to time.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken to conserve energy resulted in more production. However, there was no savings in consumption due to increased production and increase in rates of power.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the annexure to the rules in respect of industries specified in the schedule thereto:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A) Power and Fuel consumption		
a) Purchased Unit (KW)	4604426	4132768
Total Amount (Rs.)	39374790	33508880
Rate/Unit (Rs)	8.55	8.11
b) Through Diesel Generator		
Units(KW)	150850	304500
Total Amount (Rs.)	2075420	4845544
Rate/Unit (Rs/KW)	13.76	15.91
B) Consumption Per Unit Of Production	1549 Units	1457 Units
Steam Coal	Nil	Nil
Furnace Oil	Nil	Nil
Others/Internal Generators	Nil	Nil
Cotton Yarn Production in MT	3070.484	3045.629
Total Units Consumed	4755276	4437268



II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

1) Research & Development (R & D)

- a) Specific area in which R & D carried by the Company: Nil
- b) Benefits derived as a result of the above R & D: Nil
- c) Future plan of Action: Nil
- d) Expenditure on R & D (Rs. In Lacs)

Capital	NIL
Revenue	NIL
Total	NIL

Total R & D expenditure as a percentage of Total Turnover = NIL

2) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- a) Efforts, in brief, made towards technology absorption, adaptation and innovation: Nil
- b) Benefits derived as a result of the above efforts e. g. product improvement, cost reduction, product development, import substitution etc: Nil
- c) In case of imported technology (imported during the last 5 year reckoned from the beginning of the financial year) -- Nil

3) FOREIGN EXCHANGE EARNINGS AND OUTGO

- iii. Activities relating to export, initiatives taken to increase export, development of new export markets for products and services and export plans: Nil

Value of imports calculated on C.I.F. basis:

Particulars	Amount (in Rs.) For the Year ended 31.03.2016
Stores & Spares parts	207626
Capital Goods	45215111
Total	45422737

Expenditure in foreign currency during the financial year on account:

Particulars	Amount (in Rs.) For the Year ended 31.03.2016
Commission on sales	75666
Total	75666

Earnings in foreign exchange:

Export of goods calculated on FOB basis

Particulars	Amount (in Rs.) For the Year ended 31.03.2016
Manufactured Goods	7519887
Total	7519887

By order of the Board of Directors

Place: Chandigarh
Dated: September 05, 2016

Sd/-
(Anurag Gupta)
Executive Director
DIN-00192888

Sd/-
(Gopal Krishan Gupta)
Managing Director
DIN-00192985



Annexure '3' to Directors' Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
 As on the financial year ended on 31.03.2016
 Of
HISAR SPINNING MILLS LIMITED

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
 Companies (Management and Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	: L17112HR1992PLC031621
ii)	Registration Date	: 10.04.1992
iii)	Name of the Company	: Hisar Spinning Mills Limited
iv)	Category / Sub-Category of the Company	: Public Company limited by shares
v)	Address of the Registered office and contact details	: 9 th KM Stone, Hisar Bhiwani Road, Village & Post Office Dabra, Hisar
vi)	Whether listed company	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: Indus Portfolio Private Limited, G-65, Bali Nagar, New Delhi-110015

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Spinning	2351/2352/2471/2472	100



II. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: - Nil

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	388390	1456710	1845100	49.40	1864370	-	1864370	49.92	0.52
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	388390	1456710	1845100	49.40	1864370	-	1864370	49.92	0.52
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	388390	1456710	1845100	49.40	1864370	-	1864370	49.92	0.52
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance	-	-	-	-	-	-	-	-	-

HISAR SPINNING MILLS LIMITED


Companies									
g) FIs									
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	--	--	--	--	--	--	--	--	--
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	68800	23700	92500	2.48	57700	25500	83200	2.23	-0.25
ii) Overseas					--	--	--	--	--
b) Individuals					--	--	--	--	--
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	196900	1531200	1728100	46.27	203700	1534430	1738130	46.54	0.27
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	49100	20000	69100	1.85	49100	0	49100	1.31	-0.54
c) Others (specify)	200	--	200	0.00	200	--	200	0.00	
Sub-total (B)(2):-	315000	1574900	1889900	50.80	310700	1559930	1870630	50.08	
Total Public Shareholding (B)=(B)(1)+(B)(2)	315000	1574900	1889900	50.60	310700	1559930	1870630	50.08	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	703390	3031610	3735000	100	2175070	1559930	3735000	100	--

(II) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	



				to total shares				
1.	Ram Charan Budhwar	10	0.00	-	0	0.00	-	-
2.	Ravi Raj Singh	10	0.00	-	0	0.00	-	-
3.	Satvir Singh	10	0.00	-	0	0.00	-	-
4.	Arun Goel	25000	0.67	-	25000	0.67	-	-
5.	Hari Krishan	400	0.01	-	0	0.00	-	-0.01
6.	Sharat G Goel	24940	0.67	-	28040	0.75	-	0.08
7.	Sharat G Goel	3100	0.08	-	0	0.00	-	-0.08
8.	Devinder Kumar Goel	45000	1.20	-	45000	1.20	-	-
9.	Gulab Singh Goel(HUF)	27940	0.75	-	27940	0.75	-	-
10.	Gulab Singh Goel	97600	2.61	-	97600	2.61	-	-
11.	Sharad Goel	39400	1.05	-	133000	3.56	-	2.51
12.	Manju Goel	10000	0.27	-	15100	0.40	-	0.13
13.	Triloki Nath Goel	400	0.01	-	0	0.00	-	-0.01
14.	Hari Kishan Goel	40000	1.07	-	40400	1.08	-	0.01
15.	Sunita Goel	48900	1.31	-	56900	1.52	-	0.21
16.	Usha Rani Gupta	75000	2.01	-	75000	2.01	-	-
17.	Gopal Krishan Gupta	115000	3.08	-	115000	3.08	-	-
18.	M.L. Kansal	163867	4.39	-	163867	4.39	-	-
19.	Sharda Kansal	60000	1.61	-	60000	1.61	-	-
20.	Sapna Kansal	63100	1.69	-	63100	1.69	-	-
21.	Salesh Gupta	12400	0.33	-	0	0.00	-	-0.33
22.	Shashi Bhushan Gupta	33150	0.89	-	54650	1.46	-	0.57
23.	Anuj Gupta	79765	2.14	-	181683	4.86	-	2.72
24.	Anuj Gupta (HUF)	29100	0.78	-	0	0.00	-	-0.78
25.	Anurag Gupta	87050	2.33	-	184250	4.93	-	2.60
26.	Ashwani Kumar	29950	0.80	-	52950	1.42	-	0.62
27.	Gopal Krishan Gupta & Sons HUF	17018	0.46	-	0	0.00	-	-0.46
28.	Roshan Lal Gupta & Sons HUF	20000	0.54	-	0	0.00	-	-0.54
29.	Hari Kumar	27000	0.72	-	0	0.00	-	-0.72
30.	Tara Devi	24500	0.66	-	0	0.00	-	-0.66

**HISAR SPINNING MILLS LIMITED**

31.	Salesh Gupta	5100	0.14	-	0	0.00	-	-0.14
32.	Anurag Gupta (HUF)	32800	0.88	-	0	0.00	-	-0.88
33.	Anju Gupta	7700	0.21	-	7700	0.21	-	-
34.	Gopal Krishan Gupta Executor Roshan Lal	10000	0.27	-	0	0.00	-	-0.27
35.	Gopal Anurag (HUF)	25000	0.67	-	25000	0.67	-	-
36.	Gopal Krishan & Sons (HUF)	26000	0.70	-	0	0.00	-	-0.70
37.	Gopal Anuj (HUF)	25000	0.67	-	25000	0.68	-	0.01
38.	Nikhil Goel	160000	4.28	-	160400	4.29	-	0.01
39.	Shilpa Garg	8700	0.23	-	8700	0.23	-	-
40.	Ritesh Goel	9300	0.25	-	9300	0.25	-	-
41.	Ankit Goel	146190	3.91	-	146190	3.91	-	-
42.	Bindu Goel	10000	0.27	-	10000	0.27	-	-
43.	Shruti Goel	11000	0.29	-	11000	0.29	-	-
44.	Tarun Goel	19100	0.51	-	19100	0.52	-	0.01
45.	Manju Goel	5100	0.14	-	0	0.00	-	-0.14
46.	Megha Goel	7200	0.19	-	7200	0.19	-	-
47.	Sharad Goel	93600	2.51	-	0	0.00	-	-2.51
48.	Naveen Kansal	9100	0.24	-	15300	0.42	-	0.18
49.	Anurag Gupta	17200	0.46	-	0	0.00	-	-0.46
50.	Anuj Gupta	17400	0.47	-	0	0.00	-	-0.47
	Total	1845100	49.40		1864370	49.92		0.52

(iii) Change in Promoters' Shareholding (please specify, if there is no change) :

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1845100	49.40	1864370	49.92
	Increase/Decrease during the year	19270	0.52	-	-
	At the End of the year	1864370	49.92	1864370	49.92


(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		% change in share holding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Shashi Rani & Shyam Sunder Gupta	49100	1.31	49100	1.31	-
2	Sushila Goel	20000	0.54	20000	0.54	-
3	Shri Parasram Holdings Pvt. Ltd	18900	0.51	6900	0.18	-0.33
4	Amulya Leasing & Finance Ltd.	16700	0.45	16700	0.45	-
5	Multiplex Capital Ltd.	15900	0.43	15900	0.43	-
6	CPR Capital Services Ltd.	12800	0.34	12800	0.34	-
7	Raman Mehra	7300	0.20	7300	0.20	-
8	Atankit Assignments Limited	6700	0.18	6700	0.18	-
9	Bajrang Lal Goel	6200	0.17	6200	0.17	-
10	Ram Phal	00	0.00	5300	0.14	-0.14

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	GOPAL KRISHAN GUPTA	115000	3.08	115000	3.08
2.	ANURAG GUPTA	104250	2.79	184250	4.93
3.	SAPNA KANSAL	63100	1.69	63100	1.69
4.	SHARAD GOEL	133000	3.56	133000	3.56
5.	TRILOKI NATH GOEL	400	0.01	400	0.01

HISAR SPINNING MILLS LIMITED**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29627880	--	--	29627880
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	174009	--	--	174009
Total (i+ii+iii)	29801889	--	--	29801889
Change in indebtedness during the financial year				
(a) Addition	31016807	--	--	31016807
(b) Reduction	--	--	--	--
Net Change	31016807	--	--	31016807
Indebtedness at the end of the financial year				
i) Principal Amount	60418470	--	--	60418470
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	400226	--	--	400226
Total (i+ii+iii)	60818696	--	--	60818696

**HISAR SPINNING MILLS LIMITED****VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager :-****(In Rs.)**

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Anurag Gupata	--	--
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	360000	--	360000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission	--	--	--
	- as % of profit	--	--	--
	- others, specify	--	--	--
5.	Others, please specify. (Provident fund)	--	--	--
	Total (A)	360000	--	360000
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration to other directors:-**(In Rs.)**

Sl. no.	Particulars of Remuneration	Name of Directors -			Total Amount
	1. Independent Directors	--	--	--	--
	Fee for attending board / committee meetings -	--	--	--	--
	Commission	--	--	--	--
	Others, please specify	--	--	--	--
	Total (1)	--	--	--	--
	2. Other Non-Executive Directors	--	--	--	--
	Fee for attending board / committee meetings -	--	--	--	--
	Commission	--	--	--	--
	Others, please specify	--	--	--	--

HISAR SPINNING MILLS LIMITED


Total (2)	--	--	--	--
Total (B)=(1+2)	--	--	--	--
Total Managerial Remuneration	--	--	--	--
Overall Ceiling as per the Act	No Sitting Fees were paid to any Independent Director			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(In Rs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Tanu Sharma Company Secretary	Sharad Goel Chief Financial Officer	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	125598	551613	677211
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--
5.	Others, please specify (Provident fund)	--	--	--
	Total	125598	551613	677211

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NIL

**NOMINATION, REMUNERATION AND EVALUATION POLICY****1. INTRODUCTION**

The Company conducts its operations under the directions of the Board of Directors within the framework laid down by the Companies Act, 2013, the Articles of Association of the Company, Listing Agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its Board of Directors and Senior Management. The Company's Board of Directors is dedicated to act in good faith, exercise their judgment on an informed basis and in the best interest of the Company and its stakeholders. This policy is in compliance with the Section 178 of the Companies Act, 2013 read with rules framed thereto and Clauses of the Listing Regulations.

The primary objective of the Policy is to provide a framework and set standards for their nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

The Nomination, Remuneration and Evaluation Policy ("the Policy") applies to the Board of Directors ("the Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of Hisar Spinning Mills Limited (the "Company").

"Key Managerial Personnel" (KMP) means-

- (i) Chairman & Managing Director
- (ii) Company Secretary
- (iii) Whole-time Director
- (iv) Chief Financial Officer; and
- (v) Such other Officer as may be prescribed by the Board or the Central Government.

The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

2. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall be constituted by the Board of Directors in its Meeting. The members of the Committee present at the meeting shall choose one amongst them to act as Chairman or appoint Chairman of the Committee. The Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee. Minimum two members shall constitute a quorum for the Committee Meeting. The terms of the Committee shall be decided by the Board of Directors in its meeting. The Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholder's queries.

COMMITTEE MEMBER'S INTERESTS

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

VOTING

- a) Matters arising for determination at the Committee Meetings shall be decided by a majority shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.



3. TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

- I. Identification of persons qualified to be the directors and in senior management in accordance with the criteria laid down.
- II. Recommend to the Board appointed and removal of the directors apart from the nominee directors as proposed by the Government of Punjab and in the Senior Management.
- III. Evaluation of every director's performance.
- IV. Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- V. Recommendation of Remuneration policy for the directors, KMP and other employees.
- VI. Other Terms of Reference/ scope of Nomination and Remuneration Committee shall be as notified by the appropriate authority from time to time or as directed by the Board of Directors of the Company from time to time.

4. RESPONSIBILITIES OF THE COMMITTEE

- Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- Identifying individuals suitably qualified to be appointed as the KMPs or in the Senior Management of the Company;
- Recommending to the Board on the selection of individuals nominated for directorship;
- Making recommendations to the Board on the remuneration payable to the Directors/ KMPs/ Senior Officials so appointed/ reappointed;
- Assessing the independence of independent directors;
- Such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provisions of the Companies Act, 2013 and rules framed there under;
- 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;
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To devise a policy on Board diversity;
- To develop a succession plan for the Board and to regularly review the plan.

5. RESPONSIBILITIES OF THE BOARD

It shall be the duty of the Chairman of the Board, who shall be supported by the Company Secretary to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

The Board of Directors shall undertake the following activities on an annual basis:

1. The Chairman of the Company shall meet with each and every director individually to discuss his/ her performance throughout the year.
 2. Review performance evaluation reports submitted by the Chairperson of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
 3. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
 4. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
- In conformity with the requirements of the Act, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

6. RESPONSIBILITIES OF INDEPENDENT DIRECTORS

In pursuance of the Companies Act, 2013 and rules framed and notified there under read with the amendments in the Listing Agreement as notified on 17th April, 2014, the ambit of roles and responsibilities of Independent Directors has widened. The following roles, responsibilities and duties have been duly incorporated so far:



1. Limit on number of directorships

- a. A person shall not serve as an independent director in more than seven listed companies.
- b. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than three listed companies.

2. Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.

3. **Qualifications of independent director:-** An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

4. Guidelines of professional conduct:

An independent director shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising his duties;
- (c) exercise his responsibilities in a bona fide manner in the interest of the company;
 - 1) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
 - 2) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (f) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (g) refrain from any action that would lead to loss of his independence;
- (h) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (i) assist the company in implementing the best corporate governance practices.

5. Role and functions:

The independent directors shall:

- (a) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (b) bring an objective view in the evaluation of the performance of board and management;
- (c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (d) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (f) balance the conflicting interest of the stakeholders;
- (g) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (h) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

6. Duties:

The independent directors shall:

- (a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (e) strive to attend the general meetings of the company;

(f) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in



the minutes of the Board meeting;

(g) keep themselves well informed about the company and the external environment in which it operates;

(h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

(i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company; --

(j) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

(k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

(l) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

(m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

7. Separate meetings:

(a) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

(b) All the independent directors of the company shall strive to be present at such meeting;

(c) The meeting shall:

(i) review the performance of non-independent directors and the Board as a whole;

(ii) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(iii) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

8. Evaluation mechanism:

(a) The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.

(b) The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.

(c) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(d) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

9. Training of Independent Directors:

(a) The company shall provide suitable training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc.

(b) The details of such training imparted shall be disclosed in the Annual Report.

7. APPOINTMENT OF DIRECTORS/ KMPs/ SENIOR OFFICIALS

1. Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/ a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment (except for Nominee Directors), the Nomination and Remuneration Committee has regard to:

> assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board,

> the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company,



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- > the skills and experience that the appointee brings to the role of KMP/ Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole,
- > the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment,

2. Personal Specifications:

- > Degree holder in relevant disciplines,
- > Experience of management in a diverse organization,
- > Excellent interpersonal, communication and representational skills,
- > Demonstrable leadership skills
- > Commitment to high standards of ethics, personal integrity and probity,
- > Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace,
- > Having continuous professional development to refresh knowledge and skills.

For details of the personal specifications refer to Annexure 1.

3. Letters of Appointment:

Each Director/ KMP/ Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

4. Remuneration of Directors, Key Managerial Personnel and Senior Management:

The remuneration package and compensation for Directors, KMPs and Senior Officials shall be determined as per the service rules of the Company and the limits and statutory requirements as prescribed under the Companies Act, 2013 from time to time.

6. EVALUATION FACTORS:

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director.

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of independent directors, non-independent directors, other employees of the Company and Committees of Directors separately, as such, evaluation factors may vary in accordance with their respective functions and duties.

Rating Scale

Scale	Performance
5	Excellent
4	Good
3	Satisfactory
2	Needs Improvement
1	Unacceptable

INDEPENDENT DIRECTORS

Overall Rating

- > Compliance with Articles of Association, Companies Act & other laws
- > Compliance with ethical standards & code of conduct of the Company
- > Assistance in implementing Corporate Governance practices
- > Rendering independent, unbiased opinion
- > Attendance & presence in General Meetings
- > Leadership Qualities
- > Qualifications



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- Disclosure of non-independence, if exists
- Independent view on key appointments & Strategy Formulation
- Objective evaluation of Board's performance
- Review of integrity of financial information & risk management
- Safeguard of stakeholders' interests
- Appointment & Removal of KMPs
- Determination of level of remuneration of KMPs
- Updation of skills & knowledge
- Punctuality
- Information regarding external environment
- Seeking expert opinion, when required
- Raising of concerns to the Board
- Safeguarding interest of whistle-blowers under Vigil Mechanism
- Reporting of Frauds, violations etc.
- Team work attributes
- Safeguard of confidential information

NON- INDEPENDENT DIRECTORS/ EXECUTIVE DIRECTORS

Overall Rating

- Compliance with Article of Association, Companies Act & other laws
- Strategic Planning- Financial & Business
- Monitoring performance against plans
- Compliance with ethical standards & code of conduct
- Exercising duties diligently
- Qualifications
- Punctuality
- Disclosure of Interest
- Leadership skills
- Motivating employees, providing assistance & directions
- Establishment of internal control processes
- Communication skills
- Attendance & presence in meetings of Board & Committees
- Attendance of General Meetings
- Team work attributes
- Monitoring policies, encouraging suggestions
- Safeguard of confidential information

COMMITTEES OF BOARD

The Board has constituted the following committees:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholder's Relationship Committee

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects:

Overall Rating

- Compliance with Articles of Association, Companies Act & other laws
- Compliance with ethical standards & Code of Conduct of the Company
- Committee's accomplishments w.r.t. performance objectives
- Adherence to Articles of Association, Companies Act and other applicable laws

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- > Redressal of complaints & grievances
- > Coordination with other committees and Board of Directors.
- > Fulfillment of roles & responsibilities
- > Adherence to Company's policies and internal procedures

9. REVIEW

Subject to the approval of the Board of Directors, the "Nomination and Remuneration Committee" reserves its right to review and amend this policy, if required, to ascertain the appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee and a subsequent approval by the Board of directors in their Board Meeting.

10. DISCLOSURE

In accordance with the requirement under the Act, disclosure regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various committees of Directors and individual directors' performance will be made by the Board of Directors in the Board's Report. Further, the Board's Report containing such statement will be made available for the review of shareholders at the General Meeting of the Company.

Annexure- 1

Personal Specifications for Directors:

1. Qualifications

- > Degree holder in relevant disciplines (e.g. management, accountancy, legal); or
- > Recognised specialist

2. Experience

- > Experience of management in a diverse organization
- > Experience in accounting and finance, administration, corporate and strategic planning or fund management
- > Demonstrable ability to work effectively with a Board of Directors

3. Skills

- > Excellent interpersonal, communication and representational skills
- > Demonstrable leadership skills
- > Extensive team building and management skills
- > Strong influencing and negotiating skills
- > Having continuous professional development to refresh knowledge and skills

4. Abilities and Attributes

- > Commitment to high standards of ethics, personal integrity and probity
- > Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace

5. Political inclinations and opinions.



**"Mechanism for Performance Evaluation of Directors"
(Legal Framework)**

In the endeavour to safeguard the interest of public at large, the Companies Act, 2013 ('the Act') provides that the performance of the Board of Directors of Listed Companies and prescribed class of companies must be reviewed regularly against appropriate measures. For this purpose, the Nomination and Remuneration Committee of a Company has been obliged under Section 178 of the Act to formulate a draft policy for recommending it to the Board of Directors of the Company, setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Based on such performance evaluation, remuneration of directors, KMPs and employees shall be determined. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the Directors and will ensure that they exercise their powers in a rational manner. Relevant extracts of Section 178 of the Act reads as:

Section 178 of the Companies Act, 2013

- (1) The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors: Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
- (2) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- (3) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- (4) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that—
- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Provided that such policy shall be disclosed in the Board's report.

- (5) The Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.
- (6) The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the company.
- (7) The chairperson of each of the committees constituted under this section or, in his absence, any other member of the committee authorised by him in this behalf shall attend the general meetings of the company.
- (8) In case of any contravention of the provisions of section 177 and this section, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both:

Provided that non-consideration of resolution of any grievance by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section.

Explanation.—The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

As per Rule 6 of Companies (Meeting of Board and its Powers) Rules, 2014, the Board of Directors of following



classes of Companies shall constitute a Nomination and Remuneration Committee:

Committees of the Board.- The Board of directors of every listed companies and the following classes of companies shall constitute an Audit Committee and a Nomination and Remuneration Committee of the Board-

- (i) all public companies with a paid up capital of ten crore rupees or more;
- (ii) all public companies having turnover of one hundred crore rupees or more;
- (iii) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.

Explanation.- The paid up share capital or turnover or outstanding loans, or borrowings or debentures or deposits, as the case may be, as existing on the date of last audited Financial Statements shall be taken into account for the purposes of this rule.

The Act, under Clause VIII of schedule IV, casts an obligation on the part of the Board of Directors for evaluating the performance of independent directors. All the Directors on the Board of a Company, except the independent director whose performance is being evaluated, will assess the performance of independent director. Accordingly, a report of performance evaluation of each independent director of the Company would be prepared, which would determine whether to extend or continue the term of appointment of the concerned independent director or not.

SCHEDULE IV
[See section 149(8)]
CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;



(7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;

(8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall :

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.



(6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDIAN ECONOMY WITH REGARD TO COTTON & TEXTILE INDUSTRIES**

India has the largest area under cotton cultivation in the world, covering 12.7 million hectares of cultivated land, which constitute about 37% of the total area under cotton in the world. India has been a major exporter since 2005-06 and is currently the world's second largest exporter. Apart from these, cotton is a major component of the Indian textiles industry, which consumes over 70% of domestically produced cotton. Cotton is an important cash crop. India is a major player in global textiles market and garments. It is one of the few nations having strong presence across the textile value chain from natural and synthetic fibers to yarn, fabrics, blends and finished products.

COTTON OVERVIEW

The Indian cotton scenario is forecast that cotton production in India will fall by over 7% to around 34 million bales (170 kg each) for the October 2015-September 2016 crop year against 38 million bales in the previous year. Despite a drop in production, cotton prices have been in a bear grip owing to higher carryover stocks. Cotton prices in the international market have also crashed to a level not seen since August 2009. The fall is due to widespread fears that China, which has been a net big importer, has started selling cotton from reserves, depressing prices world over. China has started to sell 1.5 million ton bales from 3rd May 2016 to 31st August 2016 which has further reduced chances of import of cotton in to China.

For last few years, when market arrivals of cotton reduces to trickle, the prices show sharp upward trend and similar situation is expected to happen this year also. The prices have already started firming up and expected to go up by almost 7-8% in next three months.

The Indian textile industry is export-oriented, facing many challenges, which can be primarily attributed to sluggish global demand as well as deteriorating global competitiveness of the domestic textile industry. Despite falling prices, exports to neighboring countries like Pakistan and Bangladesh is taking place due to freight advantage of Indian players have makes trade viable.

KEY MOTIVATORS IN BUDGET 2016-17 FOR TEXTILE INDUSTRIES

The Union Budget 2016-17 is pro-agriculture, pro-rural and pro-infrastructure budget, increased allocations in these sector will definitely help to strengthen the overall economy and enable long term growth. The Indian Textile Industries has welcomed the Budget by saying it focuses on employment opportunities and skill, which makes textile industry a significant contributor to job provider and supporting skill development. Emphasis on sector specific skill development and opening of training centers is appreciated. Reduction in Customs Duty from 5 per cent to 2.5 per cent on specified fibres and yarns is indeed a good step and it may result in reduction in cost of such fibres and yarns for spinners and weavers. However, levy of Excise Duty on branded garments seems inconsistent and premature when GST introduction is not too far away. Increase of service tax from 14.50 percent to 15 percent will have an adverse effect on the business economics.

STRENGTHS & OPPORTUNITIES

There is a scope for potential growth in the textile industry as India's share in global trade in textiles is weak, compared to other countries, based on the availability of raw material and skills. The free trade environment is a good opportunity for Indian textile industry to increase its share in the global market. Nevertheless, there are growth opportunities for the Indian textile industry, especially in yarns and fabrics by integrating with leading readymade garment-exporting countries like Bangladesh and Vietnam.

WEAKNESS AND THREATS

Increase in the power costs, higher transaction costs, high cost of labour and general increase in input costs, are all hindering progress, for which the industry has to concentrate on cost reduction exercises and improvement in efficiency. Shortage of skilled labour, decline in cotton acreage every year, cotton crop loss due to unfavorable monsoon is indeed a major area of concern for textile industries. Cotton acreage in top grower India is likely to drop by the most in over a decade this year, as plunging prices and fears of a drought prompt farmers to switch



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to cultivating pulses in the hope for better returns. As per Cotton Association of India, since other crops are giving better returns, there is a drop of around 7 per cent in cotton acreage and that will be the steepest fall since 2002-03.

Uncertainties in global textile market regarding yarn prices, fluctuation in foreign currencies, disturbed countries crisis etc. leads to affect cotton procurement, product pricing, decline demands & customer base. Additional tax levies in different forms also affect profitability.

Your Company is persistently working hard to face such challenges by cost reduction, process improvements, minimizing wastage and improving productivity & quality in proximity to mitigate the growing cost pressure in our overall operations. We are moving ahead swiftly through our result oriented strategies for future sustainability & development

FUTURE OUTLOOK

Since the government is keen to provide boost to investments in different sectors through its 'Ease of doing business' mission and policies, it is a long term initiative which will finally improve the GDP in coming years while increase in foreign exchange. It is expected that this shall drive investment and further growth in the textile industry as well.

The fundamental strength of your Company flows from its strong production base of wide range of yarns from natural fibres like cotton, silk and synthetic /man-made fibres like polyester, viscose & nylon etc.. The Company has a robust framework for providing quality products at competitive prices by ensuring proper timeline.

INTERNAL CONTROL SYSTEM

A strong internal control is pervasive in the Company. The Company has a well established framework of internal control in all areas of its operations, including suitable monitoring procedures, competent and qualified personnel. The Internal Audit department also assesses the opportunities for improvement in business processes, systems and controls, provides recommendations, designed to add value to the Company. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The Audit Committee actively reviews the adequacy and effectiveness of internal control system and suggests furthering strengthening the same, if so required. The Committee meets to review the progress of the internal audit initiatives, significant audit observations, planning and implementation of follow up action required. The Company conducts its business with integrity and high standard of ethical behaviour and in compliance with the applicable laws and regulations that govern its business.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACES

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Management of the Company has also constituted Internal Complaint Committees at its workplaces to consider and redress the complaints of Sexual Harassment. During the year under review, the Company has not received any complaint on sexual harassment.

RISK MANAGEMENT FRAMEWORK

Business risks exist for every Company having national and international exposure. Your Company also faces some such risks, the key ones are unfavourable cotton prices, financial & liquidity & unexpected changes in regulatory framework. To ensure long-term success, it is therefore essential that risks be effectively identified, analyzed and then mitigated by means of appropriate control measures.

We have a comprehensive risk management system/policy in place, which enables us to assess, mitigate and to monitor the different risks exposed to the industry in which the Company operates and to take the appropriate action, where ever required.

**HEALTH AND SAFETY MEASURES**

The Company has health and workplace safety programmes in place and has established policies and procedures aimed at ensuring compliance with applicable laws/legislative requirements. The Company believes that the health and safety of the workers and the persons residing in the vicinity of its plants is fundamental to the business. Commitment to the identification and elimination or control of the workplace hazards for protection of all is utmost importance.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The permanent employee strength of Company as on 31st March 2016 was Twenty Seven. The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The Company has been adopting methods and practices for Human Resources development. With utmost respect to human values, the Company continues to develop its human resources, through appropriate trainings, workshops, motivation/leadership techniques and employee welfare activities at regular intervals.

CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and yarn prices in the domestic and overseas markets, changes in government regulations, tax laws and economic developments.

By order of the Board of Directors

Place: Chandigarh
Dated: September 05, 2016

Sd/-
(Anurag Gupta)
Executive Director
DIN-00192888

Sd/-
(Gopal Krishan Gupta)
Managing Director
DIN-00192985

**INDEPENDENT AUDITOR'S REPORT**

To The Members of Hisar Spinning Mills Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Hisar Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

Opinion

8. 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 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 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.

10. 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 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



(g) 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, 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 31st March, 2016 on its financial position in its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for JAIN & ANIL SOOD
Chartered Accountants
Firm's Registration No. 010505N

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

Place: Hisar
Date : 30.05.2016



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 9 of the Independent Auditor's Report of even date to the members of Hisar Spinning Mills Limited on the financial statements as of and for the year ended 31st March, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program for the physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. 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 are held in the name of the Company.
- (ii) The inventory has been physically verified during the year by the management at reasonable intervals. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3(iii) (a), (b) and (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not advanced any loans or made any investments or given any guarantees or provided any security during the year. Thus, paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act, for any of the products of the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable to the Company, to the appropriate authorities, though there has been slight delay in few cases. According to the information and explanations given to us, no undisputed amounts outstanding as payable in respect of such statutory dues were in arrears as on 31st March, 2016 for a period of more than six months from the date they became payable.
- (b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise which have not been deposited on account of any dispute. There are following dues of value added tax as on 31st March, 2016 which have not been deposited on account of dispute:

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Haryana Value Added Tax Act, 2003	Value added tax	417315/-	Assessment Year 2012-2013	Before the Joint Excise and Taxation Commissioner (Appeals), Haryana



- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company does not have any loans or borrowing from Government during the year. The Company also does not have any outstanding debentures during the year.
- (ix) The moneys raised during the year by way of term loans from financial institution have been applied for the purposes for which those were raised. The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has paid managerial remuneration to Mr. Anurag Gupta during the year under audit and the same has been paid as approved by the members under provisions of Companies Act, 1956 for a period of five years with effect from 1st February, 2012 in the Annual General Meeting of the Company held on 29th September, 2012.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on 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 under review.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for JAIN & ANIL SOOD
Chartered Accountants
Firm's Registration No. 010505N

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

Place: Hisar
Date : 30.05.2016



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

- 1 We have audited the internal financial controls over financial reporting of Hisar Spinning Mills Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

- 2 The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 Companies Act, 2013.

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
- 4 Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.
- 5 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 system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

- 6 A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

- 7 Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

- 8 In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting 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 JAIN & ANIL SOOD
Chartered Accountants
Firm's Registration No. 010505N

Place: Hisar
Date : 30.05.2016

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

HISAR SPINNING MILLS LIMITED



Balance Sheet as at 31st March 2016

Particulars	Note No.	As at 31.03.2016		As at 31.03.2015	
In ₹					
EQUITY AND LIABILITIES					
Shareholders' funds					
(a) Share capital	3	43850000		43850000	
(b) Reserves and surplus	4	27185355	71035355	21232518	65082518
Non-current liabilities					
(a) Long-term borrowings	5		45799979		17295661
Current liabilities					
(a) Short-term borrowings	6			5864557	
(b) Trade payables	7	4127509		3890487	
(c) Other current liabilities	8	23088293		10562455	
(d) Short-term provisions	9	236534	27452336		20317499
Total			144287670		102695678
ASSETS					
Non-current assets					
(a) Fixed assets	10				
(i) Tangible assets		69785199		29458242	
(ii) Capital work-in-progress		5904313		3824017	
(b) Deferred tax assets (net)	11	2218056		3235187	
(c) Long-term loans and advances	12	3008329		7132244	
(d) Other non-current assets	13	3337536	84251433	2844974	46494664
Current assets					
(a) Inventories	14	36017722		34743714	
(b) Trade receivables	15	13855273		6311182	
(c) Cash and cash equivalents	16	6534326		13066917	
(d) Short-term loans and advances	17	870959		377949	
(e) Other current assets	18	2957957	60036237	1701252	56201014
Total			144287670		102695678

Significant accounting policies

2

The accompanying notes form an integral part of the financial statements.

As per our attached report of even date
for JAIN & ANIL SOOD
Chartered Accountants
Firm Registration No. 010505N

for and on behalf of the Board

Place: Hisar
Date: 30.05.2016

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

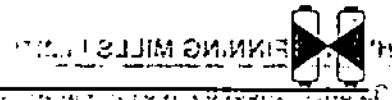
(GOPAL KRISHAN GUPTA)
Managing Director
DIN: 00192985

(TRILOKI NATH GOEL)
Director
DIN: 00193103

(ANURAG GUPTA)
Executive Director
DIN: 00192888

(TANU SHARMA)
Company Secretary

(SHARAD GOEL)
Chief Financial Officer

HISAR SPINNING MILLS LIMITED

Statement of Profit and Loss for the year ended 31st March 2016

Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
REVENUE			
Revenue from operations	19	239274264	239216185
Other income	20	653753	1262977
Total revenue		239928017	240479162
EXPENSES			
Cost of materials consumed	21	141839890	157134214
(-) Increase/ decrease in inventories	22	657379	584779
Employee benefits expense	23	4090864	3075293
Finance costs	24	4682728	2831478
Depreciation	25	23082992	13453257
Other expenses	26	58687820	53116461
Total expenses		233001673	230175482
Profit before exceptional items and tax		6926344	10303680
Exceptional items	27	1759768	-
Profit before tax		8686112	10303680
Less: tax expense:			
(1) Current tax		1714144	4606132
(2) Deferred tax		1019131	2416919
Profit for the period		5952837	7886761
Earnings per equity share (EPS):			
(Nominal value of equity share - ₹ 10/-)	28		
Basic EPS (₹)		1.59	2.11
Diluted EPS (₹)		1.59	2.11

Significant accounting policies

2

The accompanying notes form an integral part of the financial statements.

As per our attached report of even date.

for JAIN & ANIL SOOD
Chartered Accountants
Firm Registration No. 010505N

for and on behalf of the Board

Place: Hisar
Date : 30.05.2016

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

(GOPAL KRISHAN GUPTA) (TRILOKI NATH GOEL)
Managing Director Director
DIN: 00192985 DIN: 00193103

(ANURAG GUPTA) (TANU SHARMA) (SHARAD GOEL)
Executive Director Company Secretary Chief Financial Officer
DIN: 00192888


Cash Flow Statement for the year ended 31st March 2016

In ₹

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
A. Cash flow from operating activities		
Profit before extraordinary items and tax	8686112	10303680
Adjustments for:		
Depreciation	23062992	13453257
Profit on disposal of tangible fixed assets	-1759768	
Unrealised foreign exchange loss/ (-) gain	-4414	22318
Provision for mark to market loss on derivative instruments	64373	
Interest income	-600725	-1029326
Interest expense	4590606	2504313
Operating profit before extraordinary items and working capital changes	34039176	25209606
Movement in working capital:		
Decrease/ (-) increase in trade receivables	-7229329	975036
Decrease/ (-) increase in inventories	-1274008	3776334
Decrease/ (-) increase in loans and advances and other assets	2153648	-3869078
Increase/ (-) decrease in trade payables and other liabilities	4257682	-223242
Cash generation from operation before extraordinary item	31947167	25868655
Direct taxes paid	-1488940	-4559715
Net cash flow from/ (-) used in operating activities	30448227	21308940
B. Cash flow from investing activities		
(-) Purchase of tangible fixed assets (including capital work-in-progress)	-66620364	-4758719
Proceeds from disposal of fixed assets	2914400	
(-) Increase/ decrease in non-current bank balances - term deposits pledged with banks towards margin against bank guarantees	-600107	
(-) Increase/ decrease in current term deposits with bank having less than 12 months maturity at the year end (term deposit receipt pledged with bank towards margin money against letter of credit)	12900000	-12900000
Interest received	870533	414094
Net cash flow from/ (-) used in investing activities	-50535538	-17244625



Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
C. Cash flow from financing activities		
Proceeds from /(-) repayment of long-term borrowings	36655147	-7024097
Proceeds from /(-) repayment of short-term borrowings	-5864557	1442435
Interest paid	-4335870	-2539270
Net cash flow from/ (-) used in financing activities	26454720	-8120932
Net increase/(-) decrease in cash and cash equivalents	6367409	-4056617
Cash and cash equivalents at the beginning of the year	166917	4223534
Cash and cash equivalents at the end of the year	6534326	166917
<u>Components of cash and cash equivalents</u>		
Balances with banks in current/ cash credit accounts	4557554	32447
Cheques, drafts on hand or under clearing	1704270	-
Cash on hand	272502	134470
	6534326	166917

Note: The cash flow statement has been prepared under the 'indirect method' as set out in Accounting Standard (AS) - 3 'Cash Flow Statement'.

As per our attached report of even date

for JAIN & ANIL SOOD
Chartered Accountants
Firm Registration No. 010505N

for and on behalf of the Board

Place: Hisar (RAJESH KUMAR JAIN) (GOPAL KRISHAN GUPTA) (TRILOKI NATH GOEL)
Date : 30.05.2016 Partner Managing Director Director
Membership No. 088447 DIN: 00192985 DIN: 00193103

(ANURAG GUPTA) (TANU SHARMA) (SHARAD GOEL)
Executive Director Company Secretary Chief Financial Officer
DIN: 00192888

**Notes to financial statements for the year ended 31st March 2016****1. Corporate identification number and nature of operations**

Corporate identification number of the company is L17112HR1992PLC031621 and the company is engaged in the business of manufacturing and sale of cotton blended yarn.

2. Significant accounting policies**((a) Basis of preparation**

The financial statements have been prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India and comply with the accounting standards notified under the relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of current – non current classification of assets and liabilities.

((b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

((c) Revenue recognition

Revenue from sale of manufactured goods and sale of waste is recognised on transfer of all significant risks and rewards of ownership to the buyer which coincides with dispatch of goods to the customers. Revenue from sale of manufactured goods and sale of waste is disclosed net of returns, if any.

Export sales are accounted on the basis of date of Bill of lading. Export benefits are accounted for on accrual basis.

((d) Employee benefits**((i) Short-term employee benefits**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

((ii) Defined contribution plan – provident fund and pension fund

The contribution to provident fund and pension fund are considered as defined contribution plans and are charged to the statement of profit and loss as they fall due, based on the amount of contribution required to be made.



(iii) Compensated absences

Based on the leave rules of the company, employees are not permitted to accumulate leave. Any unavailed privileged leave to the extent encashable is paid to the employees and charged to the statement of profit and loss for the year.

(iv) Defined benefit plan - gratuity

Liability for gratuity is provided through a policy taken from Life Insurance Corporation of India (LIC) by a trust formed for the purpose. The net present value of obligation towards gratuity to employees is actuarially determined as at the balance sheet date based on the Projected Unit Credit (PUC) Actuarial Method. Actuarial gains and losses are recognised in the statement of profit and loss for the year.

(e) Fixed assets

Fixed assets have been stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price including duties and taxes (other than those subsequently recoverable by the company from the taxing authorities) and any directly attributable costs of bringing the asset to working condition for its intended use. When assets are sold or discarded their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the statement of profit and loss.

Advances paid towards the acquisition of fixed assets outstanding at the balance sheet date are disclosed as 'Capital advances' under the note of 'Long-term loans and advances' and the cost of fixed assets not ready for their intended use before such date are disclosed under 'Capital work-in-progress'.

(f) Depreciation

Depreciation on tangible fixed assets has been provided on written down value method over the estimated useful life of assets in the manner prescribed in Schedule II to the Companies Act, 2013.

Depreciation on additions to assets or on sale/ discardment of assets, is calculated pro rata from the date of such addition or up to the date of such sale/ discardment, as the case may be.

(g) Impairment of assets

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e., the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

(h) Inventories

Inventories (other than saleable waste) have been valued at lower of cost and net realisable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The cost in respect of various items of inventory is computed as under:

• In case of raw material, stores and spares, diesel and packing material at first-in-first-out (FIFO) cost method plus direct expenses.



- in case of work-in-progress at raw material cost (determined on FIFO cost method) plus appropriate portion of conversion cost and other overheads incurred depending upon the stage of completion.

- in case of finished goods at raw material cost (determined on FIFO cost method) plus conversion cost, packing cost and other overheads incurred to bring the goods up to their present condition and location.

Saleable waste has been valued at estimated net realisable value.

(i) Effects of change in foreign exchange rates

(i) Foreign Currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

(ii) At each balance sheet date foreign currency monetary items are reported using the closing rate.

(iii) Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

(iv) In case of Forward Exchange Contracts for firm commitments or highly probable forecast transactions, the pricing period of which extends beyond the balance sheet date, keeping in view the principle of prudence as enunciated in AS - 1, "Disclosure of Accounting Policies", suitable provision is made for likely loss, if any in respect of such outstanding derivative contracts at the balance sheet date by marking them to market.

(j) Government grants

Government grants related to revenue have been deducted from related expense which they are intended to compensate. Government grants of the nature of promoters' contribution have been credited to Capital Reserve.

(k) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily a substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the statement of profit and loss.

(l) Tax expense

Tax expense comprises current and deferred tax. Provision for current tax is made in accordance with the provisions of Income-tax Act, 1961. Deferred tax resulting from timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.



Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specific period.

(m) Segment reporting

The company operates only in one business segment viz., 'yarn' which is the reportable segment in accordance with the requirements of Accounting Standard (AS) - 17 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006.

(n) Provisions, contingent liabilities and contingent assets

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



in ₹

	As at 31.03.2016		As at 31.03.2015	
3. Share capital				
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹ 10/- each	8000000	80000000	8000000	80000000
Preference shares of ₹ 10/- each	2000000	20000000	2000000	20000000
Total		<u>100000000</u>		<u>100000000</u>
Issued				
Equity shares of ₹ 10/- each	3735000	37350000	3735000	37350000
5% Redeemable non cumulative preference shares of ₹ 10/- each	650000	6500000	650000	6500000
Total		<u>43850000</u>		<u>43850000</u>
Subscribed and fully paid				
Equity shares of ₹ 10/- each	3735000	37350000	3735000	37350000
5% Redeemable non cumulative preference shares of ₹ 10/- each	650000	6500000	650000	6500000
Total		<u>43850000</u>		<u>43850000</u>

The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Equity shares of ₹ 10/- each:

Particulars	Number of shares	Amount	Number of shares	Amount
Number of shares and amount at the beginning	3735000	37350000	3735000	37350000
Add : Shares issued				
Number of shares and amount at the end	3735000	37350000	3735000	37350000

5% Redeemable non cumulative preference shares of ₹ 10/- each:

Particulars	Number of shares	Amount	Number of shares	Amount
Number of shares and amount at the beginning	650000	6500000	650000	6500000
Add : Shares issued				
Number of shares and amount at the end	650000	6500000	650000	6500000



As at
31.03.2016

As at
31.03.2015

Rights, preferences and restrictions attaching to each class of shares:

Equity shares: The company has one class of equity share having par value of ₹ 10/- per share. Every member holding equity shares and entitled to vote and present in person or by proxy shall have voting rights which shall be in the same proportion as the capital paid on the equity share or shares (whether fully paid up or partly paid up) held by him bears to the total paid up equity capital of the company.

Preference shares: The company has issued 5% redeemable non cumulative preference shares having par value of ₹ 10/- per share. The preference shareholders enjoy preferential rights in respect of payment of dividend and repayment of capital over the equity shareholders. The preference shares shall not entitle the holders thereof to any voting rights, except in respect of resolutions which directly affect the rights attached to the preference shares, and in the event the company does not pay any dividend on the said preference shares no voting rights shall accrue to such holders on account of non-payment of dividend. The said preference shares will be redeemable at par at the discretion of the board either in lump sum or in four quarterly instalments commencing from 01.01.2024 and ending on 31.12.2024 but before the expiry of 20 years from the date of allotment (27.07.2005) subject to the provisions of the Companies Act, 1956 and other applicable legislations as may be in force from time to time and the provisions of the articles of association of the company.

Shares in the company held by each shareholder holding more than 5 percent shares:

Name of the shareholder	Number of shares	% held	Number of shares	% held
Equity shares of ₹ 10/- each:				
5% Redeemable non cumulative preference shares of ₹ 10/- each:				
Gopal Krishan Gupta	118000	18.15	110000	16.92
M.L. Kansal	70000	10.77	70000	10.77
Nikhil Goel	302000	46.46	132000	20.31
Bindu Goel	-	-	92000	14.15
Anurag Gupta	55000	8.46	55000	8.46
Anuj Gupta	55000	8.46	55000	8.46



	As at		As at	
	31.03.2016		31.03.2015	
in ₹				
4. Reserves and surplus				
Capital reserves				
As at the commencement of the year	3342000		3342000	
Add: receipt during the year		3342000		3342000
Surplus i.e. balance in statement of profit and loss				
As at the commencement of the year	17890518		10003757	
Add: Profit for the year as per the statement of profit and loss	5952837	23843355	7886761	17890518
Total		<u>27185355</u>		<u>21232518</u>
5. Long-term borrowings				
Secured (*)				
Term loan from bank				
Term loans from financial institution	45751809		16600000	
Other long-term borrowings from banks	48170	45799979	695661	17295661
Total		<u>45799979</u>		<u>17295661</u>

(*) Nature of security and guarantee by directors or others:

Term loan from bank:

Term loan from bank i.e., Punjab National Bank with balance outstanding of ₹ nil as on 31st March 2016 (previous year ₹ 361938/-) [including amount of principal due with in next 12 months from the balance sheet date amounting to ₹ nil (previous year ₹ 361938/-) shown under sub-head 'Current maturities of long-term borrowings' in note no. 8 'Other current liabilities'] is secured by:

(a) hypothecation of building constructed/ to be constructed, plant and machinery installed up to 31.03.2011, other assets and equipments purchased with the bank loan along with furniture & fixture.

(b) first charge ranking paripassu with Small Industries Development Bank of India (SIDBI) by way of equitable mortgage of all the immovable properties i.e., land & building thereon of the company situated at VPO Dabra, Distt, Hissar, admeasuring about 34 kanal 14 marlas owned by the company.

The above securities are also held as security for loan repayable on demand (cash credit) from Punjab National Bank (refer note no. 6 'Short-term borrowings').

Term loan from bank i.e., Punjab National Bank is further covered by personal guarantee of the directors of the company namely Sh. Gopal Krishan Gupta, Sh. Anurag Gupta and Sh. T.N. Goel and by Sh. M.L. Kansal, promoter of the company.

Term loans from financial institution:

Term loans from financial institution i.e., Small Industries Development Bank of India (SIDBI), with sanctioned amount of ₹ 80000000/- and balance outstanding of ₹ 59722809/- as on 31st March 2016 (previous year ₹ 21930000/-) [including amount of principal due with in next 12 months from the balance sheet date amounting to ₹ 13971000/- (previous year ₹ 5330000/-) shown under sub-head 'Current maturities of long-term borrowings' in note no. 8 'Other current liabilities'], together with interest, costs, expenses, penal interest and all other monies dues and payable by the company are secured by:

A: Primary Security:

(i) first charge by way of hypothecation in favour of SIDBI of the plant, machinery, equipment, tools, spares, accessories and all other assets which have been or proposed to be acquired under the projects/ schemes.



B. Collateral Security:

(i) Extension of first charge by way of hypothecation in favour of SIDBI of all the borrower's movables, including the movables, plant, machinery, machinery spares, tools and accessories, office equipments, computers, furnitures and fixtures, located at 9th KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar, Haryana and acquired after 01.04.2011.

(ii) Extension of first pari passu charge with Punjab National Bank by way of mortgage of all immovable properties of the company, both present and future situated at 9th KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar, Haryana admeasuring 34 kanals and 14 marlas including factory shed, building and structure thereon.

Term loans from financial institution i.e., Small Industries Development Bank of India (SIDBI) with sanctioned amount of ₹ 80000000/- are further covered by irrevocable and unconditional personal guarantee of the directors of the company namely Sh. Gopal Krishan Gupta, Sh. Anurag Gupta and Sh. T.N. Goel. Out of these term loans of ₹ 80000000/- from SIDBI, term loan with sanctioned amount of ₹ 31000000/- is also covered by irrevocable and unconditional personal guarantee of Sh. M.L. Kansal and term loan with sanctioned amount of ₹ 49000000/- is covered by irrevocable and unconditional personal guarantee of Smt. Sapna Kansal, director of the company.

Other long-term borrowings from banks:

Other long-term borrowings from banks are secured by hypothecation (marked with Registering Authority, Motor Vehicles) of vehicles acquired out of proceeds of the said borrowings from banks.

Terms of repayment:

Term loan from bank:

(i) Term loan of ₹ 11688000/- is repayable in 28 quarterly installments of ₹ 418000/- each with effect from March 2009. Rate of interest as at the previous year end 11.75%# p.a.

in ₹	
Yearwise repayment schedule	2015-2016
Term loans from bank	381938

Term loans from financial institution:

(i) Term loan of ₹ 29300000/- is repayable in 66 monthly installments commencing 18 months after the date of first disbursement i.e., 02.08.2011. The first 18 installments of ₹ 300000/- each, next 18 installments of ₹ 400000/- each, next 18 installments of ₹ 510000/- each, next 11 installments of ₹ 625000/- each and the last final installment of ₹ 645000/- . Rate of interest 11.95% p.a. as at year end. (previous year 12.25% p.a.)#

(ii) Term loan of ₹ 1700000/- is repayable in 66 monthly installments commencing 18 months after the date of first disbursement i.e., 02.08.2011. The first 18 installments of ₹ 15000/- each, next 18 installments of ₹ 25000/- each, next 18 installments of ₹ 30000/- each, next 11 installments of ₹ 35000/- each and the last final installment of ₹ 55000/- . Rate of interest 11.95% p.a. as at year end. (previous year 12.25% p.a.)#

(iii) Term loan of ₹ 49000000/- (disbursed ₹ 43122809/- up to 31st March 2016) is repayable in 72 monthly installments comprising of first 71 monthly installments of ₹ 681000/- and last installment of ₹ 649000/- commencing after a moratorium of 12 months from the date of first disbursement of the loan during May 2015. Rate of interest 10.70%# p.a. as at year end.

in ₹								
Yearwise repayment schedule	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Term loans from financial institution	5330000	13971000	15612000	10852000	8172000	8172000	8172000	649000

Rate of interest is without considering interest subsidy under TUF scheme.



HISAR SPINNING MILLS LIMITED

Other long-term borrowings from banks:

(i) Other long-term borrowing from ICICI Bank Limited amounting to ₹ 1500000/- is repayable in 36 equated monthly installments (EMIs) of ₹ 48585/- (including interest) starting from 1st May 2014. Last instalment due on 1st April 2017. Rate of interest 10.26% p.a. as at year end. (previous year 10.26% p.a.)

(ii) Other long-term borrowing from HDFC Bank Limited amounting to ₹ 800000/- is repayable in 36 equated monthly installments (EMIs) of ₹ 25600/- (including interest) starting from 5th August 2013. Last instalment due on 5th July 2016. Rate of interest 9.81% p.a. as at year end. (previous year 9.81% p.a.)

	in ₹		
Yearwise repayment schedule	2015-2016	2016-2017	2017-2018
Other long term borrowings from banks	775724	647491	48170



In ₹

	As at 31.03.2016	As at 31.03.2015
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6. Short-term borrowings**Secured (**)**

Loan repayable on demand from bank (cash credit)

5864557

Total5864557**(**) Nature of security and guarantee by directors or others:**

Loan repayable on demand from bank (cash credit) is secured by hypothecation of stocks of various raw materials viz manufacturing material, raw materials including excisable raw materials, stocks in process, semi finished goods, finished goods (including bought out finished goods) and hypothecation of entire receivables/ book debts.

The said facility from Punjab National Bank is further secured by first charge on machinery of the company installed up to 31.03.2011 and first charge ranking paripassu with Small Industries Development Bank of India (SIDBI) by way of equitable mortgage of all the immovable properties i.e., land and building constructed thereon of the company situated at VPO Dabra, Distt, Hissar, admeasuring about 34 kanal and 14 marlas owned by the company.

Loan repayable on demand from bank (cash credit) is also covered by personal guarantee of the directors of the company namely Sh. Gopal Krishan Gupta, Sh. Anurag Gupta, Sh. Triloki Nath Goel and Smt. Sapna Kansal.

7. Trade payables**Micro, small and medium enterprises (***)**

Others

4127509

3890487

Total41275093890487

(***) The company has not received the required information from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.

8. Other current liabilities

Current maturities of long-term borrowings

14618491

6467662

Interest accrued but not due on borrowings

400226

174009

Other payables

- Advances from customers

58133

- Creditors against capital goods

3076400

163950

- Accrued employee benefits expense

411377

286686

- Statutory dues

694603

327109

- Other liabilities

3887196

8069576

3088906

3920784

Total2308829310562455**9. Short-term provisions**

Provision for current income tax (net of prepaid taxes)

189945

Provision for employee benefits

46589

Total236534



Description of assets	Gross carrying amount		Depreciation		Net carrying amount					
	As at 01.04.2015	Additions during the year	Disposal	As at 31.03.2016	Opening accumulated depreciation	Depreciation for the year	Eliminated on disposal of assets	Closing accumulated depreciation	As at 31.03.2016	As at 31.03.2015
10. Fixed assets										
(i) Tangible assets										
Freehold land and site development	1387964	-	-	1387964	-	-	-	-	1387964	1387964
Buildings	18284344	2565122	-	20849466	12014123	837084	-	12851207	7998259	6270221
Plant and equipment	98297192	61920887	22336774	137881305	79180688	21356408	21187455	79349641	58531664	19116504
Furniture and fixtures	481093	-	-	481093	429175	8936	-	438111	42982	51918
Vehicles	3933067	-	16000	3917067	1442998	779582	15200	2207380	1709687	2490069
Office equipment	950127	54059	-	1004186	808561	80982	-	889543	114643	141566
Total	123333787	64540068	22352774	165521081	93875545	23062992	21202655	95735882	69785199	29458242
Previous Year's Total	122399085	934702	-	123333787	80422288	13453257	-	93875545	29458242	41976797
(ii) Capital work-in-progress									5904313	3824017



	in ₹	
	As at 31.03.2016	As at 31.03.2015
11. Deferred tax assets (net)		
Deferred tax assets		
Depreciation on fixed assets	2196165	3235187
Other timing differences	19891	-
Deferred tax assets (net)	<u>2216056</u>	<u>3235187</u>
12. Long-term loans and advances (unsecured, considered good)		
Capital advances	559970	5050617
Security deposits	2157514	2022589
Prepaid expenses	290845	59038
Total	<u>3008329</u>	<u>7132244</u>
13. Other non-current assets (unsecured, considered good)		
Non-current bank balances - term deposits (pledged with banks towards margin against bank guarantees)	2457607	1857500
Interest accrued on term deposits with bank	879929	783338
Advance to gratuity trust	-	204136
Total	<u>3337536</u>	<u>2844974</u>
14. Inventories (Refer note no. 2 (h) for mode of valuation)		
Raw material	15730869	14284718
Work-in-progress	5596056	2638952
Finished goods	10346006	13825332
Stores and spares, diesel and packing material [including in transit - ₹ Nil (previous year - ₹ 198950/-)]	4266768	3781532
Saleable waste	78023	213180
Total	<u>36017722</u>	<u>34743714</u>
15. Trade receivables (unsecured, considered good)		
Outstanding for a period exceeding six months from the date they became due for payment	-	9429
Outstanding for a period not exceeding six months from the date they became due for payment	13655273	6301753
Total	<u>13655273</u>	<u>6311182</u>



	in ₹	
	As at 31.03.2016	As at 31.03.2015
16. Cash and cash equivalents		
Balances with banks		
- in current/ cash credit accounts	4557554	32447
- in term deposit accounts (held as margin money against letter of credit)		12900000
Cheques, drafts on hand or under clearing	1704270	
Cash on hand	272502	134470
Total	6534328	13066917
Of the above, the balances that meet the definition of cash and cash equivalents as per Accounting Standard (AS) - 3 'Cash Flow Statement' is:	6534326	166917
17. Short-term loans and advances (unsecured, considered good)		
Advance income tax (net of provision for income tax)	144141	187919
Advances to suppliers of goods and services	444900	
Taxes and duties recoverable/refundable	3957	13498
Other loans and advances	33720	5033
Prepaid expenses	244241	161499
Total	870959	377949
18. Other current assets (unsecured, considered good)		
Interest subsidy receivable	2128486	1103588
Interest accrued on deposits with banks and security deposits	165096	531495
Export benefits receivable		61656
Excise duty refundable under EPCG scheme	664375	
Tangible fixed assets held for sale		4513
Total	2957957	1701252



	in ₹	
	For the year ended 31.03.2016	For the year ended 31.03.2015
19. Revenue from operations		
Sale of products		
Manufactured goods	237091442	236858303
	<u>237091442</u>	<u>236858303</u>
Other operating revenues		
Sale of waste	1910535	2245726
Sale of scrap	10338	50500
Export benefits	261949	61656
	<u>2182822</u>	<u>2357882</u>
Total	<u>239274264</u>	<u>239216185</u>
Details of sale of manufactured goods under broad heads		
Cotton blended yarn	237091442	236858303
20. Other income		
Interest income	600725	1029326
Net gain on foreign currency transactions and translation	-	54703
Insurance claim received	-	170505
Miscellaneous income	53028	8443
Total	<u>653753</u>	<u>1262977</u>
21. Cost of materials consumed		
<u>Cost of raw materials consumed</u>		
Opening stock of raw materials	14284718	17761617
Add: purchase of raw materials	144015581	153829907
	<u>158300299</u>	<u>171591524</u>
Less :		
Sale of raw materials	729540	172592
Closing stock of raw materials	15730869	14284718
Cost of materials consumed - Total	<u>141839890</u>	<u>157134214</u>
Details of raw material consumed under broad heads		
Textile waste/ Cotton waste	103354828	107322944
Polyester staple fiber	38432687	49811270
Others	52375	-



in ₹

	For the year ended 31.03.2016	For the year ended 31.03.2015
22. (-) Increase/ decrease in inventories		
Closing inventories		
Finished goods	10346006	13825332
Saleable waste	78023	213180
Work-in-progress	<u>5596056</u>	<u>2638952</u>
	<u>16020085</u>	<u>16677464</u>
Opening inventories		
Finished goods	13825332	15312876
Saleable waste	213180	591678
Work-in-progress	<u>2638952</u>	<u>1337689</u>
	<u>16677484</u>	<u>17242243</u>
(-) Increase/ decrease in inventories - Total	657379	564779
Details of inventories of finished goods under broad heads		
Closing inventories		
Cotton blended yarn	10346006	13825332
Opening inventories		
Cotton blended yarn	13825332	15312876
Details of inventories of work-in-progress under broad heads		
Closing inventories		
Cotton blended yarn work-in-progress	5596056	2638952
Opening inventories		
Cotton blended yarn work-in-progress	2638952	1337689
23. Employee benefits expense		
Salaries, wages and bonus	3497727	2717553
Contribution to provident fund and other funds	573636	358245
Staff welfare expenses	19501	1495
Total	<u>4090864</u>	<u>3075293</u>
24. Finance costs		
Interest expense	4480496	2504313
Interest paid on shortfall in payment of advance income tax	110110	-
Other borrowing costs	92122	327165
Total	<u>4682728</u>	<u>2831478</u>



	in ₹	
	For the year ended 31.03.2016	For the year ended 31.03.2015
25. Depreciation		
Depreciation on tangible assets (refer note no. 10)	23062992	13453257
Total	<u>23062992</u>	<u>13453257</u>
26. Other expenses		
Consumption of stores and spare parts	7780343	7677168
Packing material consumed	2623710	2179329
Diesel consumed	2075420	4845544
Power expenses	39374790	33508880
Contract labour charges and expenses	1506826	1266563
Repair and maintenance		
- Machinery	1149976	968760
- Building	303028	-
Insurance charges	388364	373667
Fees and subscription	378547	251954
<u>Auditors remuneration</u>		
- Audit fees	114500	112360
- Tax audit fees	22900	22472
- Certification fees	34350	33708
Legal and professional charges	66863	213910
Net loss on foreign currency transactions and translation - capital goods	405758	-
Net loss on foreign currency transactions and translation	6781	-
Mark to market loss on derivative instruments	64373	-
Freight and cartage outward	745287	68453
Clearing and forwarding charges (export)	212171	352218
Rebate and discount	1367	1725
Miscellaneous expenses	1412466	1239750
Total	<u>58667820</u>	<u>53116461</u>
27. Exceptional items		
Profit/ (-) loss on disposal of tangible fixed assets	1759768	-
Total	<u>1759768</u>	<u>-</u>



in ₹

	For the year ended 31.03.2016	For the year ended 31.03.2015
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28. Earnings per equity share (EPS)

The calculation of EPS as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 'Earning Per Share' notified under the Companies (Accounting Standards) Rules, 2006.

A statement on calculation of EPS is as under:

Profit for the period attributable to equity shareholders	5952837	7886761
Total (a)	<u>5952837</u>	<u>7886761</u>
Number of equity shares outstanding during the year (nos.) (Nominal value of equity share - ₹ 10/-)	3735000	3735000
Total (b)	<u>3735000</u>	<u>3735000</u>
Basic EPS (₹) (a/b)	1.59	2.11
Diluted EPS (₹) (a/b)	1.59	2.11

Note: There are no potential equity shares

29. Contingent liabilities and commitments

(to the extent not provided for)

(a) Contingent liabilities:

(i) Counter guarantees issued to Punjab National Bank in respect of the guarantees issued by the said bank in favour of various government authorities.

	3710107	1857500
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(ii) Disputed demand in respect of Value Added Tax

	397773	
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(b) Commitments:

(i) Performance bonds executed in favour of The President of India against exports obligations for purchase of capital goods under Export Promotion Capital Goods (EPCG) scheme

	81494598	27873306
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(ii) Estimated amount of unexecuted capital contracts (net of advances)

	797211	38045756
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30. Employee benefits

Disclosures as required by the Accounting Standard (AS) - 15 'Employee benefits' are as under:

- (a) General description of plan: Defined gratuity benefit obligation (funded)
- (b) Method of valuation of gratuity: Projected Unit Credit (PUC) Actuarial Method.

in ₹

Particulars	2015-2016	2014-2015
(c) Reconciliation of opening and closing balance of defined benefit obligation:		
1. Present value of obligation as at the beginning of the period	586878	437889
2. Current service cost	130006	95271
3. Interest cost	46950	35031
4. Net actuarial (-) gain/ loss on obligations	179644	34956
5. Benefits paid	-16768	-16269
6. Present value of obligation as at the end of the period	926710	586878

(d) Fair value of plan assets:

1. Fair value of plan assets at the beginning of the period	791014	740630
2. Expected return on plan assets	66845	66653
3. Contributions	34641	-
4. Benefits paid	-16768	-16269
5. Actuarial gain/ (-) loss on plan assets	4389	-
6. Fair value of plan assets at the end of the period	880121	791014

(e) Amount recognised in the balance sheet:

1. Present value of obligation as at the end of the period	926710	586878
2. Fair value of plan assets at the end of the period	880121	791014
3. Amount recognised in the balance sheet - asset/ (-) liability	-46589	204136

(f) Expenses recognised during the period:

1. Current service cost	130006	95271
2. Interest cost	46950	35031
3. Expected return on plan assets	-66845	-66653
4. Net actuarial (-) gain/ loss recognised in the period	175255	34956
5. Expenses recognised in the statement of profit and loss	285366	98605

(g) Actuarial (-) gain/ loss on planned assets

1. Actual return on plan assets	71234	66653
2. Expected return on plan assets	66845	66653
3. Actuarial (-) gain/ loss on planned assets	-4389	0

(h) Actuarial (-) gain/ loss recognised

1. Net actuarial (-) gain/ loss on obligations	179644	34956
2. Actuarial (-) gain/ loss on planned assets	-4389	0
3. Total actuarial (-) gain/ loss	175255	34956
4. Actuarial (-) gain/ loss recognised	175255	34956

(i) Actuarial assumptions:

1. Discount rate (per annum)	8.00%	8.00%
2. Salary growth rate (per annum)	7.00%	7.00%
3. Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
4. Expected rate of return (per annum)	8.00%	9.00%
5. Withdrawal rate (per annum)	2.00%	2.00%
6. Normal retirement age	58 years	58 years

Note: The above information is certified by the actuary and relied upon by statutory auditors.



31. Related parties disclosures

(a) The name of the transacting related party and description of the relationship between the parties:

Key management personnel:

Mr. Gopal Krishan Gupta, Managing Director

Mr. Anurag Gupta, Executive Director

Mr. Sharad Goel, Chief Financial Officer

Ms. Tanu Sharma, Company Secretary

Enterprises over which key management personnel or relative of such personnel is able to exercise significant influence:

Usha Yarns Limited

(b) Related party transactions:

in ₹

Sr. No.	Description of the nature of transactions	2015-2016		2014-2015	
		Key management personnel	Enterprises over which there is significant influence	Key management personnel	Enterprises over which there is significant influence
1.	Remuneration				
	Mr. Anurag Gupta	360000	-	360000	-
	Mr. Sharad Goel	503226	-	-	-
	Ms. Tanu Sharma	125598	-	86742	-
2.	Purchases (including duties and taxes)				
	Usha Yarns Limited	-	99315	-	1724457
3.	Sales (including duties and taxes)				
	Usha Yarns Limited	-	46524	-	515198

Remuneration to KMP has been taken from the date from which they became KMP.



32. No amount of dividend has been proposed to be distributed to equity and preference shareholders for the period.

33. There is no impairment of assets during the year.

34. Value of imports calculated on C.I.F basis:

Particulars	(In ₹)	
	For the year ended 31.03.2016	For the year ended 31.03.2015
Stores and spare parts	207626	
Capital goods	45215111	
Total	45422737	

35. Expenditure in foreign currency during the financial year on account:

Particulars	(In ₹)	
	For the year ended 31.03.2016	For the year ended 31.03.2015
Commission on sales	75668	50921
Total	75668	50921

36. Total value of all imported raw materials, stores and spares consumed during the financial year and the total value of all indigenous raw materials and stores and spares similarly consumed and the percentage of each to the total consumption:

Particulars	In ₹			
	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Amount	%	Amount	%
(i) Raw materials				
- Imported				
- Indigenous	141839890	100%	157134214	100%
Total	141839890	100%	157134214	100%
(ii) Stores and spares				
- Imported				
- Indigenous	7780343	100%	7677168	100%
Total	7780343	100%	7677168	100%

HISAR SPINNING MILLS LIMITED**37. Earnings in foreign exchange on account of:**

Particulars	In ₹	
	For the year ended 31.03.2016	For the year ended 31.03.2015
Export of goods calculated on F.O.B. basis:	7519887	2650999
Total	7519887	2650999

38. The previous period figures have been regrouped/ reclassified, wherever necessary to conform to the current period presentation.

As per our attached report of even date

for JAIN & ANIL SOOD
Chartered Accountants
Firm Registration No. 010505N

for and on behalf of the Board

Place: Hisar
Date : 30.05.2016

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

(GOPAL KRISHAN GUPTA)
Managing Director
DIN: 00192985

(TRILOKI NATH GOEL)
Director
DIN: 00193103

(ANURAG GUPTA)
Executive Director
DIN: 00192888

(TANU SHARMA)
Company Secretary

(SHARAD GOEL)
Chief Financial Officer

BOOK-POST

If undelivered please return to :

HISAR SPINNING MILLS LIMITED

Regd. Office & Works : 9th K.M. Stone,

Hisar-Bhiwani Road,

V.P.O. Dabra (Hisar) 125 005 (Haryana)