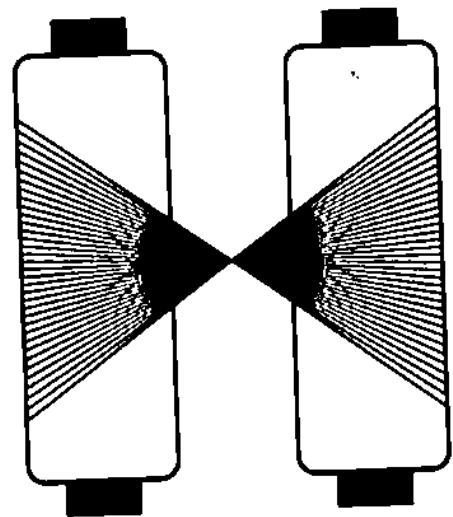


27th

ANNUAL REPORT

2018-2019



HSML

HISAR SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Mr. Anurag Gupta
Managing Director
DIN : 00192888

Mr. Mithlesh Kumar Gupta
Independent Director
DIN : 07692870

Mr. Sandeep Suri
Independent Director
DIN : 07693480

Mr. Sudesh Kumar Garg
Independent Director
DIN : 07692820

Mr. Nikhil Goel
Non Executive Director
DIN : 01741446

Mrs. Sapna Kansal
Executive Director
DIN : 06892410

AUDIT COMMITTEE

Mr. Mithlesh Kumar Gupta
Chairman

Mr. Sudesh Kumar Garg
Member

Mr. Anurag Gupta
Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Sudesh Kumar Garg
Chairman

Mr. Mithlesh Kumar Gupta
Member

Mr. Nikhil Goel
Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mrs. Sapna Kansal
Member

Mr. Anurag Gupta
Member

Mr. Nikhil Goel
Chairman

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Mrs. Nikita Singla
(Appointed w.e.f. 01.02.2019)
Mr. Verinder Kamal Sood
(Resigned w.e.f. 31.01.2019)
Ms. Manmeet Kaur Sihota
(Resigned w.e.f. 11.06.2018)

CHIEF FINANCIAL OFFICER

Mr. Sharad Goel

AUDITORS

M/s Romesh K. Aggarwal & Associates
Chartered Accountant
G T Road, Miller Ganj,
Ludhiana - 141003

BANKERS

Punjab National Bank
Main Branch, Hisar 125001

REGD. OFFICE & WORKS

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

TWENTY SIXTH ANNUAL GENERAL MEETING

30th day of September, 2019 i.e. Monday at 10.00 A.M. 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 27th Annual General Meeting of the Shareholders of the company will be held on Monday, the 30th day of September, 2019 at 10:00 A.M. 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, 2019 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 Mr. Nikhil Goel (DIN 01741446), Director who retires by rotation and is eligible for re-appointment.

For and on behalf of the Board

Place: Chandigarh
Date: 06.09.2019
Regd. Office:
9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar

Sd/-
(Anurag Gupta)
Managing Director

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed.
2. 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.
3. 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 25th day of September, 2019 to 30th day of September, 2019 (both days inclusive).
4. 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.
5. 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.
6. Members/Proxies are requested to bring their copy of this Notice along with duly filled admission slip for attending the meeting.
7. Members holding shares in physical form are requested to notify their e-mail id & 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.
8. Members holding shares in electronic form are requested to notify change in their e-mail id & address, if any, to their Depository Participant.
9. 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.



10. 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.

11. 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 Monday, the 30th day of September, 2019 at 10:00 A.M. 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.

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

(i) The voting period begins on Friday, the 27th day of September, 2019 at 9.00 A.M. and ends on Sunday, the 29th day of September, 2019 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 Monday, the 23rd day of September, 2019, 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.



HISAR SPINNING MILLS LIMITED

- (xi) Click on the EVSN for the relevant Company, i.e. Hisar Spinning Mills Limited on which you choose to vote. (EVSN 190822053).
- (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. Monday, the 23rd day of September, 2019 and not casting their vote electronically, may also cast their vote at the Annual General Meeting.
- (xxa) 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.
- (xxb) 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.
- (xxc) 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 at least 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.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102
OF THE COMPANIES ACT, 2013

Item No. 2

A brief profile of the Non Executive Director:

Mr. Nikhil Goel (Din: 01741446) who is retiring by rotation, is eligible for appointment.

Age: 38 years as on 31.03.2019.

Qualification: Graduate.

Experience: Has been associated as director of a manufacturing company. He has rich experience of manufacturing & financing activities.

Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid: Appointed as an additional director w.e.f. December 29, 2016, then appointed a director liable to retire by rotation in the annual general meeting held on September 28, 2017. He shall retire by rotation at the forthcoming AGM and is eligible for re-appointment.

Remuneration last drawn by such person: Nil

Date of first appointment on the Board: 29.12.2016

Shareholding in the company: 160400 Equity Shares.

Relationship with other Directors, Manager and other Key Managerial Personnel of the company: No relationship.

Number of Meetings of the Board attended during the year: 5

Other Directorships: Avon Meters Private Limited

Membership/ Chairmanship of Committees of other Boards: Nil

Nature of interest of Directors: None of the Directors except Mr. Nikhil Goel himself, is interested in the proposed resolution.

For and on behalf of the Board

Place: Chandigarh
Date: 06.09.2019
Regd. Office:
9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar

Sd/-
(Anurag Gupta)
Managing Director



HISAR SPINNING MILLS LIMITED

**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 Monday, the 30th day of September, 2019 at 10:00 A.M. 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 Mr. Nikhil Goel, retiring by rotation at the AGM.

Signed this day of September, 2019

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, Tel/Fax:-91-1662-260397
E-mail: hsml2000@rediffmail.com
Website: www.hisarspinningmills.com
CIN: L17112HR1992PLC031621

ATTENDANCE SLIP

Attendance Slip for 27th Annual General Meeting
(to be handed over at the Registration Counter)

Folio No. : _____ DP ID : _____
No. of share(s) held : _____ Client ID : _____

Full Name of the member / proxy attending the meeting

(First Name)

(Second Name)

(Surname)

I/We hereby record my/our presence at the 27th Annual General Meeting of the company at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar on 30th day of September, 2019 at 10:00 A.M.

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, Tel/Fax:-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 27th Annual General Meeting to be held on Monday, 30th day of September, 2019 at 10:00 A.M. The company has engaged the Central Depository Services Limited (CDSL) to provide the remote e-voting facility:



HISAR SPINNING MILLS LIMITED

Your electronic voting particulars are set out below:

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password
190822053		

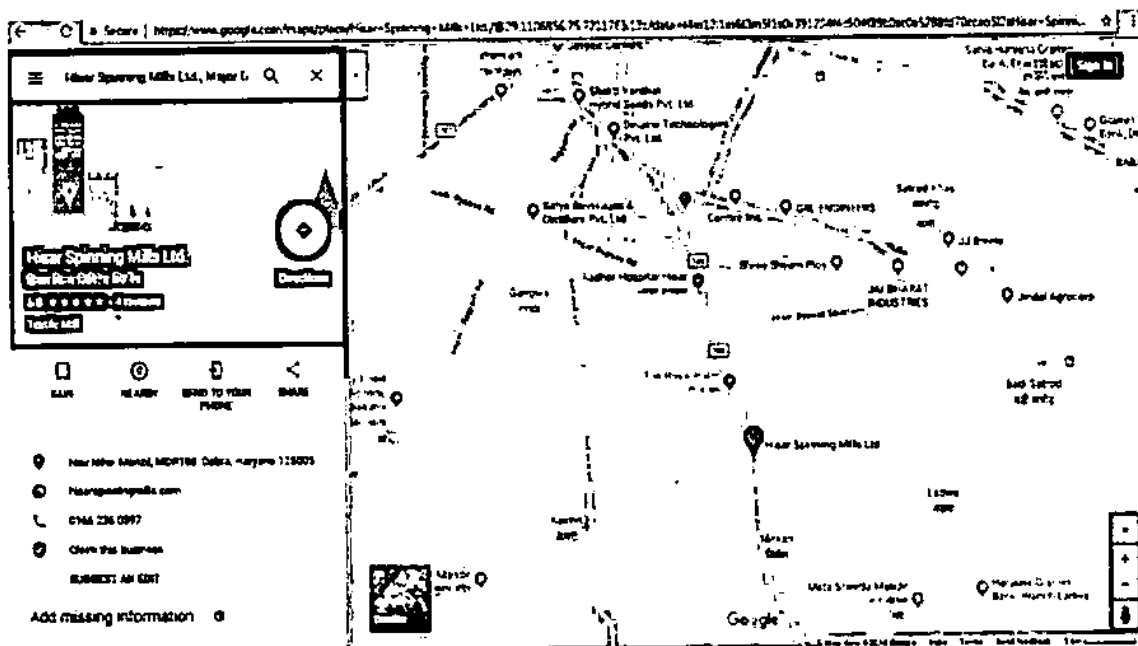
The remote e-voting facility will be available during the voting period as indicate herein below:

Commencement of remote e-voting period	End of remote e-voting period
From 9.00 A.M. IST on Friday, 27 th September, 2019	Till 5.00 P.M. IST on Sunday, 29 th September, 2019

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 27th Annual General Meeting to be held on 30th day of September, 2019.
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 Monday, 23rd September, 2019, being the record date for the purpose of voting.

ROUTE MAP TO HISAR SPINNING MILLS LIMITED.





Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2019.

Financial Highlights	(Rs. in Lakhs)	
	Year ended 31.03.2019	Year ended 31.03.2018
Total income	3073.69	2889.35
Profit before Financial Cost, Depreciation, Exceptional items and Tax	494.58	434.81
Finance cost	51.92	81.45
Profit before Depreciation, Exceptional items and Tax	442.66	373.36
Depreciation	124.65	187.77
Profit before exceptional items and tax	318.01	185.59
Exceptional Items	0.00	0.00
Profit before tax	318.01	185.59
Less : Tax Expenses		
-Current tax	90.94	82.08
-Deferred tax	0.29	-37.59
Profit after tax	226.78	141.10
Other Comprehensive Income		
A (i) Items that will not be reclassified to profit or loss		
(a) Re-measurement of the defined benefit plans	0.37	0.28
(ii) Income tax relating to items that will not be reclassified to profit or loss	-0.10	-0.07
Total Other Comprehensive Income for the period	0.27	0.19
Total Comprehensive Income for the period	227.05	141.29
Earnings per equity share: (Nominal value of equity share – Rs. 10/-)		
Basic (Rs.)	6.07	3.78
Diluted (Rs.)	6.07	3.78

OPERATIONAL & PERFORMANCE REVIEW

During the year under review, the gross receipts of your Company were Rs. 3073.69 Lakhs as against gross receipts of Rs. 2889.35 Lakhs during the previous year showing an increase of 6.38% over previous year and profit (after tax) was Rs. 226.78 Lakhs for the year as against net profit (after tax) of Rs. 141.10 Lakhs during previous year showing an increase of 60.72%.

SUBSIDIARY COMPANY

During the year ended 31st March, 2019, the Company did not have any subsidiary company.

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 there under.



HISAR SPINNING MILLS LIMITED

DIVIDEND

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

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of Company, Mr. Nikhil Goel, (DIN: 01741446) Director, shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

As on 31st March, 2019, following were the Key Managerial Personnel of Company:

- | | |
|---------------------|--|
| • Mr. Anurag Gupta | Managing Director |
| • Mrs. Sapna Kansal | Executive Director |
| • Mr. Naveen Kansal | Chief Executive Officer |
| • Shri Sharad Goel | Chief Financial Officer |
| • Ms. Nikita Singla | Company Secretary and Compliance Officer (Appointed w.e.f. 01.02.2019) |

STATUTORY AUDITORS

At the 25th Annual General Meeting of Company held on 28th September 2017, M/s Romesh K Aggarwal & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company, for a period of five years i.e. from the conclusion of 25th Annual General Meeting of Company till the conclusion of 30th Annual General Meeting of Company to be held in the year 2022, in accordance with the provisions of section 139 of Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014.

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, 2019, 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, 2019 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.

FRAUDS REPORTED BY AUDITORS u/s 143(12)

Your company has complied with all the provisions of Section 143 of the Companies Act, 2013. Hence, there are no frauds reported by the Auditors other than those which are reportable to the Central Government. Further, no fraud has been reported to the Central Government.

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 2018-19, five Board meetings were held. The meetings were held on May 22, 2018, August 14, 2018, September 5, 2018, November 14, 2018 and February 14, 2019. 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. The details of the same are given in Form AOC-2 and is annexed herewith.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013



The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An 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.hisar spinningmills.com.

The following is a summary of sexual harassment complaints received and disposed off during the Calendar year 2018:

- a) No. of Complaints received in the year: 1
- b) No. of complaints disposed off during the year: 1
- c) No. of cases pending for more than 90 days: NIL
- d) No. of workshops or awareness program against sexual harassment carried out: 1
- e) Nature of action taken by the employer: NA

MAINTENANCE OF COST RECORDS

The maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, is not applicable to the Company and accordingly such accounts and records are not made and maintained.

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
- I. Risk Management and Risk Mitigation
- II. 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.hisar spinningmills.com.

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

The current policy is to have an appropriate mix of executive and non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of March 31, 2019, the Board had six members, two of whom are executive directors, one is a non executive director and three independent directors. One of the executive directors of the Board is a woman director.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is available on the website of the company, at www.hisar spinningmills.com.

We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.



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 2019 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. Mithlesh Kumar Gupta, Non-executive and Independent Director	Chairman
2	Sh. Anurag Gupta, Managing Director	Member
3	Sh. Sudesh Kumar Garg, 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 details of the Policy are 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 Board's 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. 102 Lakhs 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. 102 Lakhs during the financial year 2018-19.

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 06, 2019

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

Sd/-
(Sapna Kansal)
Executive Director
DIN-06892410



FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship:	NIL
(b) Nature of contracts/arrangements/transactions:	NIL
(c) Duration of the contracts/arrangements/transactions:	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	NIL
(e) Justification for entering into such contracts or arrangements or transactions:	NIL
(f) Date(s) of approval by the Board:	NIL
(g) Amount paid as advances, if any:	NIL
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship:	Mr. Naveen Kansal – Husband of Mrs. Sapna Kansal, Whole Time Director.	Usha Yarns Limited – Common Managing Director and two relatives of Executive Directors are Directors in Usha Yarns Limited and common promoter shareholders	Usha Yarns Limited – Common Managing Director and two relatives of Executive Directors are Directors in Usha Yarns Limited and common promoter shareholders
(b) Nature of contracts/arrangements/ transactions:	Employment	Purchase of goods	Settlement of liabilities
(c) Duration of the contracts/arrangements/ transactions:	Permanent employment	Annual	One time
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	General terms of employment as applicable on other employees.	Purchase of goods at market value	Actuals
(e) Date(s) of approval by the Board, if any:	29.12.2016	Omnibus Approval on 22.05.2018	22.05.2018
(f) Amount paid as advances, if any:	Nil	Nil	Nil

By order of the Board of Directors

Place: Chandigarh
Dated: September 06, 2019

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

Sd/-
(Sapna Kansal)
Executive Director
DIN-06892410



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 2019, the Board of Directors consists of six Directors, out of which two are Promoter Directors (Managing Director and a non 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 2018-19, five Board meetings were held. The meetings were held on 22nd May, 2018, 14th August, 2018, 5th September, 2018, 14th November, 2018, and 14th February, 2019. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Regulations, a separate meeting of independent directors was held on 14th February, 2019 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 31.03.2019:-

Name of Director	Category	Attendance Particulars		No. of Directorship	No. of Membership/ Chairmanship in Committees*		
		Board Meeting	Last AGM	Other Directorship	Membership	Chairmanship	Total
Smt. Sapna Kansal	ED	5	Yes	Nil	1	Nil	1
Sh. Anurag Gupta	ED / MD	5	Yes	1	2	Nil	2
Sh. Mithlesh Kumar Gupta	INED	5	Yes	Nil	Nil	1	1
Sh. Sudesh Kumar Garg	INED	5	Yes	Nil	1	Nil	1
Sh. Sandeep Suri	INED	5	Yes	Nil	NIL	NIL	NIL
Sh. Nikhil Goel	NED	5	Yes	1	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.

None of the Directors of the company is a director of any other listed company.

**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. Anurag Gupta, DIN 00192888, 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 and policy and procedure for inquiry in case of leak / suspected leak of unpublished Price Sensitive Information, in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The same is also posted on Company's website viz. www.hisarspinningmills.com.

7. MD and CFO Certification

As per Regulation 17 of Listing Regulations, Sh. Sharad Goel, Chief Financial Officer (CFO) & Sh. Anurag Gupta, DIN 00192888, Managing Director 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 2018-19, four Audit Committee meetings were held on May 22, 2018, August 14, 2018, November 14, 2018 and February 14, 2019.

S.NO.	NAME	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2018-2019
1.	Sh. Mithlesh Kumar Gupta, Non-executive and Independent Director	Chairman	4
2.	Sh. Sudesh Kumar Garg, Non-executive and Independent Director	Member	4
3.	Sh. Anurag Gupta, Managing Director	Member	4

The Statutory 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 2018-2019, one meeting of Nomination and Remuneration Committee were held on March 25, 2019.

S.NO.	NAME	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2018-2019
1	Mr. Sudesh Kumar Garg, Non Executive Independent Director	Chairman	1
2	Mr. Nikhil Goel, Non Executive Non Independent Director	Member	1
3	Mr. Mithlesh Kumar Gupta, Non Executive Independent 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.

i) Remuneration of Non-Executive Directors

No remuneration was paid to the Non-Executive Directors during the year 2018-19.

ii) Remuneration of Executive Directors

The details of remuneration paid to the Executive Directors during the year 2018-19 are given below:

HISAR SPINNING MILLS LIMITED

(Rs. In Lakhs)

Name of Directors	Salary	Perquisites*	Commission	Total
Mr. Anurag Gupta, Managing Director	15.00	-	-	15.00
Mrs. Sapna Kansal	15.00	-	-	15.00

There is no Employee Stock Option Scheme (ESOP) in the Company as on 31st March 2019. 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 there under 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 2018-19, four Stakeholders Relationship Committee meetings were held on May 22, 2018, August 14, 2018, November 14, 2018 and February 14, 2019. The composition, names of the members, chairperson, particulars of the meetings and attendance of the members during the year are as below:

S.NO	NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2018-2019
1.	Mrs. Sapna Kansal, Non Executive Director	Member	4
2.	Sh. Anurag Gupta, Executive Director	Member	4
3.	Sh. Nikhil Goel, Non-executive Director	Chairman	4

During the financial year, the request for transfer/ demat / remat of shares, change of address etc have been duly effected. During the year, two complaints from the shareholders were received and resolved. Hence no grievance was pending at the end of the financial year.

Details of the Compliance Officer of the Company for SEBI/ Stock Exchange/ROC related issues etc.

Mrs. Nikita Singla (Appointed w.e.f. 01.02.2019)

Mr. Verinder Kamal Sood (Resigned w.e.f. 31.01.2019)

Ms. Manmeet Kaur (Resigned w.e.f. 11.06.2018)

(D). Risk Management Committee:

The 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	WHETHER ANY SPECIAL RESOLUTION PASSED
2017-18	9 th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	29/09/2018	10.00 A.M.	Yes
2016-17	9 th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	28/09/2017	10.00 A.M.	No
2015-16	9 th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	30/09/2016	12.00 Hrs.	No

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.



HISAR SPINNING MILLS LIMITED

10. Subsidiary Company

During the year ended 31st March, 2019, 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.hisar spinningmills.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.hisar spinningmills.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.hisar spinningmills.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, 2019, 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.hisar spinningmills.com.

Since the Directors were satisfied with the evaluation results, there were no observations in the board evaluation carried out for the year, hence no action was proposed. The previous year's observations in the board evaluation were nil and hence no action was warranted.

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. The details of familiarization Programme imparted to Independent Directors is provided on the website of the Company at www.hisar spinningmills.com.

15. Skills/ Expertise/ Competence of the Board of Directors

Core skills /expertise/ competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board along with the Directors who possess such skills / expertise/ competencies is as follows:

Names of Directors/ Skills	Creative eye	Leadership	Technical knowledge of the product	Managing Staff	Marketing
Mr. Anurag Gupta	10	10	10	10	10
Mr. Mithlesh Kumar Gupta	8	6	7	10	8
Mr. Sandeep Suri	8	6	7	8	8
Mr. Sudesh Kumar Garg	8	6	7	8	8
Mr. Nikhil Goel	9	9	9	9	10
Mrs. Sapna Kansal	10	10	10	10	10

The above points are allotted to the directors out of 10 basis points.

16. Confirmation of Independence of Independent Directors

The Board of Directors has confirmed that in their opinion, the independent directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

17. Resignation of Independent Director(s)

No Independent Director resigned from the Board of the Company during the year under review.



18. 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.

19. Means of Communications

The quarterly, half yearly & annual financial results, notices etc. are published in widely circulating national & local daily newspapers. The Pioneer in English edition and Vyapar Bharti in Hindi Edition. The 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.

20. General Shareholder information

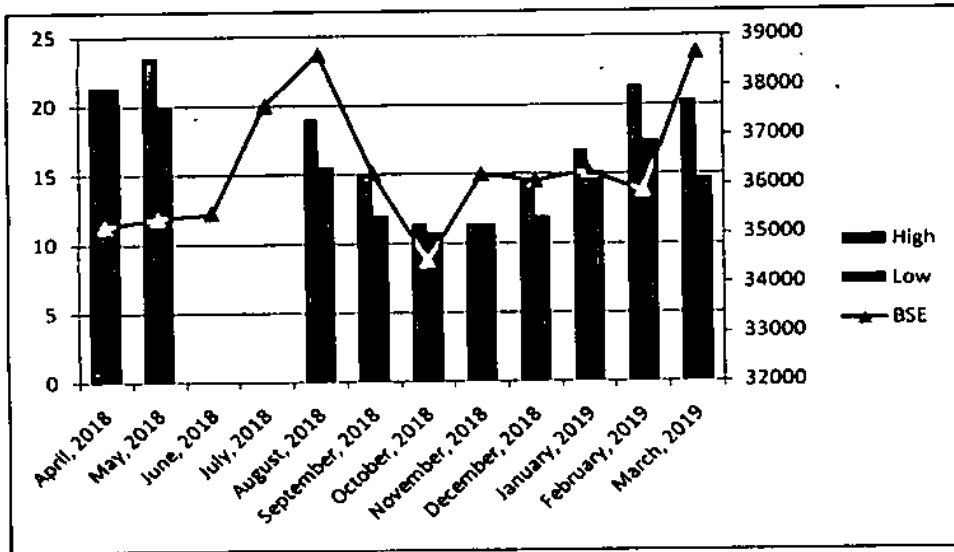
Annual General Meeting at 10:00 Hrs. on 30th day of September, 2019 at Registered Office of the Company at 9th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar).

Financial Calendar : 1st April, 2018 to 31st March, 2019
 Date of Book Closure : 25.09.2019 to 30.09.2019
 (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 2018-2019 has duly been paid to Bombay Stock Exchange (BSE).

Market price data – High and Low during each month on BSE in the financial year 2018-19. Stock code - 521068 (Source: www.bseindia.com)

Months	High	Low	Closed	Shares
April, 2018	21.40	21.40	21.40	200
May, 2018	23.55	20.05	20.05	4100
June, 2018	-	-	-	-
July, 2018	-	-	-	-
August, 2018	19.05	15.55	15.55	9500
September, 2018	15.05	12.00	12.00	1000
October, 2018	11.40	10.83	10.83	400
November, 2018	11.37	11.37	11.37	300
December, 2018	14.47	11.93	14.47	500
January, 2019	16.73	15.19	16.73	600
February, 2019	21.40	17.45	21.40	4900



- Registrar and Share Transfer Agent : M/s Indus Portfolio Private limited
G-65, Ball 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 : Mrs. Nikita Singla (Appointed w.e.f. 01.02.2019)
Mr. Verinder Kamal Sood (Resigned w.e.f. 31.01.2019)
Ms. Manmeet Kaur Sihota (Resigned w.e.f. 11.06.2018)
- E-mail ID's : hsml2000@rediffmail.com

Distribution of shareholding as on 31st March, 2019.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
0-500	9973	97.55	1451030	38.85
501-1000	143	1.40	115100	3.08
1001-5000	67	0.66	130800	3.50
5001-10000	9	0.09	67700	1.81
10001-20000	8	0.08	123500	3.31
20001-30000	6	0.06	152680	4.09
30001-40000	0	0.00	0	0.00
40001-50000	3	0.03	134500	3.60

**HISAR SPINNING MILLS LIMITED**

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
50001-100000	7	0.07	460200	12.32
Above 100000	7	0.07	1099490	29.44
	10223	100	3735000	100

Shareholding Pattern as on 31st March, 2019.

Category	No. of shares	Percentage
Promoters/Promoter Group	1885870	50.49
FI's/FII's/ Banks/ Mutual Funds	-	-
Indian Public	1849130	49.51
Others	-	-
Shares held by Custodian & against which Depository Receipts have been issued	-	-
Total	3735000	100

Details of shareholding of Directors In the Company as on 31.03.2019.

Name of Director	No. of shares held
NIKHIL GOEL	160400
ANURAG GUPTA	184250
SAPNA KANSAL	63100

Dematerialisation of shares	:	22,18,770 (59.40%) shares
Plant(s) Location	:	9 th K.M. Stone, Hisar Bhiwani Road, V.P.O. Dabra (Hisar) 125005
Address for correspondence	:	Hisar Spinning Mills limited 9 th K.M. Stone, Hisar Bhiwani Road, V.P.O. Dabra (Hisar) 125005 Ph. 01662-260397 Fax: 91-1662-280397
E-mail ID's	:	hsmi2000@rediffmail.com
Credit Ratings	:	Not Applicable.

OTHER DISCLOSURES

- Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large**
There is no such related party transaction that may have potential conflict with the interests of the listed entity at large.
- Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange (s) or the board or any statutory authority, on any matter related to capital markets, during last three years**
No major penalty was levied on the company by any statutory authority.
- Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel was denied access to the Audit Committee**
The company has revised the vigil mechanism / whistle blower policy and the same is also disclosed on the website of the company at www.hisar spinningmills.com and displayed at the conspicuous place in the company. Further, we hereby affirm that no personnel were denied access to the Audit Committee.
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**



HISAR SPINNING MILLS LIMITED

- All the mandatory and non-mandatory requirements have been duly complied with by the company to the extent applicable to the company.
- e) Web link where policy for determining 'material' subsidiaries is disclosed
The company does not have any subsidiary / associate / joint ventures within the meaning of Companies Act, 2013 and Accounting Standards.
 - f) Web link where policy on dealing with related party transactions
www.hisarspinningmills.com.
 - g) Disclosure of commodity price risks and commodity hedging activities
At present there is no commodity price risk in the company.
 - (h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).
Not applicable
 - (i) A certificate from a practicing company secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is appended hereunder:

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Hisar Spinning Mills Limited
(CIN: L17112HR1992PLC031621)
Regd. Office: Village & PO. Dabra,
Hisar. Haryana - 125005

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hisar Spinning Mills Limited having CIN: L17112HR1992PLC031621 and having registered office at Village & PO. Dabra, Hisar. Haryana - 125005 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Anurag Gupta	00192888	28/02/2000
2	Sapna Kansal	06892410	20/08/2014
3	Nikhil Goel	01741446	29/12/2016
4	Sudesh Kumar Garg	07692820	29/12/2016
5	Mihlesh Kumar Gupta	07692870	29/12/2016
6	Sandeep Suri	07693480	29/12/2016

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

Place: Chandigarh
Date : June 06, 2019

Signature: Sd/-
Name: Sanjiv Kumar Goel
Membership No.: FCS 2107
CP No.: 1248



(j) where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year:

There was no such instance during the financial year under review.

(k) The total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:

M/s Romesh K. Aggarwal & Associates were paid a total sum of Rs. 2.00 Lakhs (excluding taxes) during the financial year under review.

(l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year: Nil

b. number of complaints disposed of during the financial year: Nil

c. number of complaints pending as on end of the financial year: Nil

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

No physical shares are lying as undelivered / unclaimed.

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 2019.

Place: Chandigarh
Dated: September 06, 2019

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



MD 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, 2019 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 instances of significant fraud of which we have become aware.

Yours sincerely,

Sd/-
(Anurag Gupta)
Managing Director

Sd/-
(Sharad Goel)
Chief Financial Officer

Place: Chandigarh
Date: September 06, 2019



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, 2019 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, 2019, 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: June 06, 2019

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



ANNEXURE '1' TO THE DIRECTORS' REPORT

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, 2019

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, 2019 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, 2019 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:



HISAR SPINNING MILLS LIMITED

- 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: June 06, 2019

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, 2019.

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)	5230495	5173255
Total Amount (Rs. In Lakhs)	397.70	399.30
Rate/Unit (Rs)	7.60	7.72
b) Through Diesel Generator		
Units(KW)	456607	409508
Total Amount (Rs. In Lakhs)	112.53	75.57
Rate/Unit (Rs/KW)	24.65	18.45
B) Consumption Per Unit Of Production	1761 Units	1763 Units
Steam Coal	Nil	Nil
Furnace Oil	Nil	Nil
Others/Internal Generators	Nil	Nil
Cotton Yarn Production In MT	3229.804	3166.361
Total Units Consumed	5887102	5562761

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 Lakhs)

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:

(Rs. In Lakhs)	
Particulars	For the Year ended 31.03.2019
Stores & Spares parts	22.98
Capital Goods	NIL
Total	22.98

Expenditure in foreign currency during the financial year on account:

(Rs. In Lakhs)	
Particulars	For the Year ended 31.03.2019
Commission on sales	0.69
Total	0.69

Earnings in foreign exchange:

Export of goods calculated on FOB basis

(Rs. In Lakhs)	
Particulars	For the Year ended 31.03.2019
Manufactured Goods	172.34
Total	172.34

By order of the Board of Directors

Place: Chandigarh
Dated: September 06, 2019

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

Sd/-
(Sapna Kansal)
Executive Director
DIN-06892410



Annexure '3' to Directors' Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
 As on the financial year ended on 31.03.2019
 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	1311/13111	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	1882170	--	1882170	50.39	1885870	--	1885870	50.49	0.10
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	--	--	--	--	--	--	--	--	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (1):-	1882170	--	1882170	50.39	1885870	--	1885870	50.49	0.10
(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)	1882170	--	1882170	50.39	1885870	--	1885870	50.49	0.10
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--



g) FIIs									
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	--	--	--	--	--	--	--	--	--
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	238500	1517830	1754330	48.97	284900	1515130	1780030	47.66	0.69
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	49100	--	49100	1.31	49100	--	49100	1.31	--
c) Others (specify)	24300	25100	49400	1.32	18900	1100	20000	0.54	-0.78
Sub-total (B)(2):-	309900	1542930	1852830	49.61	332900	1516230	1849130	49.51	--
Total Public Shareholding (B)=(B)(1)+(B)(2)	309900	1542930	1852830	49.61	332900	1516230	1849130	49.51	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	2192070	1542930	3735000	100	2218770	1516230	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 to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	



1.	Megha Goel	7200	0.19	-	7200	0.19	-	-
2.	Anju Gupta	7700	0.21	-	7700	0.21	-	-
3.	Shilpa Garg	8700	0.23	-	8700	0.23	-	-
4.	Ritesh Goel	9300	0.25	-	9300	0.25	-	-
5.	Bindu Goel	10000	0.27	-	10000	0.27	-	-
6.	Shruti Goel	11000	0.29	-	11000	0.29	-	-
7.	Manju Goel	15100	0.40	-	15100	0.40	-	-
8.	Naveen Kansal	21600	0.58	-	22200	0.59	-	0.01
9.	Tarun Goel	19100	0.51	-	19100	0.51	-	-
10.	Anuj Gupta	181683	4.88	-	181683	4.88	-	-
11.	Anurag Gupta	184250	4.93	-	184250	4.93	-	-
12.	Arun Goel	25000	0.67	-	25000	0.67	-	-
13.	Gopal Anurag (HUF)	25000	0.67	-	25000	0.67	-	-
14.	Gopal Anuj (HUF)	25000	0.67	-	25000	0.67	-	-
15.	G S Goel	27940	0.75	-	27940	0.75	-	-
16.	Sharat G Goel	27540	0.74	-	27540	0.74	-	-
17.	Hari Kishan Goel	40400	1.08	-	40400	1.08	-	-
18.	Davinder Kumar Goel	45000	1.20	-	45000	1.20	-	-
19.	Ashwani Kumar	52950	1.42	-	52950	1.42	-	-
20.	Shashi Bhushan Gupta	54650	1.46	-	54650	1.46	-	-
21.	Sunita Goel	56900	1.52	-	56900	1.52	-	-
22.	Sharda Kansal	60000	1.61	-	60000	1.61	-	-
23.	Sapna Kansal	63100	1.69	-	63100	1.69	-	-
24.	Usha Rani Gupta	75000	2.01	-	75000	2.01	-	-
25.	Gulab Singh Goel	97600	2.61	-	97600	2.61	-	-
26.	Gopal Krishan Gupta	115000	3.08	-	115000	3.08	-	-
27.	Sharad Goel	145000	3.88	-	148100	3.97	-	0.09
28.	Ankit Goel	146190	3.91	-	146190	3.91	-	-
29.	Nikhil Goel	160400	4.29	-	160400	4.29	-	-
30.	Mohan Lal Kansal	163867	4.39	-	163867	4.39	-	-
	Total	1882170	50.39	-	1885870	50.49	-	0.10



(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
1.	Naveen Kansal At the beginning of the year	21600	0.58	21600	0.58
	Increase during the year	600	0.01	22200	0.59
	At the End of the year			22200	0.59
2.	Sharad Goel At the beginning of the year	145000	3.88	145000	3.88
	Increase during the year	3100	0.08	148100	3.97
	At the End of the year			148100	3.97

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

Sl. No.		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	
	Top 10 Shareholders					
1	Shashi Rani & Shyam Sunder Gupta	49100	1.31	49100	1.31	-
2	Sushila Goel	20000	0.54	20000	0.54	-
3	Amulya Leasing & Finance Ltd.	16700	0.45	16700	0.45	-
4	Mahendra Girdharial Wadhvani	0	0	16200	0.43	0.43
5	Pratik Rajendra Gandhi.	13400	0.35	13500	0.36	0.01
6	Satya Prakash Mittal (HUF)	10500	0.28	11900	0.32	0.04
7	Raman Mehra	7300	0.20	7300	0.20	-
8	Bajrang Lal Goel	6200	0.17	6200	0.17	-
9	Shelly Goel S Goel	6000	0.16	6000	0.16	-
10	Ram Phal	5300	0.14	5300	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	
		Name of the Director/ KMP	No. of shares	% of total shares of the company	No. of shares
1.	ANURAG GUPTA	184250	4.93	184250	4.93
2.	SAPNA KANSAL	63100	1.69	63100	1.69
3.	SHARAD GOEL	145000	3.88	148100	3.97
4.	NAVEEN KANSAL	21600	0.42	22200	0.59

V. INDEBTEDNESS

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

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	330.16	29.04	-	359.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.88	-	-	1.88
Total (i+ii+iii)	332.04	29.04	-	361.08
Change in Indebtedness during the financial year				
(a) Addition	155.51	-	-	155.51
(b) Reduction	111.21	29.04	-	140.25
Net Change	44.30	-29.04	-	15.26
Indebtedness at the end of the financial year				
i) Principal Amount	374.71	-	-	374.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.63	-	-	1.63
Total (i+ii+iii)	376.34	-	-	376.34



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:-

(Rs. In lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Anurag Gupta (Managing Director)	Sapna Kansal (Whole Time Director)	--
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.00	15.00	30.00
	(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)	15.00	15.00	30.00
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration to other directors:

(Rs. in Lakhs)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
	1. Independent Directors	Mithlesh Kumar Gupta	Sudesh Kumar Garg	Sandeep Suri	--
	Fee for attending board / committee meetings	0.63	0.63	0.52	1.78
	Commission	--	--	--	--
	Others, please specify	--	--	--	--
	Total (1)	0.63	0.63	0.52	1.78
	2. Other Non-Executive Directors	--	--	--	--
	Fee for attending board / committee meetings	--	--	--	--
	Commission	--	--	--	--



Others, please specify	--	--	--	--
Total (2)	--	--	--	--
Total (B)=(1+2)	0.83	0.63	0.52	1.78
Total Managerial Remuneration	--	--	--	--
Overall Ceiling as per the Act	Within the limits prescribed under the Act.			

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

(Rs. In Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel					Total
		*Nikita Singla, Company Secretary	**Verinder Kamal Sood, Company Secretary	***Ms. Manmeet Kaur Sihota	Sharad Goel, Chief Financial Officer	Naveen Kansal, Chief Executive Officer	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.33	0.85	0.25	12.00	15.00	28.43
	(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	0.33	0.85	0.25	12.00	15.00	28.43

*Mrs. Nikita Singla (Appointed w.e.f. 01.02.2019)

**Mr. Verinder Kamal Sood, Company Secretary from 12.06.2018 to 31.01.2019

***Ms. Manmeet Kaur Sihota Company Secretary from 01.09.2017 to 11.06.2018

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economic Overview

The year 2018 experienced a decline in the global economy, with growth rate falling to 3.6 per cent, which is a decrease from the 2017 growth rate i.e. 3.8 per cent. The decline was attributed to a fiscally induced growth acceleration in the United States of America which offset a slower expansion in a few large economies, including Argentina, Canada, China, and Turkey. In many developed countries, growth rates had risen close to their potential, while unemployment rates had dropped. Among the developing economies, the East and South Asia regions remained on a relatively strong growth trajectory, amid robust domestic demand conditions.

Growth in global industrial production and merchandise trade volumes had been tapering since early 2018, particularly in the trade-intensive capital and intermediate goods sectors. In several countries, leading indicators point to some softening in economic momentum, amid escalating trade disputes, risks of financial stress and volatility, and an undercurrent of geopolitical tensions. At the same time, a few developed economies were facing capacity constraints, which may have weighed on growth in the short term.

Despite an improvement in growth prospects at the global level, several large developing countries saw a decline in per capita income in 2018. While a modest recovery was projected in 2019, per capita incomes were still likely to remain stagnant or grow only marginally in Central, Southern and West Africa, Western Asia, and Latin America and the Caribbean.

The global economy was facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on long term development prospects. These risks included an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks.

In 2018, the United States' decisions to increase import tariffs had sparked retaliations and counter-retaliations. A prolonged episode of heightened trade tensions and a spiral of additional tariffs posed a significant risk to the global growth outlook. Global economic activity was impacted through several channels, including slowdown in investment, higher consumer prices and a decline in business confidence.

A period of subdued trade growth would also weigh on productivity growth in the medium term and long term growth prospects. Trade supports productivity growth via economies of scale, access to inputs, and the acquisition of knowledge and technology. These channels are strongly intertwined with investment decisions, productivity gains, economic growth and even sustainable development.

Indian Economic Overview

India was and will be in a period of unprecedented opportunity, challenge and ambition in its development. It is already the world's third largest economy in purchasing parity terms. Long term GDP growth has become more stable and resilient in 2018. Over the next few years, India is expected to grow at well over 7 % per year, with progress being supported by dynamic reforms in the macroeconomic, fiscal, tax and business environments.

The GDP was 7.1 which is expected to reach 7.5% by the end of the year 2019. The slow growth caused by GST and demonetisation ended this year. There was a huge increase in trade within the country, making India a much more attractive place to invest.

Amid the 3.5% inflation experienced in the year 2018, GDP at current prices reached 2.97 thousand US dollars and briefly took India to become the 6th largest economy in the world. France in the later part of the year regained its 6th spot, pushing India back to 7th. However, going by the growth forecasts, India is expected to overtake France again with a year owing to its phenomenal industrial growth. With a labour force of 521.9 million, India is moving at an industrial growth rate of 5.5% since 2017.

However, there are a few speed bumps in this growth story. The population below poverty line is still 21.9% and unemployment rate is at the highest in over 4 decades at 6.1 %. In order to grow India will have to make more use of the young population. The country's youth not only has a low dependency ratio and healthy savings but it is also increasing integration into the global economy. Thus, the long term challenges remain significant, including inefficient power generation and distribution system, ineffective enforcement of intellectual property rights, decades-long civil



litigation dockets, inadequate transport and agricultural infrastructure, limited non-agricultural employment opportunities, high spending and poorly targeted subsidies, inadequate availability of quality basic higher education and accommodation rural-to-urban migration.

In the year 2018-19, merchandise exports increased significantly by 8.85% to reach a value of US\$ 298.47 billion In December 2018, Foreign Direct Investment reached US\$ 409.15 bn, with major contributions coming in from services, computer software and hardware, telecommunications, construction, trading and automobiles.

Textile and Apparel Industry Overview

Global Textile Industry

Consumption

Global apparel consumption is projected to be approximately US\$ 1.9 trillion in 2018. The global apparel demand is expected to grow at a CAGR of 5% from the current US\$ 1.9 trillion to reach US \$ 2.6 trillion by the year 2025. Among the top eight markets of apparel, India and China are expected to grow at steady CAGR of 12% and 10%, respectively as compared to world total of 5%. Higher economic growth and rise in per capita income will lead to the growth in the apparel market in these developing countries.

Trade

In 2018, global textile and apparel trade was estimated at US\$ 790 billion and has grown at a CAGR of 4.3% since 1995. Apparel is the largest category with a share of 58%, followed by fabric with a share of 19%. The global textile and apparel trade is expected to grow at a rate of about 4% from the present worth of US\$ 790 billion to US\$ 1,200 billion by 2030. Growth in global trade indicates an attractive opportunity for countries with large manufacturing capacities and competitive manufacturing. India can be one of the gainers in the changing trade landscape. There was a 4% decline in trade in 2016 compared to 2015 owing to stifled global economic scenario. However, the trade is showing a positive growth after the downfall in 2016.

Share of Major Suppliers

China is the largest exporter with 35% share in global textile & apparel exports in 2018, followed by India with 5% share. Other major exporters include Bangladesh, Germany, Italy and Vietnam. Over the years, manufacturing has shifted towards low cost countries, with the share of US and Europe decreasing continuously and Asian countries growing, led by China, Bangladesh, India and Vietnam.

Indian Textile and Apparel Industry

Textile and apparel sector is one of the leading segments of the Indian economy and one of the largest sources of foreign exchange earnings. It accounts for about 5% of the gross domestic product (GDP), and around 13% of the total exports earnings. The sector also provides direct employment to 45 million people.

India's key strengths in this sector lies in availability of all types of natural and manmade fibres, large pool of manpower across the levels of hierarchy, presence of complete value chain and a large and growing domestic market. Several state governments like Gujarat, Jharkhand, Maharashtra, etc. are also offering sector specific incentives like capital subsidy, interest subsidy, wage subsidy, etc. These support initiatives allow Indian exporters to overcome a large part of duty disadvantage they face in markets of EU and US where some of the competing nations get a zero duty access. These factors make India a preferred destination for textile investments as compared to its competing nations like Bangladesh, Vietnam, and Sri Lanka, etc. This section further details the current status of Indian textile and apparel industry, key trends, challenges and the way ahead for the sector.

Indian textile and apparel sector has the double advantage of being export competitive as well as having large domestic consumption which is growing. It is currently estimated at US\$ 137 billion The domestic consumption of textile and apparel constitutes approximately 73% of the total market size while exports constitute the rest 27%.



Domestic Market Overview

The current domestic textile and apparel market is estimated at US\$ 100 billion, with apparel having about 74% share. With growth of disposable income, favourable demographics and changing lifestyle, consumption of products and services is expected to grow continuously in the foreseeable future, including textiles and apparel.

Indian consumers' affinity towards brands and organized retailing is increasing, which is helping the consumption growth of all products, including textile & apparel. Organized retailing in India currently stands at only 10% of the overall retail market of US\$ 790 billion. Within this, apparel has a share of approximately 9%. With growing disposable income, favourable demographics, changing lifestyles and a high potential for penetrating non-urban metro markets; the share of organized markets in India is expected to reach 25% by 2030. India is also witnessing growth of its aspiring middle class who tend to seek value and consume premium products. This shift in number of households within different income brackets will improve the consumption of products and services, which will definitely include textile and apparel as a lifestyle choice to enhance fashion. The vast population base and growing economy has caused global retailers and brands to enter the Indian market, either on their own or through local partners.

Indian Exports Overview

In terms of global ranking, India is ranked 3rd in textile export with 6% share and 6th in apparel export with 4% share. Overall, India holds second position with 5% share of global textile and apparel exports. India's textile & apparel exports were US\$ 37 billion in 2017-18 and have grown at 6% CAGR since 2005-06. Availability of raw material, skilled manpower and favourable central & state government schemes would further help Indian exporters increase their market share and global competitiveness. India has large manufacturing capacities across the complete manufacturing value chain viz. natural and manmade fibre, spinning, weaving, knitting, processing, garmenting, made-ups and technical textiles.

Installed Capacities in Indian Textile Sector (2016-17)

Description	Capacities
Spindles	52 Mn.
Rotor	0.9 Mn.
Looms (Including Power Looms)	2.6 Mn.
Man Made Fibre	1.8 Bn. kg.
Man Made Filament	2.2 Bn. kg.
Looms (Including power looms)	2.6 million
Sewing machines	5 million

Source: Office of Textile Commissioner, Government of India and Wazir Estimates

India's Global Position

Global textile and apparel trade grew at a rate of 4% over the last decade to reach a value of US\$ 790 billion in 2018. During the same period, India's export of textile and apparel grew at a comparatively higher rate of 6% to reach a value of US\$ 37 billion in 2018. India's textile and apparel exports are expected to grow at a CAGR of 10% to reach US\$ 120 billion in 2030.

India currently enjoys the position of being the second largest exporter of textile products to the world, next to China. Availability of raw material, skilled manpower and favourable central and state government schemes would further help Indian exporters increase their market share and global competitiveness.

Spinning Industry Overview

The global yarn market is estimated to be around US\$ 40 billion in 2017 and is expected to grow at a CAGR of 1.05% to reach US\$42 billion by the year 2022. In 2018 with an installed capacity of about 53 million spindles, India is one of the largest producer and exporter of cotton yarn in the world with a production of 5,122 million kgs.

China is the largest importer of cotton yarn (25% share) from India, followed by Bangladesh and Pakistan with 20% and 7% share, respectively. The top five importers form 82% of India's total cotton yarn exports.



The high cotton yarn exports out of India can be attributed to the local availability of abundant raw material and modern infrastructure in the spinning section of the value chain. Indian spinners over the last few decades have invested extensively in bringing in the latest spinning technologies and infrastructure to India.

Some of the advantages of the India spinning industry are as follows:

- Large scale installed capacity
- Good raw material availability – India is largest producer of cotton
- Modern set ups with high quality and efficiency levels
- Sustainable value chain demand in domestic market
- Potential increase in export markets like Bangladesh, Pakistan etc.

Fabric Industry Overview

Fabric, being the primary raw material of the apparel industry, is an indispensable part of the supply chain. The global trade of fabrics registered a value of US\$ 146 billion in 2017. Woven fabrics constituted the majority share of 76% with a value of US\$ 111 billion. The remaining value of US\$ 35 billion was for the trade of knitted fabric. Over the last five years, the trade of woven fabric has shown de-growth at a CAGR of 1.5%, while the trade of knitted fabric has been growing positively at a CAGR of 1.5%. India's exports of fabrics stood at US\$ 4.6 billion in 2017, which was dominated by woven fabrics with a share of over 99%. The export of knitted fabrics was just US\$ 343 million when compared to the US\$ 4.3 billion woven fabric exports. The country's export of knitted fabric has been growing at a CAGR of 9.5% over the last five years. However, woven fabrics have shown a decline at a CAGR of 1.6% in the same time period. In 2017, the fabric production in India stood at 66,515 million sq. m, which has grown at 1% CAGR in the past five years. Woven fabric had the major share of 73%, while the rest being knitted fabric. However, the production of woven fabric has grown at a CAGR of 1% while knitted fabric production has increased at 4% CAGR in the last half a decade.

THE COMPANY

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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 behavior 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 an Internal Complaints Committee 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.

RISKS & CONCERNS

Business risks exist for every Company having national and international exposure. Your Company also faces some such risks, the key ones are unfavourable raw material price, 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 programs 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 2019 was Eighty 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.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Particulars	FY 2017-18	FY 2018-19	YoY Change
Debtors Turnover (times)	16.88	14.20	-2.68
Inventory Turnover (times)	4.95	4.19	-0.76
Interest Coverage Ratio (times)	4.02	7.13	3.11
Current Ratio	2.80%	2.82%	0.02%
Debt Equity Ratio	0.96	0.73	0.23
Operating Profit Margin (%)	8.60%	12.14%	41.16%
Net Profit Margin (%)	4.88%	7.38%	51.23%
Return on Net Worth (%)	19.12%	24.14%	26.26%

Reasons for significant changes:

Improvement in operating profit margin, net profit margin and return on net worth due to growth in yarn sale.

Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold (s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results. : NA

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 06, 2019

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

Sd/-
(Sapna Kansal)
Executive Director
DIN-06892410



INDEPENDENT AUDITOR'S REPORT

To The Members of Hisar Spinning Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hisar Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), and the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2019, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditor's report thereon. The Company's Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and describe actions applicable in the applicable laws and regulations.



Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity 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. 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed 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, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".



(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 on its financial position in its financial statements - Refer Note 38 to the 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 ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 000711N)

Place of Signature: Chandigarh
Date : 30.05.2019

(RUCHIR SINGLA)
Partner
Membership No. 519347



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hisar Spinning Mills Limited of even date)

- (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 deposits during the year and does not have any unclaimed deposits as at 31st March, 2019 and therefore, the provisions of the paragraph 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.
- (vii) (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company, with 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 at 31st March, 2019 for a period of more than six months from the date they became payable.
- (b) There are no dues of income tax or service tax or goods and service tax or duty of customs or duty of excise which have not been deposited on account of any dispute. According to the records of the Company, the outstanding dues of sales tax or value added tax on account of dispute are given below:

Nature of the Statute	Nature of the Dues	Amount (₹) (Gross)	Amount Paid/ adjusted under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Haryana Value Added Tax Act, 2003	Value added tax	397773/-	397773/-	Assessment Year 2012-2013	Before the Joint Excise and Taxation Commissioner (Appeals), Haryana
Central Sales Tax Act, 1958	Central sales tax	87875/-	87875/-	Assessment Year 2013-2014	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) According to the information and explanation given to us, the Company has raised money by way of fresh term loans during the year and these term loans were applied for the purposes for which they were raised.
- The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under consideration.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xi) 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) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- (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 to its directors. 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 ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 000711N)

(RUCHIR SINGLA)
Partner
Membership No. 519347

Place of Signature: Chandigarh
Date : 30.05.2019



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hisar Spinning Mills Limited of even date)

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

We have audited the internal financial controls with reference to financial statements of Hisar Spinning Mills Limited ("the Company") as of 31st March, 2019 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 with reference to financial statements

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements 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 with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

for ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 000711N)

(RUCHIR SINGLA)
Partner
Membership No. 519347

Place of Signature: Chandigarh
Date : 30.05.2019

HISAR SPINNING MILLS LIMITED



Balance Sheet as at 31st March 2019

Particulars	Note No.	₹ in Lakhs	
		As at 31.03.2019	As at 31.03.2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	392.99	440.89
(b) Capital work-in-progress	4	24.43	-
(c) Financial Assets			
(i) Other financial assets	5	50.29	59.48
(d) Deferred tax assets (net)	6	128.10	128.39
(e) Other non-current assets	7	3.29	3.48
		599.10	632.22
Current assets			
(a) Inventories	8	713.72	529.19
(b) Financial Assets			
(i) Trade receivables	9	238.58	186.81
(ii) Cash and cash equivalents	10	129.49	66.21
(iii) Bank balances other than (ii) above	11	-	52.97
(iv) Other financial assets	12	2.53	5.48
(c) Current Tax Assets (Net)	13	5.04	1.16
(d) Other current assets	14	67.86	39.01
(e) Assets classified as held for sale	15	1.09	-
		1158.29	860.83
Total Assets		1757.39	1513.05
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	16	373.50	373.50
(b) Other Equity	17	585.84	364.29
		939.34	737.79
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	158.25	221.06
(ii) Other financial liabilities	19	100.22	83.47
(b) Other non-current liabilities	20	149.39	158.18
		407.86	460.71
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	120.82	28.82
(ii) Trade payables	22		
-Total outstanding dues of micro enterprises and small enterprises		2.23	1.71
-Total outstanding dues creditors other than micro enterprises and small enterprises		85.50	36.29
(iii) Other financial liabilities	23	153.43	195.18
(b) Other current liabilities	24	44.77	51.28
(c) Provisions	25	3.64	0.49
		410.19	314.55
Total Equity and Liabilities		1757.39	1513.05

Significant Accounting Policies

2

The accompanying Notes are an integral part of the Financial Statements.

In terms of our report on even date attached

for ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000711N

For and on behalf of the Board of Directors of
HISAR SPINNING MILLS LIMITED

(RUCHIR SINGLA)
Partner
Membership No. 519347

(ANURAG GUPTA)
Managing Director
DIN-00192888

(NIKHIL GOEL)
Director
DIN-01741446

Place: Chandigarh
Date: 30.05.2019

(SHARAD GOEL)
Chief Financial Officer

(NIKITA SINGLA)
Company Secretary



Statement of Profit and Loss for the year ended 31st March 2019

Particulars	Note No.	₹ In Lakhs	
		For the year ended 31.03.2019	For the year ended 31.03.2018
REVENUE			
Revenue From Operations	28	3047.81	2873.59
Other Income	27	25.88	15.76
Total Income		3073.69	2889.35
EXPENSES			
Cost of materials consumed	28	1780.68	1698.04
Changes in Inventories of finished goods and work-in-progress	29	-86.58	-38.02
Employee benefits expense	30	159.38	141.44
Finance costs	31	51.92	61.45
Depreciation expense	32	124.65	187.77
Other expenses	33	745.63	653.08
Total Expenses		2755.68	2703.76
Profit before tax		318.01	185.59
Less: Tax expense:	34		
(1) Current tax		90.94	82.08
(2) Deferred tax		0.29	-37.59
Profit for the year		226.78	141.10
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit		0.37	0.28
(ii) Income tax relating to items that will not be reclassified to profit or loss			
Total Other Comprehensive Income for the year		0.27	0.19
Total Comprehensive Income for the		227.05	141.29
Earnings per equity share:	35		
(Nominal value of equity share - ₹ 10/-)			
Basic (₹)		6.07	3.78
Diluted (₹)		6.07	3.78

Significant Accounting Policies

2

The accompanying Notes are an integral part of the Financial Statements.

In terms of our report on even date attached

for ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000711N

For and on behalf of the Board of Directors of
HISAR SPINNING MILLS LIMITED

(RUCHIR SINGLA)
Partner
Membership No. 519347

(ANURAG GUPTA)
Managing Director
DIN-00192888

(NIKHIL GOEL)
Director
DIN-01741448

Place: Chandigarh
Date: 30.05.2019

(SHARAD GOEL)
Chief Financial Officer

(NIKITA SINGLA)
Company Secretary



Statement of Cash Flows for the year ended 31st March 2019

Particulars	₹ In Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
A. Cash flow from operating activities		
Profit before tax	318.01	185.59
Adjustments for:		
Depreciation expense	124.85	187.77
Deferred Government grant relating to EPCG Scheme	-8.75	-1.84
Deferred Government grant relating to property, plant and equipment	-0.05	-0.05
Fair value loss/ (-) gain on financial instruments at FVTPL	-1.33	2.11
Loss/ (-) gain on foreign currency transactions and translation	0.75	-1.03
Deferred processing fees	0.08	0.08
Sundry debit balances written off	0.04	0.49
Interest income	-23.02	-13.57
Finance costs	51.92	61.45
Operating profit before working capital changes	464.28	420.88
Movement in working capital:		
Decrease/ (-) increase in inventories	-184.53	-83.22
Decrease/ (-) increase in trade receivables	-52.50	-34.38
Decrease/ (-) increase in other financial assets	2.83	-2.41
Decrease/ (-) increase in other assets	-28.74	-19.68
Increase/ (-) decrease in trade payables	49.73	-1.81
Increase/ (-) decrease in other financial liabilities	4.55	2.58
Increase/ (-) decrease in other liabilities	16.04	14.62
Increase/ (-) decrease in provisions	3.52	0.24
Cash generated from operations	275.18	317.04
Less: Income Tax Paid (net of refunds)	-94.96	-89.95
Net cash from operating activities	180.22	227.09
B. Cash flow from investing activities		
(-) Purchase of property, plant and equipment (including capital work-in-progress)	-102.27	-13.91
(-) Increase/ decrease in fixed deposits with banks more than twelve months maturity (pledged with banks towards margin against bank guarantees)	9.20	-
(-) Increase/ decrease in deposits with more than three months but less than twelve months maturity	52.97	-2.97
Repayment of Government grant relating to EPCG Scheme	-22.53	-
Interest received	24.48	10.90
Net cash used in investing activities	-38.17	-5.98
C. Cash flow from financing activities		
Proceeds from /(-) repayment of long-term borrowings (net)	-46.88	-156.80
Proceeds from /(-) repayment of short-term borrowings	91.00	-40.14
Finance costs (net of TUFS Subsidy)	-57.89	-34.72
Proceeds from /(-) repayment of compound financial liability	-65.00	-
Net cash used in financing activities	-78.77	-231.46
Net increase/ (-) decrease in cash and cash equivalents	63.28	-10.35



Cash and cash equivalents at the beginning of the year	66.21	76.56
Cash and cash equivalents at the end of the year	129.49	66.21
Components of cash and cash equivalents		
Balances with Banks		
- in current accounts	125.27	10.29
- in deposit accounts with maturity up to three months	-	53.07
Cheques, drafts on hand	-	0.08
Cash on hand	4.22	2.77
	<u>129.49</u>	<u>66.21</u>

Notes

- The Cash flow statement has been prepared in accordance with 'Indirect Method' as set out in Indian Accounting Standard (Ind AS) - 7 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
- Changes in liabilities arising from financing activities

Particulars	₹ In Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Opening balance of borrowings		
Borrowings (non-current)		
- Term Loans (including current maturities)	301.40	457.52
- Other long-term borrowings (including current maturities)	-	0.48
Borrowings (current)	29.62	69.76
Cash Flows		
Proceeds from term loans	53.65	-
Proceeds from other long-term borrowings	10.00	-
Repayment of term loans	108.52	158.12
Repayment of other long-term borrowings	2.01	0.48
Increase/ (-) decrease in borrowings (current)	91.00	-40.14
Closing balance of borrowings		
Borrowings (non-current)		
- Term Loans (including current maturities)	246.53	301.40
- Other long-term borrowings (including current maturities)	7.99	-
Borrowings (current)	120.62	29.62

The accompanying Notes are an integral part of the Financial Statements.

In terms of our report on even date attached

for ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000711N

For and on behalf of the Board of Directors of
HISAR SPINNING MILLS LIMITED

(RUCHIR SINGLA)
Partner
Membership No. 51934

(ANURAG GUPTA)
Managing Director
DIN-00192888

(NIKHIL GOEL)
Director
DIN-01741446

Place: Chandigarh
Date: 30.05.2019

(SHARAD GOEL)
Chief Financial Officer

(NIKITA SINGLA)
Company Secretary



Statement of Changes in Equity for the year ended 31st March 2019

A. Equity Share Capital		₹ in Lakhs			
		As at 31.03.2019		As at 31.03.2018	
Particulars	Number of shares	Amount	Number of shares	Amount	
Balance at the beginning of the reporting year	3735000	373.50	3735000	373.50	
Changes in equity share capital during the year	-	-	-	-	
Balance at the end of the reporting year	3735000	373.50	3735000	373.50	

B. Other Equity Particulars	Reserves and Surplus			Total
	Equity component of compound financial instruments	Capital redemption reserve	Retained Earnings	
Current Year				
Opening Balance as at 01.04.2018	43.05	-	321.24	364.29
Profit for the year			226.78	226.78
Other comprehensive income for the year			0.27	0.27
Total comprehensive income for the year			227.05	227.05
Transferred to capital redemption reserve		65.00	-65.00	-
Less: Allocation of amount of redemption of preference shares relating to equity component	-25.50			-25.50
Closing Balance as at 31.03.2019	17.55	65.00	483.29	565.84
Previous Year				
Opening Balance as at 01.04.2017	43.05	-	179.95	223.00
Profit for the year			141.10	141.10
Other comprehensive income for the year			0.19	0.19
Total comprehensive income for the year			141.29	141.29
Closing Balance as at 31.03.2018	43.05	-	321.24	364.29

Significant Accounting Policies 2

The accompanying Notes are an integral part of the Financial Statements.

In terms of our report on even date attached

for ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000711N

For and on behalf of the Board of Directors of
HISAR SPINNING MILLS LIMITED

Place: Chandigarh
Date: 30.05.2019

(RUCHIR SINGLA)
Partner
Membership No. 518347

(ANURAG GUPTA)
Managing Director
DIN-00192888

(NIKHIL GOEL)
Director
DIN-01741448

(SHARAD GOEL)
Chief Financial Officer

(NIKITA SINGLA)
Company Secretary

**Notes to financial statements for the year ended 31st March 2019****1. Corporate and General Information**

Hisar Spinning Mills Limited (hereinafter referred to as "the Company") is a Company domiciled in India with its registered office situated at Village & Post Dabra, Hisar -125005, Haryana. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange (BSE) in India. Corporate Identification number of the Company is L17112HR1992PLC031621 and the Company is engaged in the business of manufacturing and sale of cotton blended yarn.

The financial statements were authorised for issue by the Company's Board of Directors on 30th May 2019.

2. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

(a) Basis of preparation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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

- Defined benefit liabilities/ (assets) are measured at fair value of plan assets less present value of defined benefit obligation.
- Certain financial assets and liabilities (including derivative instruments) are measured at fair value.
- Other financial assets and liabilities are measured at amortised cost.

(b) Functional and Presentation Currency

The financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised.



(d) Current versus non-current classification

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 Division II of 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 12 months for the purpose of current or non-current classification of assets and liabilities.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realised within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A Liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

(e) Property, plant and equipment

Freehold land is carried at cost. All other items of Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Cost of an item of Property, Plant and Equipment comprises:

- its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.



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

Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Depreciation on property, plant and equipment has been provided on diminishing balance method (written down value method) in the manner and over the useful life of the assets prescribed under Part 'C' of Schedule II to the Companies Act, 2013 *except* for certain items of plant and equipment having gross carrying amount of ₹ 10.18 Lakhs (previous year ₹ 10.18 Lakhs) where the management estimates the life as 3 years based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful life of 3 years for the said assets best represent the period over which the management expects to consume future economic benefits embodied in these assets through its use. Hence the useful life of these assets is different from the useful life as prescribed under Part 'C' of Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(f) Assets classified as held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

(g) Impairment of assets

a Financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.



b Non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods (if any), the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Inventories

Inventories (other than saleable waste) have been valued at lower of cost and net realisable value. However, raw materials and other supplies 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 of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition; where the costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The cost in respect of different classifications of inventories is computed as under:

- in case of raw materials, stores and spare-parts etc. 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 location and condition.

Saleable waste has been valued at estimated net realisable value.



Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

Provision for obsolete/ old inventories is made, wherever required.

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 115 for pricing adjustments embedded in the contract.

(j) Foreign currency transactions

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

(k) Employee benefits

- **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

- **Defined contribution plans**

For certain group of employees, employee benefit in the form of Provident fund, Employees State Insurance Contribution and Labour Welfare fund are defined contribution plans. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognises contribution payable to these funds/ schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

- **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.



Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities with Life Insurance Corporation of India (LIC) through a trust formed by the Company for the purpose. LIC administrative contributions and contributions are invested in the schemes as permitted by the laws of India.

The Company recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

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.

(i) Revenue recognition

The Company earns revenue primarily from sale of goods. The Company has applied Ind AS 115 w.e.f. 1st April, 2018, which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company had adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1st April, 2018). The adoption of the standard did not have any material impact on the financial statements of Company.

Revenue from sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Sales are recognised when the significant risks and rewards of ownership, which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract and are recognised. Amounts disclosed as revenue is net of returns, trade discounts, value added tax, goods and services tax and amount collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Revenue from other than sale of goods

- Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Export incentives and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions and the incentives/ subsidies will be received.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.
- Insurance claims are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain.



(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method (EIR). Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

(n) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

(o) Government grants

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

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to statement of profit and loss on a diminishing balance basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income. In case of the Government grant received is to compensate the import cost of assets subject to an export obligation as primary condition, Government grants are included in liabilities as deferred income and are credited to statement of profit and loss according to fulfilment of associated export obligation and presented within other operating revenues.

(p) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

A financial asset is measured at amortised cost only if both of the following conditions are met:



- a. it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- b. the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when: The rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'assthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Impairment of financial assets

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

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.



- All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(q) Measurement of fair values

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(r) Cash and cash equivalents

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity period of three months or less from the balance sheet date, which are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.



(s) Earning per share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(t) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future obligation at pre-tax rate that reflects current market assessments of the time value of money risks specific to liability. They are not discounted where they are assessed as current in nature. Provisions are not made for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

Provisions, contingent liabilities and contingent assets and commitments are reviewed at each balance sheet date.

(u) Taxation

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker "CODM" of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments. The Board of Directors of the Company has been identified as being the CODM and CODM reviews the operations of the Company as a whole.

(w) Recent accounting pronouncements

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1st April, 2019:

Ind AS 23 – Borrowing Costs:

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Company does not expect any impact from this amendment.



3. Property, Plant and Equipment

Description of assets	Gross carrying amount		Depreciation			Net carrying amount	
	As at 01.04.2018	As at 31.03.2019	As at 01.04.2018	Depreciation for the period	Eliminated on disposal of assets	As at 31.03.2019	As at 31.03.2018
Freehold land	13.88	-	13.88	-	-	13.88	13.88
Buildings	209.73	-	209.73	6.30	-	58.87	66.17
Plant and Equipment	1663.17	21.85	1704.76	111.74	20.76	301.20	350.59
Furniture and Fixtures	4.99	0.02	5.01	0.08	-	0.42	0.48
Vehicles	39.17	13.90	53.07	5.74	-	16.23	8.07
Office equipment	12.78	0.48	13.26	0.79	-	1.39	1.70
Total	1943.72	21.85	1999.71	124.65	20.76	392.99	440.89

Description of assets	Gross carrying amount		Depreciation			Net carrying amount	
	As at 01.04.2017	As at 31.03.2018	As at 01.04.2017	Depreciation for the period	Eliminated on disposal of assets	As at 31.03.2018	As at 31.03.2017
Freehold land	13.88	-	13.88	-	-	13.88	13.88
Buildings	209.73	-	209.73	7.08	-	66.17	73.25
Plant and Equipment	1650.13	13.04	1663.17	175.77	-	350.59	513.32
Furniture and Fixtures	4.83	0.16	4.99	0.06	-	0.48	0.38
Vehicles	39.17	-	39.17	3.67	-	8.07	11.74
Office equipment	12.07	0.71	12.78	1.19	-	1.70	2.18
Total	1929.61	13.91	1943.72	187.77	-	440.89	614.75

1. Property, Plant and Equipment given as security for borrowings refer note 18 and 21.



Particulars	₹ in Lakhs	
	As at 31.03.2019	As at 31.03.2018
4. Capital work-in-progress		
Capital work-in-progress - building	24.43	-
Total	24.43	-
5. Other financial assets (non-current)		
Financial assets at amortized cost		
Fixed Deposits with banks having more than twelve months maturity (pledged with banks towards margin against bank guarantees)	20.69	29.89
Interest accrued on fixed deposits with banks	8.47	8.27
Loans		
Security deposits	21.13	21.32
Total	50.29	59.48
6. Deferred tax assets (net)		
Deferred tax assets		
Impact of Depreciation on property, plant and equipment	66.66	57.94
Government grant	61.85	70.75
Total deferred tax assets	128.51	128.69
Deferred tax liabilities		
Unwinding of upfront fees	0.12	0.24
Deferred expenditure	0.04	0.06
Derivative financial instruments carried at FVTPL	0.25	-
Total deferred tax liabilities	0.41	0.30
Deferred tax assets (net) (refer note no. 34)	128.10	128.39
7. Other non-current assets		
Capital advances	1.07	-
Advances other than capital advances		
Prepaid expenses	2.13	3.31
Other advances	0.09	0.15
Total	3.29	3.46



Particulars	₹ In Lakhs	
	As at 31.03.2019	As at 31.03.2018
8. Inventories		
(valued at lower of cost and net realisable value, unless otherwise stated)		
Raw materials	397.41	282.39
Work-in-progress	101.14	85.78
Finished goods	178.81	107.80
Stores and spare-parts etc.	33.65	50.70
Saleable waste (valued at net realisable value)	2.91	2.54
Total	713.72	529.19
Goods-in-transit included in above inventories are as under:		
Raw materials	5.29	4.04
Stores and spare-parts etc.	0.98	0.17
Inventories are hypothecated to secure short-term borrowings (refer note 21)		
9. Trade receivables		
(unsecured, considered good)		
Trade receivables	238.56	186.81
Total	238.56	186.81
A : Trade receivables are hypothecated to secure short-term borrowings (refer note 21)		
B: No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies in which any director is a partner, or director or member.		
C: The Company's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in note 39.		
10. Cash and cash equivalents		
Balances with Banks		
- in current accounts	125.27	10.29
- in deposit accounts with maturity up to three months	-	53.07
Cheques, drafts on hand	-	0.08
Cash on hand	4.22	2.77
Total	129.49	66.21
11. Bank balances other than Cash and cash equivalents		
Other bank balances		
-Deposits with more than twelve months maturity	20.89	29.89
-Deposits with more than three months but less than twelve months maturity	-	52.97
	20.89	82.86
Less: Amounts disclosed as other financial assets (non-current) [refer note 5]	20.89	29.89
Total	-	52.97



Particulars	₹ In Lakhs	
	As at 31.03.2019	As at 31.03.2018
12. Other financial assets (current)		
Financial assets at amortised cost		
Interest receivable	1.20	2.84
Insurance claim receivable	-	2.64
Financial assets at fair value through Profit and loss		
Derivative financial instruments	1.33	-
Total	2.53	5.48
13. Current Tax Assets (Net)		
Advance income tax (net of provision for current tax)	5.04	1.18
Total	5.04	1.16
14. Other current assets		
Advances other than capital advances		
Advances to suppliers of goods and services	-	0.10
Other advances	0.59	0.25
Taxes and duties deposited under protest	4.85	4.85
Taxes and duties recoverable/ refundable	54.45	28.53
Prepaid expenses	2.74	2.82
Interest subsidy receivable	5.23	2.46
Total	67.86	39.01
15. Assets classified as held for sale		
Property, plant and equipment held for sale	1.09	-
Total	1.09	-

During the year, the Company has decided to sell a part of obsolete plant and equipment which was originally purchased for production and manufacturing. The sale is expected to be completed within next financial year. The assets are presented within total assets of the bearing segment. There are no liabilities attached to these assets.

Non – current fair value measurements : Assets classified as held for sale during the reporting period are measured at lower of its carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets was determined using expected market realizable value using the management assessment. This is a level 3 measurement and key inputs under this approach are price per asset comparable for the machine in similar business and technology.



16. Equity Share capital

Particulars	As at 31.03.2019		As at 31.03.2018	
	Number of shares	Amount	Number of shares	Amount
Authorised Equity shares of ₹ 10/- each	8000000	800.00	8000000	800.00
Total		<u>800.00</u>		<u>800.00</u>
Issued Equity shares of ₹ 10/- each	3735000	373.50	3735000	373.50
Total		<u>373.50</u>		<u>373.50</u>
Subscribed and fully paid Equity shares of ₹ 10/- each	3735000	373.50	3735000	373.50
Total		<u>373.50</u>		<u>373.50</u>

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :

Equity shares of ₹ 10/- each:

Particulars	Number of shares	Amount	Number of shares	Amount
Number of shares and amount at the beginning of the year	3735000	373.50	3735000	373.50
Change in number of shares and amount during the year	-	-	-	-
Number of shares and amount at the end of the year	3735000	373.50	3735000	373.50

The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

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.

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:				



Particulars	₹ in Lakhs	
	As at 31.03.2019	As at 31.03.2018
17. Other Equity		
(a) Equity component of redeemable preference shares		
Balance at the beginning of the year	43.05	43.05
Less: Allocation of amount of redemption of preference shares relating to equity component	25.50	-
Balance at the end of the year	17.55	43.05
(b) Retained earnings		
Balance at the beginning of the year	321.24	179.95
Add: Profit for the year	228.78	141.10
Other comprehensive income for the year	0.27	0.19
Total comprehensive income for the year	227.05	141.29
Less: Transferred to capital redemption reserve	65.00	-
Balance at the end of the year	483.29	321.24
(c) Capital redemption reserve		
Balance at the beginning of the year	-	-
Add: Transferred from retained earnings	65.00	-
Balance at the end of the year	65.00	-
Total	565.84	364.29

The Description of the nature and purpose of each reserve within equity is as follows:

(a) Equity component of redeemable preference shares : Under previous GAAP, 5% redeemable non-cumulative preference shares of ₹ 65.00 Lakhs were classified as part of total equity. However, under Ind AS the non-cumulative redeemable preference shares are compound financial instruments, where the liability component outstanding at the date of transition is bifurcated by first valuing the debt component with the residual being equity. The liability component is determined as the present value of the eventual redemption amount of ₹ 65.00 Lakhs of preference shares, discounted at the rate at which the Company could issue a similar instrument with a similar credit standing but without the feature of discretionary dividends during its life. The preference shares has been redeemed during the financial year 2018-19.

(b) Retained earnings: Retained earnings are the profit that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Remeasurement of defined benefit plans

Remeasurement of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) actuarial gains and losses;
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

(c) Capital redemption reserve : Capital redemption reserve has been created pursuant to section 55 of the Companies Act, 2013 on account of redemption of preference shares out of the profits of the Company.



Particulars	₹ In Lakhs	
	As at 31.03.2019	As at 31.03.2018
18. Borrowings (non-current)		
Secured (*)		
Term loans from financial institution	110.73	192.02
Term loan from bank	42.75	-
Other long-term borrowing from bank	4.77	-
Unsecured		
Liability component of redeemable preference shares	-	29.04
Total	158.25	221.06

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

Term loans from financial institution:

Term loans from financial institution i.e., Small Industries Development Bank of India (SIDBI) 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 ₹ 800.00 Lakhs are further covered by irrevocable and unconditional personal guarantee of the director of the company namely Sh. Anurag Gupta and former directors of the company namely Sh. Gopal Krishan Gupta and Sh. Triloki Nath Goel. Out of these term loans of ₹ 800.00 Lakhs from SIDBI, term loan with sanctioned amount of ₹ 310.00 Lakhs is also covered by irrevocable and unconditional personal guarantee of former director of the company namely Sh. M.L. Kansal and term loan with sanctioned amount of ₹ 490.00 Lakhs is covered by irrevocable and unconditional personal guarantee of Smt. Sapna Kansal, director of the company.

Term loan from bank:

Term loan from Punjab National Bank is secured by:

A. Primary Security:

(i) Hypothecation of machinery, other assets and equipments purchased with the bank loan.



B. Collateral Security:

(i) First charge on all the existing (except assets financed by SIDBI) and future block assets of the company.

(ii) Extension of first pari passu charge with SIDBI by way of equitable mortgage of factory land measuring 34 kanals and 14 marlas and building constructed thereon (20993.5 sq. yards) located at 9th KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar, Haryana.

Term loan from Punjab National Bank with sanctioned amount of ₹ 54.51 Lakhs is further covered by irrevocable and unconditional personal guarantee of the directors of the company namely Sh. Anurag Gupta, Smt. Sapna Kansal and Sh. Nikhil Goel.

Other long-term borrowing from bank:

Other long-term borrowing from bank is secured by hypothecation of motor vehicle acquired out of the proceeds of the said borrowing from bank.

Terms of repayment:

Term loans from financial institution:

(i) Term loan with sanctioned and disbursed amount of ₹ 293.00 Lakhs is repayable in 66 monthly instalments commencing 18 months after the date of first disbursement i.e., 02.08.2011. The first 18 instalments of ₹ 3.00 Lakhs each, next 18 instalments of ₹ 4.00 Lakhs each, next 18 instalments of ₹ 5.10 Lakhs each, next 11 instalments of ₹ 6.25 Lakhs each and the last final instalment of ₹ 6.45 Lakhs. Rate of interest @ 11.50% p.a. as at 31.03.2018 #. The aforesaid term loan from SIDBI has been squared up during the financial year 2018-2019.

(ii) Term loan with sanctioned and disbursed amount of ₹ 17.00 Lakhs is repayable in 66 monthly instalments commencing 18 months after the date of first disbursement i.e., 02.08.2011. The first 18 instalments of ₹ 0.15 Lakh each, next 18 instalments of ₹ 0.25 Lakh each, next 18 instalments of ₹ 0.30 Lakh each, next 11 instalments of ₹ 0.35 Lakh each and the last final instalment of ₹ 0.55 Lakh. Rate of interest @ 11.50% p.a. as at 31.03.2018 #. The aforesaid term loan from SIDBI has been squared up during the financial year 2018-2019.

(iii) Term loan with sanctioned amount of ₹ 490.00 Lakhs (disbursed only ₹ 431.23 Lakhs) is repayable in 72 monthly instalments as per original sanctioned amount comprising of first 71 monthly instalments of ₹ 6.81 Lakhs each and last instalment of ₹ 6.49 Lakhs commencing after a moratorium of 12 months from the date of first disbursement of the loan during May 2015. As the availment in the term loan account is ₹ 431.23 Lakhs only, the said term loan is repayable in first 63 monthly instalments of ₹ 6.81 Lakhs each and last instalment of ₹ 2.20 Lakhs with effect from May 2016. Rate of interest @ 10.25% p.a. as at 31.03.2019 and as at 31.03.2018 #.

	₹ in Lakhs		
Year wise repayment schedule (**)	2018-2019	2019-2020	2020-2021
Term loans from financial institution	108.52	81.72	81.72
	<u>2021-2022</u>		
	29.44		

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

Term loan from bank:

Term loan of ₹ 54.51 Lakhs from Punjab National Bank is repayable in 60 monthly instalments of ₹ 0.91 Lakh each commencing with effect from April 2019. Rate of interest @ 8.65% p.a. as at 31.03.2019.

	₹ in Lakhs		
Year wise repayment schedule (**)	2019-20	2020-21	2021-22
Term loan from bank	10.90	10.90	10.90
	<u>2022-23</u>		
	10.90	10.91	



Other long-term borrowing from bank:

Other long-term borrowing from ICICI Bank Limited amounting to ₹ 10.00 Lakhs is repayable in 36 equated monthly instalments (EMIs) of ₹ 0.32 Lakh (including interest) commencing from 10th August 2018. Rate of interest @ 9.05% p.a. as at 31.03.2019.

Year wise repayment schedule (**)	₹ in Lakhs		
	2018-19	2019-20	2020-21
Other long term borrowing from bank	2.01	3.22	3.52
	2021-22		
	1.25		

(**) Figures of year wise repayment schedule stated in above paragraphs includes current maturities of long term debts shown separately in Note 23.

Liability component of redeemable preference shares:

Under previous GAAP, 5% redeemable non-cumulative preference shares of ₹ 65.00 Lakhs were classified as part of total equity. However, under Ind AS the non-cumulative redeemable preference shares are compound financial instruments, where the liability component outstanding at the date of transition is bifurcated by first valuing the debt component with the residual being equity. The liability component is determined as the present value of the eventual redemption amount of ₹ 65.00 of preference shares, discounted at the rate at which the Company could issue a similar instrument with a similar credit standing but without the feature of discretionary dividends during its life. The same has been redeemed during the financial year ending as at 31.03.2019.

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Particulars	₹ in Lakhs	
	As at 31.03.2019	As at 31.03.2018
19. Other financial liabilities (non-current)		
Financial liabilities at amortised cost	100.22	83.47
Other interest accrued but not due (**)	100.22	83.47
Total		
20. Other non-current liabilities		
Deferred revenue for Government grant (**)	149.39	156.18
Total	149.39	156.18

(**) In the past, the Company has received Government grant under Export Promotion Capital Goods (EPCG) scheme of the Government of India, subject to fulfilment of export obligation as primary condition. Against one of the licenses issued under EPCG scheme, the export obligation period expires on 23rd June, 2019, whereof the Company has partly fulfilled associated export obligation and for rest of the unfulfilled export obligation against the aforesaid license, the Company intends to apply to The Directorate General of Foreign Trade ("DGFT") for extension of export obligation period for another 2 years beyond its original expiry date i.e., 23rd June, 2019.

Therefore, the Company has presented deferred revenue government grant amounting to ₹ 11.82 Lakhs and interest accrued thereon amounting to ₹ 12.12 Lakhs in respect of such EPCG license as "other non-current liabilities" and "other financial liabilities (non-current)" respectively in the financial statements as on 31.03.2019 instead of "other current liabilities" and "other financial liabilities (current)".

21. Borrowings (current)		
Secured (***)		
Loans repayable on demand from banks	120.62	29.62
Working capital borrowings	120.62	29.62
Total		

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

Loans repayable on demand from banks (working capital borrowings) having sanctioned amount of ₹ 200.00 Lakhs 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 pari passu 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.

Loans repayable on demand from banks (working capital borrowings) are further covered by irrevocable and unconditional personal guarantee of the director of the company namely Sh. Anurag Gupta, Smt Sapna Kansal and Sh. Nikhil Goel.



Particulars	₹ In Lakhs	
	As at 31.03.2019	As at 31.03.2018
22. Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	2.23	1.71
-Total outstanding dues creditors other than micro enterprises and small enterprises	85.50	36.29
Total	87.73	38.00
Additional information		
Details relating to Micro Enterprises and Small Enterprises:		
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	2.23	1.71
(b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Development Act, 2006	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
	2.23	1.71
23. Other financial liabilities (current)		
Financial liabilities at amortised cost		
Current maturities of long-term borrowings	95.84	108.52
Interest accrued but not due on borrowings	1.84	1.88
Other interest accrued	-	33.38
Creditors against capital goods	2.08	0.16
Employees liabilities	16.03	14.51
Accrued expenses	37.84	36.73
Total	153.43	195.18
24. Other current liabilities		
Advances from customers	35.72	26.14
Statutory remittances	9.01	2.55
Deferred revenue from Government grant	0.04	22.57
Total	44.77	51.26
25. Provisions		
Provision for employee benefits	3.64	0.49
Total	3.64	0.49

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Particulars	₹ In Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
26. Revenue From Operations		
Sale of products	3020.29	2851.21
Manufactured goods	<u>3020.29</u>	<u>2851.21</u>
Other operating revenues	20.43	20.30
Sale of waste	0.34	0.14
Sale of scrap	6.75	1.94
Deferred Government grant relating to EPCG Scheme	<u>27.52</u>	<u>22.38</u>
Total	<u>3047.81</u>	<u>2873.59</u>
27. Other income		
Interest income	4.43	12.18
- on bank deposits (at amortised cost)	18.59	1.39
- on other financial assets (at amortised cost)	1.33	0.00
Fair value gain on financial instruments at FVTPL (*)	1.48	2.14
Net gain on foreign currency transactions and translation	0.05	0.05
Deferred Government grant relating to property, plant and equipment	<u>25.88</u>	<u>15.76</u>
Total		
(*) Fair value gain on financial instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.		
28. Cost of materials consumed		
<u>Cost of raw materials consumed</u>	278.34	269.41
Opening stock of raw materials	1874.49	1714.95
Add: purchases of raw materials	<u>2152.83</u>	<u>1984.36</u>
Less :	0.05	7.98
Sale of raw materials	392.12	278.34
Closing stock of raw materials	<u>1760.66</u>	<u>1698.04</u>
Cost of materials consumed - Total		



Particulars	₹ in Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
29. Changes in inventories of finished goods and work-in-progress		
Closing inventories		
Finished goods	178.61	107.80
Saleable waste	2.91	2.54
Work-in-progress	101.14	85.76
	<u>282.66</u>	<u>196.10</u>
Opening inventories		
Finished goods	107.80	106.23
Saleable waste	2.54	2.70
Work-in-progress	85.78	49.15
	<u>196.10</u>	<u>158.08</u>
(-) Increase/ decrease in inventories of finished goods and work-in-		
Finished goods	-70.81	-1.57
Saleable waste	-0.37	0.16
Work-in-progress	-15.38	-36.61
Changes in inventories of finished goods and work-in-progress - total	-86.56	-38.02
30. Employee benefits expense		
Salaries, wages and bonus	147.00	128.60
Contribution to provident and other funds	8.38	9.00
(Net of Government grant amounting to ₹ 0.58 Lakhs (previous year ₹ nil)		
Gratuity expense	4.01	3.53
Staff welfare expenses	0.01	0.31
Total	<u>159.38</u>	<u>141.44</u>
31. Finance costs		
Interest expenses #	51.14	60.44
Interest paid on shortfall in payment of advance income tax	0.18	0.32
Other borrowing costs	0.60	0.69
Total	<u>51.92</u>	<u>61.45</u>
# Net of interest subsidies under TUF (Technology Upgradation Fund) Scheme amounting to ₹ 4.29 Lakhs (previous year ₹ 7.60 Lakhs).		
# Preference Shares Interest Redemption ₹ 10.47 Lakhs.		
32. Depreciation expense		
Depreciation on property, plant and equipment (refer note 3)	124.65	187.77
Total	<u>124.65</u>	<u>187.77</u>



Particulars	₹ in Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
33. Other expenses		
Consumption of stores and spare parts	120.69	87.38
Packing material consumed	32.61	26.75
Diesel consumed	112.53	75.57
Power expenses	397.70	399.30
Contract labour charges and expenses	14.72	14.13
Repair and maintenance		
- Machinery	11.76	11.34
- Buildings	0.51	0.00
Insurance charges	3.61	3.64
Fees and subscription	3.99	5.14
<u>Auditors remuneration</u>		
- Audit fees	1.35	1.35
- Tax audit fees	0.25	0.22
- Certification fees	0.40	0.60
- Audit expenses	0.00	0.05
Legal and professional charges	9.98	0.79
Fair value loss on financial instruments at FVTPL	0.00	2.11
Freight and cartage outward	15.18	4.67
Clearing and forwarding charges (export)	3.41	1.28
Miscellaneous expenses	16.94	18.76
Total	745.63	653.08



34. A. Movement in deferred tax balances

₹ in Lakhs

Particulars	As at 01.04.2018	Recognised in profit or loss	Recognised in OCI	As at 31.03.2019
Deferred tax assets				
Impact of depreciation on property, plant and equipment	57.94	8.72	-	66.66
Government grant	70.75	-8.60	-	61.85
Total deferred tax assets (a)	128.69	-0.18	-	128.51
Deferred tax liabilities				
Unwinding of upfront fees	0.24	-0.12	-	0.12
Deferred expenditure	0.06	-0.02	-	0.04
Derivative financial instruments carried at FVTPL	-	0.25	-	0.25
Total deferred tax liabilities (b)	0.30	0.11	-	0.41
Deferred tax assets (net) (a-b)	128.39	-0.29	-	128.10

₹ in Lakhs

Particulars	As at 01.04.2017	Recognised in profit or loss	Recognised in OCI	As at 31.03.2018
Deferred tax assets				
Impact of depreciation on property, plant and equipment	37.58	20.36	-	57.94
Government grant	54.23	16.52	-	70.75
Total deferred tax assets (a)	91.81	36.88	-	128.69
Deferred tax liabilities				
Unwinding of upfront fees	0.40	-0.16	-	0.24
Deferred expenditure	0.07	-0.01	-	0.06
Derivative financial instruments carried at FVTPL	0.54	-0.54	-	-
Total deferred tax liabilities (b)	1.01	-0.71	-	0.30
Deferred tax assets (net) (a-b)	90.80	37.59	-	128.39

B. Amounts recognised in profit or loss

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Current tax expenses		
Current tax	90.94	82.08
	<u>90.94</u>	<u>82.08</u>
Deferred tax expenses		
Origination and reversal of temporary differences	0.29	-37.59
	<u>0.29</u>	<u>-37.59</u>
Total Tax Expenses	91.23	44.49

C. Amounts recognised in Other Comprehensive Income

₹ in Lakhs

Particulars	For the year ended 31.03.2019			For the year ended 31.03.2018		
	Before tax	Tax (Expenses)/ Income	Net of tax	Before tax	Tax (Expenses)/ Income	Net of tax
Remeasurement of defined benefit plans	0.37	-0.10	0.27	0.26	-0.07	0.19
	<u>0.37</u>	<u>-0.10</u>	<u>0.27</u>	<u>0.26</u>	<u>-0.07</u>	<u>0.19</u>



D. Reconciliation of effective tax rate Particulars	₹ In Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Profit before tax	318.01	185.59
Company's domestic tax rate	27.8200%	27.5525%
Tax using the company's domestic tax rate	88.47	51.13
Tax effect of :		
Impact of depreciation on property, plant and equipment	-2.88	-3.19
Deferred Government grant relating to EPCG Scheme	2.40	-4.48
Others	3.22	1.03
Income tax expenses reported in the statement of profit and loss	91.23	44.49
Effective tax rate	28.6880%	23.9730%



Particulars	₹ in Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
35. Earnings per equity share (EPS)		
The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Indian Accounting Standard (Ind AS) - 33 on "Earning Per Share".		
A statement on calculation of EPS is as under:		
Profit for the period attributable to equity shareholders	226.78	141.10
Total (a)	226.78	141.10
Weighted average number of equity shares outstanding during the year (nos.)	3735000	3735000
(Nominal value of equity share - ₹ 10/- each)		
Total (b)	3735000	3735000
Basic EPS (₹) (a/b)	6.07	3.78
Diluted EPS (₹) (a/b)	6.07	3.78

Note: There are no potential equity shares

Particulars	₹ in Lakhs	
	As at 31.03.2019	As at 31.03.2018
36. 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.	32.98	38.00
(ii) Disputed demand in respect of Value Added Tax and Central Sales Tax.	4.85	4.85
Total	37.83	42.85
(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.	537.51	620.95
Total	537.51	620.95

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

38. No amount of dividend has been proposed to be distributed to equity for the period.



39. Financial instruments - accounting classifications and fair value measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sales.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, security deposits, interest accrued but not due on borrowings, trade and other short-term receivables, payables, loans and advances and other current liabilities approximated their carrying amounts largely due to the short-term maturities of these instruments.

2. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. Fair value is generally determined using discounted cash flow analysis.

A. Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at 31 March 2019

Financial instruments by category	Carrying Value	₹ in Lakhs		
		Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative financial instruments	1.33	-	1.33	-
Financial assets at amortised costs				
Security Deposits	21.13		21.13	
Fixed Deposits (including interest accrued thereon)	29.18		29.18	
Financial assets where fair value is same as carrying value				
Trade receivables	238.58		238.58	
Cash and cash equivalents	129.49		129.49	
Bank balances other than cash and cash equivalents	-		-	
Claim receivables	1.20		1.20	
Others	420.87		420.87	
Financial liabilities				
Financial liabilities at amortised cost				
Borrowings - term loans from financial institutions and banks (including current maturities)	254.09		254.09	
Financial liabilities where fair value is same as carrying value				
Trade payables	87.73		87.73	
Borrowings (current)	120.82		120.82	
Interest accrued but not due on borrowings	1.64		1.64	
Other interest accrued but not due	100.22		100.22	
Creditors against capital goods	2.08		2.08	
Employees liabilities	16.03		16.03	
Accrued expenses	37.84		37.84	
	620.25		620.25	
Financial assets recorded as				
Non-current	50.29			
Current	370.58			
	420.87			
Financial liabilities recorded as				
Non-current	258.47			



Current	381.76
	<u>620.25</u>

As at 31 March 2018

Financial Instruments by category	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
₹ In Lakhs				
Financial assets at FVTPL				
Derivative financial instruments				
Financial assets at amortised costs				
Security Deposits	21.32		21.32	
Fixed Deposits [including interest accrued thereon]	38.16		38.16	
Financial assets where fair value is same as carrying value				
Trade receivables	188.81		188.81	
Cash and cash equivalents	66.21		66.21	
Bank balances other than cash and cash equivalents	52.97		52.97	
Claim receivables	2.64		2.64	
Others	2.84		2.84	
	<u>370.95</u>	-	<u>370.95</u>	-
Financial liabilities				
Financial liabilities at amortised cost				
Borrowings - term loans from financial institutions (including current maturities)	300.54		300.54	
Liability component of redeemable preference shares	29.04			29.04
Financial liabilities where fair value is same as carrying value				
Trade payables	38.00		38.00	
Borrowings (current)	29.82		29.82	
Interest accrued but not due on borrowings	1.88		1.88	
Other interest accrued but not due	116.85		116.85	
Creditors against capital goods	0.16		0.16	
Employees liabilities	14.51		14.51	
Accrued expenses	36.73		36.73	
	<u>567.33</u>	-	<u>538.29</u>	<u>29.04</u>
Financial assets recorded as				
Non-current	59.48			
Current	<u>311.47</u>			
	<u>370.95</u>			
Financial liabilities recorded as				
Non-current	304.53			
Current	<u>262.80</u>			
	<u>567.33</u>			

B. Measurement of fair values

Assets and liabilities are to be measured based on the following valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach – Converting the future amounts, based on market expectations to its present value using the discounting methodology.

Cost approach – Replacement cost method.

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.



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Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments which are traded in stock exchanges and valued using closing price at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on the conditions existing at the end of each reporting period.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation processes are described in note 2 (q).

Financial instruments measured at fair value

Valuation technique	Type	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments consist of foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on bank's quotations and are classified as Level 2	Forward Exchange Contracts	Not Applicable	Not Applicable
Amount estimated based on the estimated probability of the outcome of litigation based on the management's assessment supported by legal advice.	Claims and Other Recoverable	Not Applicable	Not Applicable

There have been no transfers between level 1, 2 and 3 during the current or previous financial year.

Reconciliation of level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

	₹ in Lakhs	
	31.03.2019	31.03.2018
Balance as at 1 April	-	-
Fair value adjusted during the year	-	-
Additions during the year	-	-
Balance as at 31 March	-	-

Financial risk management

- credit risk [see point no. (ii) below]
- liquidity risk - [see point no. (iii) below]; and
- market risk - [see point no. (iv) below]

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.



The Company's risk committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

More than 40% of the Company's customers have been transacting with the Company from many years, and no significant impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The carrying amount net of loss allowances of trade receivables is 31 March 2019 Rs. 238.56 Lakhs and 31 March 2018 Rs. 188.81 Lakhs.

A summary of the Company's exposure to credit risk for trade receivables based on the ageing is as follows

Particulars	₹ In Lakhs			Total
	Less than 6 Months	6-12 Months	More than 12 Months	
As at 31.03.2019	238.56	-	-	238.56
As at 31.03.2018	188.81	-	-	188.81

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

Reconciliation of loss allowance provision – Trade receivables

Particulars	₹ In Lakhs	
	31.03.2019	31.03.2018
Opening Balance	-	-
Change in loss allowance	-	-
Closing balance	-	-

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements and optimising its cash return on investments.



HISAR SPINNING MILLS LIMITED

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments:

As at 31 March 2019	₹ in Lakhs		
	Less than 1 year	1-5 Year	Total
Borrowings			
Term loans from financial institution & banks including interest	97.48	158.25	255.73
Short-term borrowings from banks	120.62	-	120.62
Trade payables	87.73	-	87.73
Other interest accrued but not due	-	100.22	100.22
Creditors against capital goods	2.08	-	2.08
Employees liabilities	16.03	-	16.03
Accrued expenses	37.84	-	37.84
Total	361.78	258.47	620.25

As at 31 March 2018	₹ in Lakhs		
	Less than 1 year	1-5 Year	Total
Borrowings			
Term loans from financial institution including interest	110.40	192.02	302.42
Liability component of redeemable preference shares	-	29.04	29.04
Short-term borrowings from banks	29.62	-	29.62
Trade payables	38.00	-	38.00
Other interest accrued but not due	33.38	83.47	116.85
Creditors against capital goods	0.16	-	0.16
Employees liabilities	14.51	-	14.51
Accrued expenses	36.73	-	36.73
Total	282.80	304.53	587.33

The interest payments on variable interest rate loans in the table above reflect spot interest rates at the reporting date and these amounts may change as market interest rates change. However, the Company doesn't expect significant different amount on account of change in market interest rate changes.

Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and

- maintain an optimal capital structure to reduce the cost of capital.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, consistent with others in the industry. The Company monitors capital using a gearing ratio, which is calculated as:

Net debt (total borrowings net of cash and cash equivalents) divided by "Total equity" (as shown in the Balance Sheet).

The gearing ratios were as follows:

Particulars	₹ in Lakhs	
	31.03.2019	31.03.2018
Net Debt	818.05	775.28
Less: Cash and cash equivalents	129.49	66.21
Adjusted net debt	688.56	709.05
Total equity	939.34	737.79
Adjusted net debt to equity ratio	0.73	0.96



iv. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated. The currencies in which these transactions are primarily denominated are US dollars and Euro. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

As at 31 March 2019	Currency	Amount in foreign currency	Exchange rate (In absolute Rs.)	Unhedged amount (Rs. In Lakhs)
Trade receivables	USD	16069	88.65	11.03
	EUR	22838	78.80	18.00
Advance from customers	USD	25868	88.65	17.76
	EUR	6000	78.80	4.73
Trade payables	NA	-	-	-
Advance to suppliers	NA	-	-	-
Net exposure in respect of recognised assets and liabilities				51.52

As at 31 March 2018	Currency	Amount in foreign currency (in Lakhs)	Exchange rate (In absolute Rs.)	Unhedged amount (Rs. In Lakhs)
Trade receivables	NA	-	-	-
Advance from customers	NA	-	-	-
Trade payables	NA	-	-	-
Advance to suppliers	NA	-	-	-
Net exposure in respect of recognised assets and liabilities				-

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, Euro against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

Currency	Movement in foreign Currency	31.03.2019		31.03.2018	
		Increase in profit	Decrease in profit	Increase in profit	Decrease in profit
Euro	5% movement	1.14	-1.14	-	-
USD	5% movement	1.44	-1.44	-	-



Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Company's exposure to the risk due to changes in interest rates relates primarily to the Company's short-term and long-term borrowings with floating interest rates. The Company constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Particulars	₹ In Lakhs	
	31.03.2019	31.03.2018
Interest Rate Exposure:		
Floating Rate Borrowings	368.36	332.04
Fixed Rate Borrowings	7.99	29.04
Total Borrowings	376.35	361.08
Interest rate sensitivities for floating rate borrowings (impact of increase in 1%):		₹ In Lakhs
Particulars	31.03.2019	31.03.2018
Floating Rate Borrowings	-3.68	-3.32
	-3.68	-3.32

Note: If the rate is decreased by 1% profit will increase by an equal amount.

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.



40. Employee benefits

A. Defined Contribution Schemes

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Labour Welfare fund for the benefit of the employees.

Amount recognised in the Statement of Profit & Loss is as follows :

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Provident fund paid to the authorities	5.61	6.32
Employee state insurance paid to the authorities	2.59	2.54
Contribution to other funds (Labour welfare fund.)	0.16	0.14
Total	<u>8.36</u>	<u>9.00</u>

B. Defined Benefit Schemes

Gratuity

The Company operates a gratuity plan administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Company pays contribution to Life Insurance Corporation of India to fund its plan.

The following tables set out the disclosures in respect of the gratuity plan as required under Ind AS 19.

i. Changes in the present value of the obligations

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Present value of the obligation at the beginning of the year	16.12	12.06
Interest cost	1.25	0.93
Current service cost	3.97	3.56
Benefits paid (if any)	-0.43	-
Actuarial (gain)/loss	-0.64	-0.43
Present value of the obligation at the end of the year	20.27	16.12
- Non Current	19.43	15.76
- Current	0.84	0.36



ii. Changes in the fair value of the planned assets

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Fair value of plan assets at the beginning of the year	15.64	9.60
Expected return on plan assets	1.21	0.74
Contributions	0.48	5.31
Benefits paid	-0.43	-
Actuarial gain/ (loss) on plan assets	-0.27	-0.01
Fair value of plan assets at the end of the year	16.63	15.64

iii. Amount recognised in Balance Sheet:

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Present value of the obligation at the end of the year	20.27	16.12
Fair value of plan assets at the end of year	16.63	15.64
Net liability/(asset) recognised in Balance Sheet and related analysis	3.64	0.48
Funded Status	-3.64	-0.48

iv. Actuarial Gain/Loss on Plan Assets

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Actual return on plan asset	0.94	0.73
Expected return on plan asset	1.21	0.74
Actuarial gain/(loss) for the year on asset	-0.27	-0.01

v. Expenses Recognised in Profit & Loss:

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Interest cost	1.25	0.93
Current service cost	3.97	3.56
Past service cost	-	-
Expected return on plan asset	-1.21	-0.74
Expenses recognised in the statement of Profit and loss	4.01	3.75

vi. Other Comprehensive Income Recognised:

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Actuarial (gain) loss - obligation	-0.64	-0.43
Actuarial (gain) loss - plan assets	0.27	0.01
Total Actuarial (gain)/loss	-0.37	-0.42



vii. Investment Details of the Fund:

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
LIC of India	16.63	15.64

viii. Expected contribution during the next annual reporting period

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Best estimate for contribution during the next period	5.20	4.24

ix. Principal actuarial assumption at the Balance Sheet Date

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Discount rate (Per Annum)	7.75%	7.75%
Salary Growth Rate (Per Annum)	7.00%	7.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Withdrawal rate (Per Annum)		
18-30 Years	5.00%	5.00%
30-44 Years	5.00%	3.00%
44-58 Years	5.00%	2.00%
Expected Average remaining working lives of employees (years)	23.70	22.30
Method Used	Projected Unit Credit	Projected Unit Credit

x. The quantitative sensitivity analysis on net liability recognised on account of change in significant assumptions:

Particulars	₹ In Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
Defined benefit obligation (base)	20.27	16.12
Discount Rate		
1.00% Increase	-1.60	-1.53
1.00% decrease	1.84	1.80
Future Salary Growth Rate		
1.00% Increase	1.84	1.79
1.00% decrease	-1.62	-1.55



41. Related parties disclosures

a. Names of related parties and nature of relationship:

i. Key Management Personnel (KMP)

Mr. Anurag Gupta, Managing Director
 Mrs. Sapna Kansal, Whole-time Director w.e.f. 14.12.2017
 Mr. Mihlesh Kumar Gupta, Non-Executive Director
 Mr. Sudesh Kumar Garg, Non-Executive Director
 Mr. Sandeep Suri, Non-Executive Director
 Mr. Naveen Kansal, Chief Executive Officer
 Mr. Sharad Goel, Chief Financial Officer
 Mrs. Nikita Singla, Company Secretary w.e.f. 01.02.2019
 Mr. Verinder Kamal Sood, Company Secretary from 12.06.2018 to 31.01.2019
 Ms. Manmeet Kaur Sihota, Company Secretary from 01.09.2017 to 11.06.2018
 Mrs. Tanu Sharma, Company Secretary up to 10.07.2017

ii. 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 Lakhs

Nature of transactions	For the year ended 31.03.2019		For the year ended 31.03.2018	
	Key management personnel (KMP)	Enterprises over which there is significant influence	Key management personnel (KMP)	Enterprises over which there is significant influence
Remuneration				
Mr. Anurag Gupta	15.00		10.79	
Mrs. Sapna Kansal	15.00		4.48	
Mr. Naveen Kansal	15.00		15.00	
Mr. Sharad Goel	12.00		11.03	
Mrs. Nikita Singla	0.33		-	
Mr. Verinder Kamal Sood	0.85		-	
Ms. Manmeet Kaur Sihota	0.25		0.76	
Mrs. Tanu Sharma	-		0.33	
Total	58.43		42.39	
Purchases of goods (net of duties and taxes)				
Usha Yarns Limited		55.83		12.22
Settlement of Liabilities on behalf of the company				
Usha Yarns Limited		1.07		-
Total		56.90		12.22

c. Sitting Fees to Directors of the Company:

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Mr. Mihlesh Kumar Gupta, Non-Executive Director	0.63	0.70
Mr. Sudesh Kumar Garg, Non-Executive Director	0.63	0.70
Mr. Sandeep Suri, Non-Executive Director	0.52	0.53
Total	1.78	1.93



d. Compensation of Key Management Personnel of the Company: *

Particulars	₹ In Lakhs	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Short-term Employee Benefits	58.43	42.39
Post-Retirement Benefits	-	-
Share-Based Payments	-	-
Other Long-term Benefits	-	-
Total Compensation	58.43	42.39

Notes :

- * Expenses towards gratuity provisions are determined actuarially on an overall Company basis at the end of each year and, accordingly, have not been considered in the above information.
- Remuneration to KMP has been taken for the period which they remain KMP.

e. Outstanding balance (Unsecured)

Particulars	₹ In Lakhs	
	As at 31.03.2019	As at 31.03.2018
Usha Yarns Limited	-	-
Total	-	-

Terms and conditions of transactions with Related Parties:

The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. The above transactions are as per the approval of Audit Committee.

The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In terms of our report on even date attached

for ROMESH K. AGGARWAL & ASSOCIATES
Chartered Accountants
Firm's Registration No. 000711N

For and on behalf of the Board of Directors of
HISAR SPINNING MILLS LIMITED

(RUCHIR SINGLA)
Partner
Membership No. 519347

(ANURAG GUPTA)
Managing Director
DIN-00192888

(NIKHIL GOEL)
Director
DIN-01741446

Place: Chandigarh
Date: 30.05.2019

(SHARAD GOEL)
Chief Financial Officer

(NIKITA SINGLA)
Company Secretary

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)