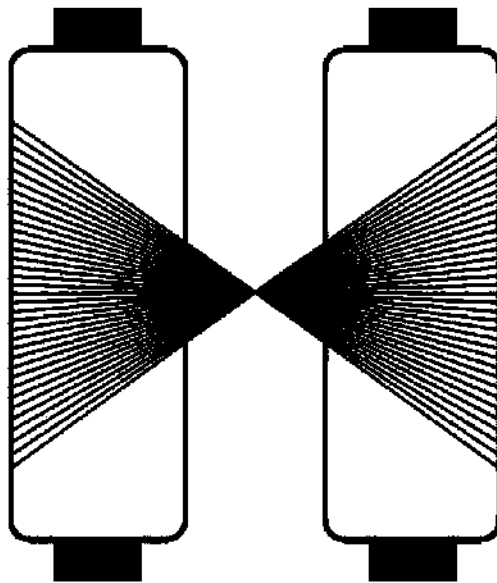




**30th**

**ANNUAL REPORT**

**2021-2022**



**HSML**



**HISAR SPINNING MILLS LIMITED**

**BOARD OF DIRECTORS**

**Mr. Mithlesh Kumar Gupta**  
*Chairman & Independent Director*  
DIN: 07692870

**Mr. Anurag Gupta**  
*Managing Director*  
DIN: 00192888

**Mrs. Sapna Kansal**  
*Executive Director*  
DIN: 06892410

**Mr. Nikhil Goel**  
*Non Executive Non Independent Director*  
DIN: 01741446

**Mr. Sandeep Suri**  
*Independent Director*  
DIN: 07693480

**Mr. Sudesh Kumar Garg**  
*Independent Director*  
DIN: 07692820

**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**

**Mr. Nikhil Goel**  
Chairman

**Mr. Mithlesh Kumar Gupta**  
Member

**Mrs. Sapna Kansal**  
Member

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mrs. Nikita Singla

**CHIEF FINANCIAL OFFICER**

Mr. Sharad Goel

**AUDITORS**

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

**BANKERS**

Punjab National Bank  
Main Branch, Hisar 125001

**REGD. OFFICE & WORKS**

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

**30<sup>th</sup> ANNUAL GENERAL MEETING**

September 30, 2022 i.e Thursday at 12.00 Hrs at the Registered Office of the Company at 9<sup>th</sup> KM Stone, Hisar Bhiwani Road, V.P.O Dabra ( Hisar), Haryana -125005

**NOTICE**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Shareholders of the company will be held on Friday, the 30<sup>th</sup> day of September, 2022 at 11:00 Hrs. at the Registered Office of the Company at 9<sup>th</sup>, 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, 2022 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 Mrs. Sapna Kansal (DIN 06892410), Director who retires by rotation and is eligible for re-appointment.
3. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"Resolved that pursuant to the provisions of section 139 and other applicable provisions, if any, of Companies Act, 2013, and the rules made there under, M/s Jain & Anil Sood, Chartered Accountants (FRN: 010505N), be and are hereby appointed as Statutory Auditors of the company, for five years w.e.f. 2022-2023, in place of retiring auditors M/s Romesh K Aggarwal & Associates, Chartered Accountants, Ludhiana, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held for the Financial Year 2026-27, at a remuneration to be decided by the Board of Directors."

**SPECIAL BUSINESS**

4. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:-

"Resolved that pursuant to the provisions of Sections 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V prescribed under the Act and Articles of Association of the Company and also subject to the approval of such other authorities as may be required, Mrs. Sapna Kansal (DIN No. 06892410 be and is hereby re-appointed as the Whole Time Director of the company for a tenure of 3 years commencing December 14, 2022 at a remuneration of Rs. 2,25,000/- per month, as detailed below:

Salary : Rs. 1,35,000/- per month

Perquisites

**Category-A**

HRA : Rs. 67,500/- per month.

Special Allowance : Rs. 22,500/- per month

**Category-B**

**Car** - She shall be provided with the company's car with driver for performing her official duties. Use of Company's car for her private purpose shall be billed by company to her account.

**Telephone** - She shall be provided with Company's telephone at her residence and that all long distance personal calls shall be billed by company to her account."

For and on behalf of the Board

Place: Chandigarh  
Date: 06.09.2022

Sd/-  
(Anurag Gupta)  
Managing Director

Regd. Office: 9<sup>th</sup>, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar



## **HISAR SPINNING MILLS LIMITED**

### **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. 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.
3. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) shall send certified true copy of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Company, to attend the AGM.
4. 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 Monday, September 26, 2022 to Friday, September 30, 2022 (both days inclusive).
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 dully filled admission slip in accordance with their specimen signature(s) registered with the Company, for attending the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
7. As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details in respect of director(s) seeking reappointment at the AGM, forms an integral part of the notice. Requisite declarations/consent have been received from the Director(s) seeking reappointment as per provisions of Companies Act, 2013 including rules framed there under. Further, a brief resume of each director(s) proposed to be appointed/re-appointed at this AGM, nature of their expertise in specific function areas, name of companies in which they hold directorship and membership /chairmanships of Board Committees, shareholding and relationship between directors inter se as stipulated under Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standard-2 on General Meetings are provided as an Annexure to this notice.
8. 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. Further, they are requested to convert their shares into dematerialized form in their own interest and convenience.
9. Members holding shares in electronic form are requested to notify change in their e-mail id & address, if any, to their Depository Participant.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Registrar & Share Transfer Agent of the Company.
11. 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.
12. Members desiring any information, as regards accounts & operations, are requested to write to the Company at its Registered Office at least ten days before the date of Annual General Meeting so as to enable to keep the information ready.
13. SEBI vide Notification no. SEBI/LAD/-NRO/GN/2018/24, dated 08th June, 2018 and further amendment vide notification no. SEBI/LAD/-NRO/GN/2018/49, dated 30th November, 2018, have prescribed that except in case of



## HISAR SPINNING MILLS LIMITED

transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the equity shares of the Company promptly.

14. As a measure of economy, copies of Annual Report shall not be distributed at the venue of the AGM. Members are therefore requested to bring their own copies of the Annual Report to the meeting.

15. The route map showing directions to reach the venue of the AGM is annexed.

16. M/s Indus Portfolio Private Limited, G-65, Bali Nagar, New Delhi-110015. are Registrars & Share Transfer Agents of the Company. The Shareholders can contact them for dematerialization, transmissions, communications for change of address, issue of duplicate shares, etc. directly.

### 17. Voting through electronic means:-

I. Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and the provisions of Listing Agreement with Stock Exchanges, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening Annual General Meeting to be held on Friday, September 30, 2022 at 11:00 Hrs. at the registered office of the company at 9<sup>th</sup>, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar. The Company has engaged the services of CDSL to provide the e-voting facility.

II. The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Polling Paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period shall commence on Tuesday, September 27, 2022 at 9:00 A.M. (IST) and shall end on Thursday, September 29, 2022 at 5:00 P.M. (IST) During this period, members' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of September 23, 2022, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by M/s Indus Portfolio Private Limited for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

**The process and manner for Remote e-voting are as hereunder:**

**Remote e-Voting Instructions for shareholders post change in the Login mechanism for Individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 9, 2020:**

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post September 07, 2022.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL.	<ul style="list-style-type: none"><li>Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li></ul>



- After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. DSL. Click on e-Voting service provider name to cast your vote.

- If the user is not registered for Easi/Easiest, option to register is available at

<https://web.cdslindia.com/myeasi./Registration/EasiRegistration>

- Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.

**Individual Shareholders (holding securities in demat mode) & login through their depository participants**

- You can also login using the login credentials of your demat account through your Depository Participant registered with CDSL for e-voting facility.

- Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period & voting during the meeting.

**Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of CDSL at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

**Individual Shareholders holding securities in demat mode with CDSL have forgotten the password:**

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**Helpdesk for Individual Shareholders holding securities in demat mode:**

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. CDSL, they may contact the helpdesk given below:



## HISAR SPINNING MILLS LIMITED

### Login type

### Helpdesk details

Individual Shareholders holding securities in demat mode

Members facing any technical issue in login can contact CDSL helpdesk by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 or 22-23058542-43.

- Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 23, 2022, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. September 23, 2022.
- Mr. Sanjiv Kumar Goel, Practicing Company Secretary (Membership No. FCS-2107) has been appointed as the Scrutinizer to scrutinize the remote e-voting process including polling papers in fair and transparent manner.
- The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman. Thereafter, the Chairman or a person authorized by him in writing shall declare the result of the voting forthwith.
- The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.hisar spinningmills.com](http://www.hisar spinningmills.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.



## **HISAR SPINNING MILLS LIMITED**

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

#### **Item No. 4**

##### **A brief profile of Mrs. Sapna Kansal, Executive Director:**

Mrs. Sapna Kansal was appointed as Whole Time Director of the Company pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V prescribed under the Act and Articles of Association of the Company and also subject to the approval of such other authorities as may be required, for a period of five years w.e.f. December 14, 2017. Her term shall come to an end on December 13, 2022. The board of directors have approved her re-appointment as Whole Time Director of the Company pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V prescribed under the Act and Articles of Association of the Company and also subject to the approval of such other authorities as may be required, for a period of three years w.e.f. December 14, 2022, on the terms & conditions contained in the proposed resolution.

Age: 49 years as on 31.03.2022.

Qualification: Graduate

Experience: Around 16 years' experience in family business and 5 years as Whole Time Director of the company. Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid: Re-appointed as Whole Time director for three years w.e.f. December 14, 2022 on the terms & conditions recommended by the board of directors in the Board Meeting held on September 06, 2022.

Remuneration last drawn by such person: Rs. 2,25,000/- p.m. from April 01, 2021.

Date of first appointment on the Board: 20.06.2014

Shareholding in the company: 63,100 shares.

Relationship with other Directors, Manager and other Key Managerial Personnel of the company: No relationship with other directors. However, spouse of Mr. Naveen Kansal, Chief Executive Officer.

Number of Meetings of the Board attended during the year: 7

Other Directorships: Nil

Membership/ Chairmanship of Committees of other Boards: Nil

Nature of interest of Directors: None of the Directors except Mrs. Sapna Kansal herself, is interested in the proposed resolution.

For and on behalf of the Board

Place: Chandigarh  
Date: 06.09.2022

Sd/-  
(Anurag Gupta)  
Managing Director

Regd. Office: 9<sup>th</sup>, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar





**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** : **9<sup>th</sup>, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar**

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

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

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Annual General Meeting of the Company, to be held on Friday, September 30, 2022 at 11:00 Hrs. at 9<sup>th</sup>, 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 Mrs. Sapna Kansal, retiring by rotation at the AGM.
3	Consider and appoint Statutory Auditors.
4	Re-appointment of Mrs. Sapna Kansal as Whole Time Director.

Signed this ..... day of September, 2022

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

**HISAR SPINNING MILLS LIMITED**  
Registered Office: 9<sup>th</sup>, KM Stone, Hisar Bhiwani  
Road, VPO Dabra, Hisar-125005  
Tel: 01662-260397, Tel/Fex:-91-1662-260397  
E-mail: [hsm12000@rediffmail.com](mailto:hsm12000@rediffmail.com)  
Website: [www.hisar spinningmills.com](http://www.hisar spinningmills.com)  
CIN: L17112HR1992PLC031621

### ATTENDANCE SLIP

Attendance Slip for 30<sup>th</sup> 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 30<sup>th</sup> Annual General Meeting of the company at 9<sup>th</sup>, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar on Friday, September 30, 2022 at 11:00 Hrs.

Signature of the Member/Proxy present

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

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

Registered Office: 9<sup>th</sup>, KM Stone, Hisar Bhiwani  
Road, VPO Dabra, Hisar-125005  
Tel: 01662-260397, Tel/Fex:-91-1662-260397  
Website: [www.hisar spinningmills.com](http://www.hisar spinningmills.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 30<sup>th</sup> Annual General Meeting to be held on Friday, September 30, 2022 at 11:00 Hrs. 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

<b>EVSN (Electronic Voting Event Number)</b>	<b>User ID</b>	<b>Password</b>
220825016		

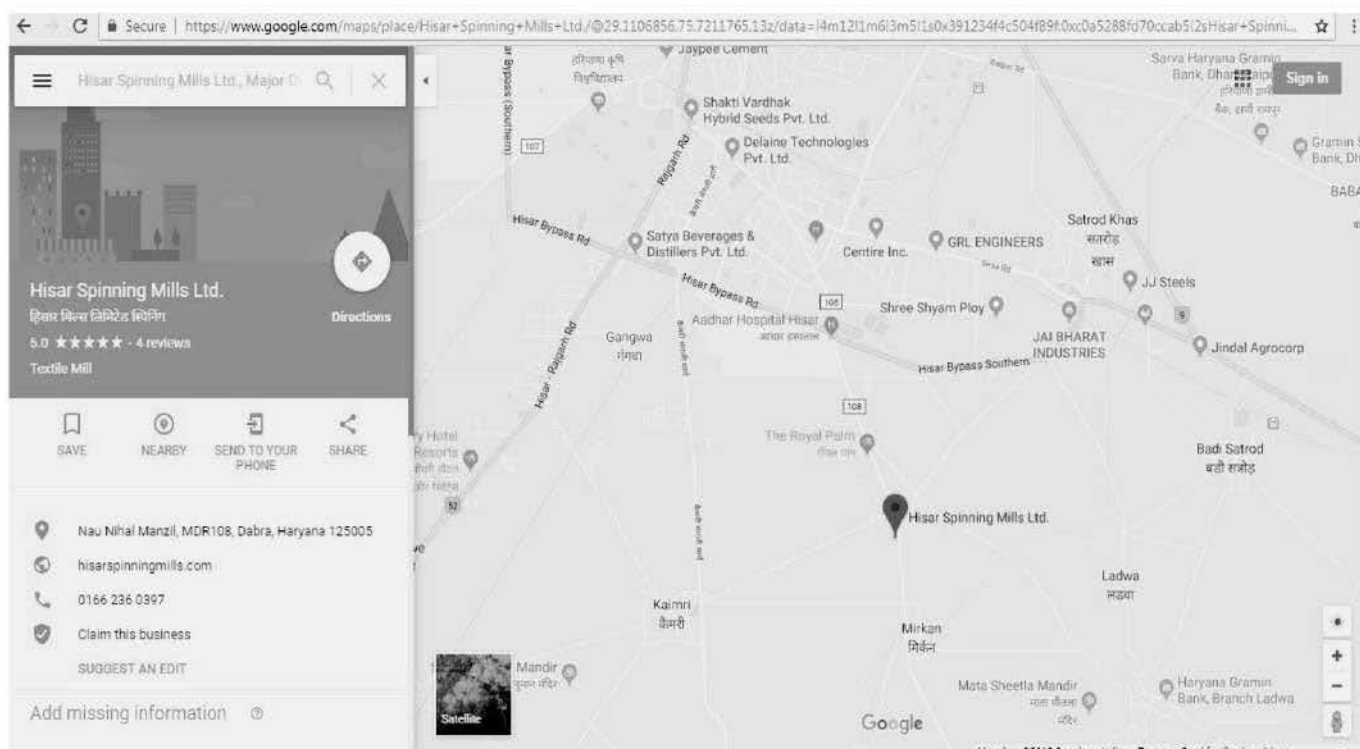
The remote e-voting facility will be available during the voting period as indicate herein below:

<b>Commencement of remote e-voting period</b>	<b>End of remote e-voting period</b>
From 9.00 A.M. IST on Tuesday, September 27, 2022	Till 5.00 P.M. IST on Thursday, September 29, 2022

#### 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 30<sup>th</sup> Annual General Meeting to be held on September 30, 2022.
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 Friday, September 23, 2022, being the record date for the purpose of voting.

### ROUTE MAP TO HISAR SPINNING MILLS LIMITED.





## HISAR SPINNING MILLS LIMITED

### Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2022.

(Rs. in Lakhs)

Financial Highlights	Year ended 31.03.2022	Year ended 31.03.2021
<b>Total income</b>	3685.43	2912.34
Profit before Financial Cost, Depreciation and Tax	618.18	291.67
Finance cost	10.72	8.49
Profit before Depreciation and Tax	607.46	283.18
Depreciation	59.55	78.22
Profit before tax	547.91	204.96
Less : Tax Expenses		
-Current tax	86.51	33.66
- Adjustment of tax relating to earlier periods	0.24	-5.14
-Deferred tax	48.37	29.23
<b>Profit for the year</b>	<b>412.79</b>	<b>147.21</b>
<b>Other Comprehensive Income</b>		
Items that will not be reclassified to profit or loss:		
Remeasurements of the defined benefit plans	-6.94	-2.50
Income tax relating to items that will not be reclassified to profit or loss	1.75	0.63
<b>Total Other Comprehensive Income/ (-) Expense</b>	<b>-5.19</b>	<b>-1.87</b>
<b>Total Comprehensive Income for the year</b>	<b>407.60</b>	<b>145.34</b>
<b>Earnings per equity share:</b> (Nominal value of equity share – Rs. 10/-)		
Basic (Rs.)	11.05	3.94
Diluted (Rs.)	11.05	3.94

#### OPERATIONAL & PERFORMANCE REVIEW

During the year under review, the gross receipts of your Company were Rs. 3685.43 Lakhs as against gross receipts of Rs. 2912.34 Lakhs during the previous year and profit (after tax) was Rs. 412.79 Lakhs for the year as against net profit (after tax) of Rs. 147.21 Lakhs during previous year.

#### 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.

#### TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire amount of profits for FY 2021-22 in the Retained Earnings.

#### DIVIDEND

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



## HISAR SPINNING MILLS LIMITED

### CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business.

### STATEMENT ON SUBSIDIARIES/ ASSOCIATE AND JOINT VENTURE COMPANIES

Your company does not have any subsidiary / associate / joint ventures within the meaning of Companies Act, 2013 and Accounting Standards.

### DIRECTORS

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

Mrs. Sapna Kansal, Executive Director (DIN No. 06892410), shall also be completing her five year term on December 13, 2022. Your directors, on the proposal of Nomination & Remuneration Committee, recommend her re-appointment for a further period of 3 years commencing w.e.f. December 14, 2022.

As on March 31, 2022 following were the Key Managerial Personnel of Company:

- |                      |  |
|----------------------|--|
| • Mr. Anurag Gupta   | Managing Director                        |
| • Mrs. Sapna Kansal  | Executive Director                       |
| • Mr. Naveen Kansal  | Chief Executive Officer                  |
| • Mr. Sharad Goel    | Chief Financial Officer                  |
| • Mrs. Nikita Singla | Company Secretary and Compliance Officer |

### STATUTORY AUDITORS

At the 25<sup>th</sup> Annual General Meeting of Company held on September 28, 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 25<sup>th</sup> Annual General Meeting of Company till the conclusion of 30<sup>th</sup> 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. They have expressed their un-willingness for a further term. The board of directors, on the recommendation of Audit Committee, recommend the appointment of M/s Jain & Anil Sood, Chartered Accountants, as Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held for the Financial Year 2026-27, at a remuneration to be decided by the Board of Directors.

### 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.



## **HISAR SPINNING MILLS LIMITED**

### **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 March 31, 2022, 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 March 31, 2022 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 requirement of attaching extract of the Annual Return in Form MGT-9 has been dispensed with by the Companies (Amendment) Act, 2017 effective from July 31, 2018. As per requirements, annual return (Form MGT-7) for the year 2020-21 has been placed on the website of the company, at [www.hisar spinningmills.com](http://www.hisar spinningmills.com). Annual Return (Form MGT-7) for the year 2021-22 shall also be placed on the company's website in due course.

### **NUMBER OF BOARD MEETINGS**

During the financial year 2021-22, seven Board meetings were held. The meetings were held on June 11, 2021, June 29, 2021, August 13, 2021, September 06, 2021, November 12, 2021, January 11, 2022 and February 14, 2022. 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.



## **HISAR SPINNING MILLS LIMITED**

### **RELATED PARTY TRANSACTIONS**

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](http://www.hisar spinningmills.com).

The following is a summary of sexual harassment complaints received and disposed off during the year 2021-22:

- a) No. of Complaints received in the year: NIL
- b) No. of complaints disposed off during the year: NIL
- 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**

Pursuant to section 134 (3) (n) of the Companies Act, 2013, the company regularly maintains a proper check in normal course of its business regarding Risk Management.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's risk management systems and programs comprises of various processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its risks, including any material changes to its risk profile. To achieve this, the Company has clearly defined the responsibility and authority of the Company's Management to oversee and manage the Risk Management Programs.

However, in accordance with regulation 21 of SEBI (LODR) Regulations, 2015 (as amended), the provisions of this regulation are not applicable to the company.

### **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, 2022, 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.



## HISAR SPINNING MILLS LIMITED

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.hisarspinningmills.com](http://www.hisarspinningmills.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 31<sup>st</sup> March 2021 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	Mr. Mithlesh Kumar Gupta, Non-executive and Independent Director	Chairman
2	Mr. Anurag Gupta, Managing Director	Member
3	Mr. 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.





## **HISAR SPINNING MILLS LIMITED**

### **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 Company has adopted revised Whistle Blower Policy w.e.f. 1<sup>st</sup> April, 2019. The details of the Policy are explained in the Corporate Governance Report and also available at company's website [www.hisarspinningmills.com](http://www.hisarspinningmills.com).

### **PERFORMANCE EVALUATION OF BOARD OF DIRECTORS**

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

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

The Provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs. 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 2021-22.

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.

### **CODE OF CONDUCTS**

The company has adopted the following code of Conducts/ policies w.e.f April 1, 2019:

1. Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons as per the SEBI (Prohibition of Insider Trading (Amendment)) Regulations, 2018.
2. Code of Practices and Procedures for fair Disclosure of Unpublished Price Sensitive Information.
3. Policy and Procedure for Enquiry in case of leak/ suspected leak of Unpublished Price Sensitive Information.

### **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.



# HISAR SPINNING MILLS LIMITED

By order of the Board of Directors

Place: Chandigarh  
Dated: September 06, 2022

Sd/-  
(Mithlesh Kumar Gupta)  
Chairman  
DIN - 07692870

## 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
(b) Nature of contracts/arrangements/ transactions:	Employment	Purchase, sale & supply of goods
(c) Duration of the contracts/arrangements/ transactions:	Permanent employment	Annual
(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, sale & supply of goods at market value
(e) Date(s) of approval by the Board, if any:	29.12.2016	Omnibus Approval on 14.02.2022
(f) Amount paid as advances, if any:	Nil	Nil

By order of the Board of Directors

Place: Chandigarh  
Dated: September 06, 2022

Sd/-  
(Mithlesh Kumar Gupta)  
Chairman  
DIN - 07692870



## HISAR SPINNING MILLS LIMITED

### 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 31<sup>st</sup> March 2022, the Board of Directors consists of six Directors, out of which two are Promoter Directors (Managing Director and a non executive Director), one 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 2021-22, seven Board meetings were held. The meetings were held on June 11, 2021, June 29, 2021, August 13, 2021, September 06, 2021, November 12, 2021, January 11, 2022 and February 14, 2022. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Regulations, a separate meeting of independent directors was held on February 14, 2022 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 31.03.2022:-

Name of Director	Category	Attendance Particulars		No. of Directorship		No. of Membership/ Chairmanship in Committees*		Names of other listed entities where the person is a director and the category of directorship
		Board Meeting	Last AGM	Members hip	Chairman ship	Member ship	Chairman ship	
Mrs. Sapna Kansal	ED	7	Yes	1	Nil	1	Nil	Nil
Mr. Anurag Gupta	ED / MD	7	Yes	1	Nil	1	Nil	Nil
Mr. Mithlesh Kumar Gupta	INED	7	Yes	1	1	2	1	Nil
Mr. Sudesh Kumar Garg	INED	7	Yes	1	Nil	1	Nil	Nil
Mr. Sandeep Suri	INED	7	Yes	1	Nil	NIL	NIL	Nil
Mr. Nikhil Goel	NED	7	Yes	1	Nil	1	1	Nil



## **HISAR SPINNING MILLS LIMITED**

INED : Independent Non Executive Director

NED : Non Executive Director

MD : Managing Director (Executive)

ED : Executive Director

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

### **3. INFORMATION SUPPLIED TO THE BOARD**

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

### **4. MAXIMUM DIRECTORSHIP & TENURE OF INDEPENDENT DIRECTORS**

The maximum tenure of Independent Directors is in compliance with the Companies Act 2013. The Company has issued formal letters of appointment to all the Independent Directors. At the time of appointment / re-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.hisar spinningmills.com](http://www.hisar spinningmills.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.hisar spinningmills.com](http://www.hisar spinningmills.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.hisar spinningmills.com](http://www.hisar spinningmills.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



## HISAR SPINNING MILLS LIMITED

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 2021-22, five Audit Committee meetings were held on June 11, 2021, June 29, 2021, August 13, 2021, November 12, 2021 and February 14, 2022.

S.NO.	NAME	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2021-2022
1.	Mr. Mithlesh Kumar Gupta, Non-executive and Independent Director	Chairman	5
2.	Mr. Sudesh Kumar Garg, Non-executive and Independent Director	Member	5
3.	Mr. Anurag Gupta, Managing Director	Member	5

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 2021-2022, two meetings of Nomination and Remuneration Committee were held on April 01, 2021 and September 06, 2021s.

S.NO.	NAME	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2021-2022
1	Mr. Sudesh Kumar Garg, Non Executive Independent Director	Chairman	2
2	Mr. Nikhil Goel, Non Executive Non Independent Director	Member	2
3	Mr. Mithlesh Kumar Gupta, Non Executive Independent Director	Member	2



## HISAR SPINNING MILLS LIMITED

### 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 2021-22.

#### ii) Remuneration of Executive Directors

The details of remuneration paid to the Executive Directors during the year 2021-22 are given below:

(Rs. In Lakhs)				
Name of Directors	Salary	Perquisites*	Commission	Total
Mr. Anurag Gupta, Managing Director	27.00	-	-	27.00
Mrs. Sapna Kansal	27.00	-	-	27.00

There is no Employee Stock Option Scheme (ESOP) in the Company as on March 31, 2022. 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 2021-22, one Stakeholders Relationship Committee meeting was held on February 14, 2022. 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 2021-2022
1.	Mrs. Sapna Kansal, Non Executive Director	Member	1
2.	Mr. Nikhil Goel, Non-executive Director	Chairman	1
3.	Mr. Mithlesh Kumar Gupta, Non Executive Independent Director	Member	1

During the financial year, the requests for transfer/ demat / remat of shares, change of address etc have been duly effected. During the year, no complaint from any of the shareholders was received and 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

### (D). Risk Management Committee:

The Listing Regulations in this respect are not applicable to the company.



## HISAR SPINNING MILLS LIMITED

### 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
2020-21	9 <sup>th</sup> KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	30/09/2021	12.00 P.M.	Yes
2019-20	9 <sup>th</sup> KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	30/09/2020	10.00 A.M.	Yes
2018-19	9 <sup>th</sup> KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	30/09/2019	10.00 A.M.	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.

### 10. Subsidiary Company

During the year ended March 31, 2022, 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](http://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](http://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



## HISAR SPINNING MILLS LIMITED

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](http://www.hisar spinningmills.com).

### e) 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 March 31, 2022, 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](http://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. Familiarization 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](http://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:





## HISAR SPINNING MILLS LIMITED

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	8	7	8	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](http://www.bseindia.com) under Scrip Code 521068 and also on the website of the company.

### 20. General Shareholder information

Annual General Meeting at 11:00 Hrs. on September 30, 2022 at Registered Office of the Company at 9<sup>th</sup> KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar).

Financial Calendar	: April 01, 2021 to March 31, 2022
Date of Book Closure	: 26.09.2022 to 30.09.2022 (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

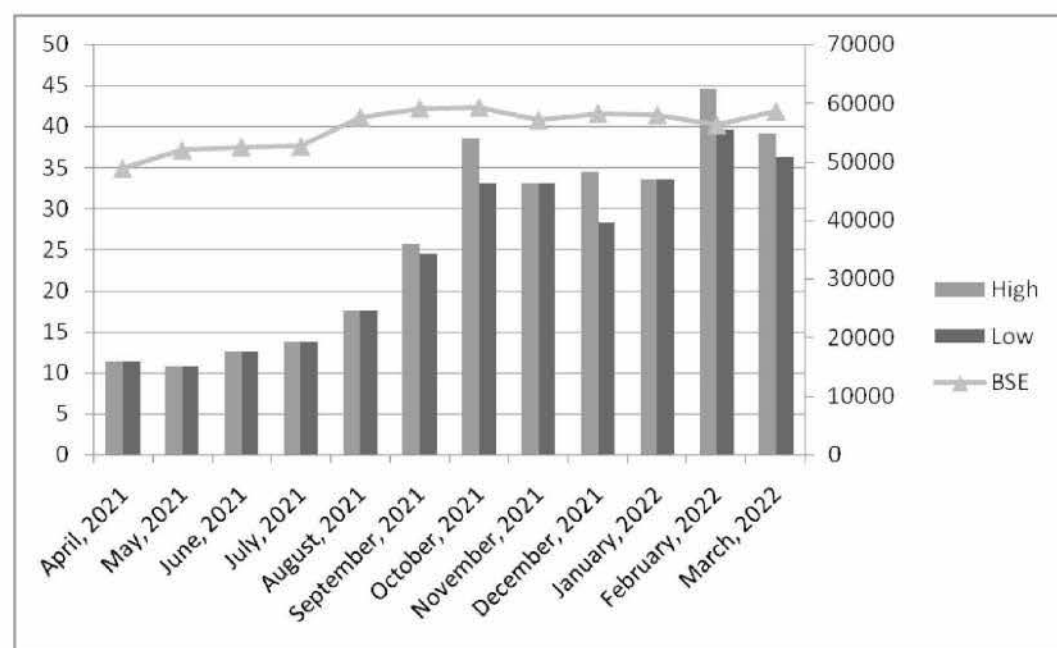
Annual listing fee for the year 2021-2022 has duly been paid to Bombay Stock Exchange (BSE).



## HISAR SPINNING MILLS LIMITED

Market price data – High and Low during each month on BSE in the financial year 2021-22. Stock code - 521068  
(Source: [www.bseindia.com](http://www.bseindia.com))

Month	High	Low	BSE
April, 2021	11.27	11.27	48782.36
May, 2021	10.79	10.79	51937.44
June, 2021	12.47	12.47	52482.71
July, 2021	13.74	13.74	52586.84
August, 2021	17.50	17.50	57552.39
September, 2021	25.65	24.4	59126.36
October, 2021	38.50	33.10	59306.93
November, 2021	33.05	33.05	57064.87
December, 2021	34.50	28.25	58253.82
January, 2022	33.60	33.60	58014.17
February, 2022	44.60	39.65	56247.28
March, 2022	39.05	36.25	58568.51



Registrar and Share Transfer Agent : M/s Indus Portfolio Private limited  
G-65, Bali 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 time stipulated by SEBI / BSE, 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

E-mail ID's : [hsml2000@rediffmail.com](mailto:hsml2000@rediffmail.com)



## HISAR SPINNING MILLS LIMITED

Distribution of shareholding as on March 31, 2022.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
0-500	9812	97.53	1423330	38.11
501-1000	142	1.41	113400	3.04
1001-5000	66	0.66	131900	3.53
5001-10000	7	0.07	54400	1.46
10001-20000	8	0.08	124100	3.32
20001-30000	7	0.07	172280	4.61
30001-40000	0	0.00	0	0
40001-50000	3	0.03	131500	3.52
50001-100000	8	0.08	527400	14.12
Above 100000	7	0.07	1056690	28.29
	<b>10060</b>	100.00	<b>3735000</b>	<b>100.00</b>

Shareholding Pattern as on March 31, 2022.

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	-	-
<b>Total</b>	<b>3735000</b>	<b>100</b>

Details of shareholding of Directors in the Company as on March 31, 2022.

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

Dematerialisation of shares	:	22,50,170 (60.25%) shares
Plant(s) Location	:	9 <sup>th</sup> K.M. Stone, Hisar Bhiwani Road, V.P.O. Dabra (Hisar) 125005
Address for correspondence	:	Hisar Spinning Mills limited 9 <sup>th</sup> K.M. Stone, Hisar Bhiwani Road, V.P.O. Dabra (Hisar) 125005 Ph. 01662-297005 Fax: 91-1662-297005
E-mail ID's	:	hsml2000@rediffmail.com
Credit Ratings	:	Not Applicable.



## HISAR SPINNING MILLS LIMITED

### OTHER DISCLOSURES

- a) **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.
- b) **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.
- c) **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](http://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.
- d) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**  
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.hisar spinningmills.com](http://www.hisar spinningmills.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](http://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 March 31, 2022 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.



## HISAR SPINNING MILLS LIMITED

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Anurag Gupta	00192888	28/02/2000
2	Sapna Kansal	06892410	20/06/2014
3	Nikhil Goel	01741446	29/12/2016
4	Sudesh Kumar Garg	07692820	29/12/2016
5	Mithlesh 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: August 19, 2022

Signature: Sd/-  
Name: Sanjiv Kumar Goel  
Membership No.: FCS 2107  
CP No.: 1248  
UDIN No: F002107D000816404  
PR No.: 873/2020

**(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. 2.40 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:**

- number of complaints filed during the financial year: Nil
- number of complaints disposed of during the financial year: Nil
- 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 March 31, 2022.

Place: Chandigarh  
Dated: September 06, 2022

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



## **HISAR SPINNING MILLS LIMITED**

### **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 March 31, 2022 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, 2022**



## **HISAR SPINNING MILLS LIMITED**

### **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, 2022 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, 2022, 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

**Place: Chandigarh  
Date: August 19, 2022**

**Sd/-  
Sanjiv Kumar Goel  
Practicing Company Secretary  
FCS No. 2107  
C P No. 1248  
UDIN No.: F002107D000816426  
PR No.: 873/2020**



## HISAR SPINNING MILLS LIMITED

### 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 MARCH 31, 2022

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, 2022 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, 2022 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: August 19, 2022**

**Sd/-**  
**Sanjiv Kumar Goel**  
**Practicing Company Secretary**  
**FCS No. 2107**  
**C P No. 1248**  
**UDIN No.: F002107D000816437**  
**PR No.: 873/2020**



## HISAR SPINNING MILLS LIMITED

### 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, 2022.

#### 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
<b>A) Power and Fuel consumption</b>		
a) Purchased Unit (KW)	5014805	4540100
Total Amount (Rs. In Lakhs)	380.63	359.15
Rate/Unit (Rs)	7.59	7.91
b) Through Diesel Generator		
Units(KW)	606600	627750
Total Amount (Rs. In Lakhs)	198.63	166.68
Rate/Unit (Rs/KW)	32.75	26.55
<b>B) Consumption Per Unit Of Production</b>	<b>1839 Units</b>	<b>1857 Units</b>
Steam Coal	Nil	Nil
Furnace Oil	Nil	Nil
Others/Internal Generators	Nil	Nil
<b>Cotton Yarn Production In MT</b>	<b>3056.564</b>	<b>2783.343</b>
<b>Total Units Consumed</b>	<b>5621405</b>	<b>5167850</b>

#### 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



## HISAR SPINNING MILLS LIMITED

### d) Expenditure on R & D (Rs. In Lakhs)

Capital	NIL
Revenue	NIL
Total	<u>NIL</u>

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

II. 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 31.03.2022
Stores & Spares parts	35.35
Capital Goods	268.63
<b>Total</b>	<b>303.98</b>

Expenditure in foreign currency during the financial year on account:

(Rs. In Lakhs)

Particulars	For the Year ended 31.03.2022
Commission on sales	7.27
<b>Total</b>	<b>7.27</b>

Earnings in foreign exchange:

Export of goods calculated on FOB basis

(Rs. In Lakhs)

Particulars	For the Year ended 31.03.2022
Manufactured Goods	607.54
<b>Total</b>	<b>607.54</b>

By order of the Board of Directors

Place: Chandigarh  
Dated: September 06, 2022

Sd/-  
(Mithlesh Kumar Gupta)  
Chairman

DIN - 07692870



## HISAR SPINNING MILLS LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### **An economic review:**

**Global Economy:** After a dismal performance in 2020, the global economy rebounded aggressively with the world GDP registering a 6.1% growth in 2021. The growth was contributed by most nations although the extent of growth was uneven between advanced economies and emerging economies. This difference was primarily on account of the large fiscal stimulus announced by Governments of advanced nations and the thrust on vaccination. As per the estimates of the latest UNIDO World Manufacturing Report, production in developing and emerging industrial economies grew by 4.3%. Industrialized economies on the other hand have exceeded their pre-pandemic production level since the first quarter of 2021 and have shown a stable year-over-year growth of 3.2%. As the recovery in global trade gained momentum from the first half of 2021 and continued in the second half of the year. It increased by about US\$ 200 billion to US\$ 5.8 trillion. Service trade increased by US\$ 50 billion to US\$ 1.6 trillion, slightly higher than pre-pandemic levels. This resurgence has got tempered down owing to the Russia-Ukraine crisis which the board. This is expected to significantly affect vulnerable populations in low-income countries very hard. Global growth is projected to slow to 3.6% in 2022 and 2023.

#### **Indian economy:**

Aligned to the global trend, India witnessed a sharp resurgence in economic activity and output. India's GDP rebounded from a negative growth of 6.6% in FY21 to positive growth of 8.7% in FY22. Despite the second wave of the pandemic at the start of the fiscal, a determined India flattened the lethal pandemic curve with grit and determination. Thereafter, it was a one way movement as commercial activity gained steam in all segments of the economy. As per the Economic Survey, the uptick in the economy was led by 11.8% growth in the industrial sector and 8.2% growth in the services sector. The agriculture sector growth is seen at 3.9% in FY22.

The Centre beat all its estimates of revenue collection in FY22, aided by better indirect tax mop-up, strict compliance measures, and recovery in most sectors. India's gross revenue collection soared to a record high of Rs. 27.07 trillion in FY22, while the tax-to- GDP ratio jumped to an over two-decade high of 11.7%. The total mop-up was 34% more than the Rs. 20.27 trillion collected in FY21. About 49% growth was registered in direct tax collection and 20% in indirect tax collection in FY22.

The economic resurgence was cut short owing to the geopolitical crisis which resulted in a huge spike in commodity prices, fuel prices, supply-chain disruption and logistical costs. In keeping with this reality, various agencies – external and government – have factored this negative and pared its estimated GDP growth for FY23 to about 7%-plus. This number, in reality though, will depend on the duration of the war and the outcome of debilitating sanctions that the western world has imposed on Russia – it will have its set of opportunities and challenges for India Inc. in FY23.

#### **The sectoral space:**

**Global Textile and Apparel:** Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market growth over the forecast period. The industry works on three major principles, designing, producing and distributing different flexible materials, such as yarn and clothing.

The textile and apparel industry has witnessed changes in the last few decades. Over the years, a major part of the industry has moved away from developed countries like the US, the EU and Japan to destinations like China, South Asia and South-East Asia. The two most vital variables which brought about this move were the availability of low-cost manpower and the abundance of raw materials in Asian countries. India, among the Asian countries, is one of the most competitive textiles and apparel manufacturing centers today.

**The more recent trend:** Covid-19 has triggered the redistribution of global trade shares and a recalibration of sourcing patterns ("China plus one" sourcing). Before the pandemic, the global textile trade was dominated by China owing to its huge scale leading to cost competitiveness and duty-free access to large markets like the European Union (EU) and the US.

The pandemic has adversely impacted this position. Supply chain disruptions and travel restrictions to China were key factors in this dent. So the 'China plus-one' strategy aims to cut down on an exclusive dependence on Chinese supply chains and do business with more countries.

China's market share in the \$1 trillion global textiles trade is estimated at between 30-36%. A 1% market share shift will imply a \$10-billion market opportunity. This shift is accelerating the growth of other textile hubs across the world.



## HISAR SPINNING MILLS LIMITED

**Over the horizon:** The global textile market size was valued at USD 993.6 billion in 2021 and is anticipated to grow at a CAGR of 4.0% from 2022 to 2030.

As population growth and prosperity increase, so does the consumption of fibres across the globe. While this holds for all staple fibres, the use of man-made fibres such as cellulosic staple fibres and synthetic staple fibres is growing particularly quickly. The consumption of cellulosic staple fibres is expected to double to 10 million tons by 2030. Additionally, there is a growing demand for online shopping which was further intensified by the pandemic and will continue to drive the global textile market. Furthermore, the market is expected to strengthen in light of the increasing demand for technical textiles due to the industrial sector's growth, technological advancements, and increased innovations by key industry players.

### **Smart Textile – A new trend**

There has been an increasing trend of smart textiles in the market that use optical fibres, metals, and various conductive polymers to interact with the environment. These help in detecting and reacting to various physical stimuli, such as mechanical, thermal, chemical & electric sources. This is expected to propel the growth of the technical application segment in the market in the coming decade.

**Indian Textile and Apparel:** The textile sector of India is one of the oldest industries in the economy. It is also one of the most unique industries owing to its close linkage with the agricultural sector (for raw materials such as cotton) and the ancient traditions of the country. This sector can produce a variety of products suitable for different market segments within India and across the world.

Strong raw material base, years of ample experience, variety of local cultures, large and growing domestic market, stable, low-risk business backed by traditional methods and the efficient operating process has enhanced the labour strength of textile companies in India. Currently, textile companies in India employ over 6 crore people in the allied sectors, inclusive of women and the rural population and over 4.5 crore people in direct employment.

**FY22 in retrospect:** The year 2021 could be termed as a significant year for the Indian textile industry. During the year, the industry across the value chain has recovered quite well post the pandemic related challenges. The last few years have been quite sluggish for the industry.

India's textile industry saw phenomenal sales and EBITDA growth in FY22 over pre-COVID levels, (As per the recent Wazir Textile Index compiled by Wazir Advisors for the year FY22). The index based on the analysis of 10 companies highlights, overall grew by 18% Y-o-Y since 2020.

India recorded its highest-ever textiles and apparel exports in the financial year 2021-22 at \$44.4 billion. The exports tally, which also includes handicrafts, indicates a substantial increase of 41% and 26% over corresponding figures in FY21 and FY20, respectively. The US was the top export destination for the country's textile textiles and apparel shipments accounting for 27% share, followed by the European Union (18%), Bangladesh (12%) and UAE (6%).

**Over the horizon:** Covid-19 gave a golden opportunity for Indian textiles to stage a turnaround and regain a leadership position as a top exporting economy. According to a report by the Confederation of Indian Industry (CII) and global consulting firm Kearney, India's textile exports, backed by the 'China plus one' sentiment globally, are expected to grow by 81% to \$65 billion by 2026 from the pre-Covid level of around \$36 billion in 2019. This jump is likely to generate 7.5-10 million new jobs. This, coupled with growth in domestic consumption, could propel domestic production to reach \$160 billion.

Other key areas where the growth is expected to include fabrics where the target is a \$4 billion jump by positioning India as a regional fabric hub, starting with cotton wovens and then extending to other sub-categories.

In home textiles too, the target is an increase of \$4 billion by building on existing advantages to expand the global customer base. On man-made fibre and yarn, a \$2.5 billion to \$3 billion jump is expected with a focus on gaining share in MMF (manmade fibre) products.

On the other hand, in technical textiles around \$2 billion jump is targeted by building capabilities in select key sub-segments on the back of potential domestic demand growth.

**Indian spinning sector:** Spun yarn spinning industry is one of the few industries in India which has gained global eminence for many factors which include scale, productivity and quality standards, share in global yarn trade, dependable supplier of quality products, etc. India has the second largest spinning capacity but is the market leader in



## **HISAR SPINNING MILLS LIMITED**

global yarn.

Indian spinning industry has also the unique capability of offering the entire range of yarns right from the coarsest count like 6s Ne to the finest count like 300s Ne both for domestic as well as export markets.

FY22 in retrospect: India's cotton yarn exports reached US\$5.21 billion in FY22 as compared to US\$2.71 billion in FY21, tapping 92.32% growth on yearly basis. Bangladesh topped the list as it accounted for 41.65% of total cotton yarn shipment from India. Valuing US\$2.17 billion, India's cotton yarn export to Bangladesh upped by a whopping 234.35% in FY22.

The inclusion of all cotton yarn exports under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme from January 2021 onwards (as notified in August 2021) has also supported margins as well as price competitiveness of domestic spinners in the international markets.

Moreover, the Indian spinning sector is looking to add huge capacity to meet global demand. As per an estimate, domestic spinning mills have been adding around 200,000 spindles every month in the last 6-8 months and the process is likely to continue in the coming months.

With the Indian textile industry expected to experience significant growth, the yarn sector, which is the backbone of the textile industry, will experience some of its better years over the medium term.

### **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 unfavorable 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.



## **HISAR SPINNING MILLS LIMITED**

### **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 March 31, 2022 was Ninety Three. 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 2021-22	FY 2020-21 *	Explanation for Significant Change
Debtors Turnover (times)	12.81	10.73	
Inventory Turnover (times)	3.72	3.90	
Interest Coverage Ratio (times)	76.45	29.99	Due to improved profitability
Current Ratio	2.53	2.83	
Debt Equity Ratio	0.27	0.13	Higher ratio due to fresh non-current borrowings during the year for acquisition of Property, Plant and Equipment
Operating Profit Margin (%)	15.42%	7.41%	Improvement in business operations.
Net Profit Margin (%)	11.89%	5.23%	There is an improvement in profitability due to increased net margin which has led to increase in net profit ratio
Return on Net Worth (%)	24.41%	11.47%	Improved earnings, leading to the improvement in ratio.

\* The above key financial ratios have been re-aligned with Schedule III to the Companies Act, 2013

### **Detailed explanation:**

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, 2022**

**Sd/-  
(Mithlesh Kumar Gupta)  
Chairman  
DIN - 07692870**



## **HISAR SPINNING MILLS LIMITED**

### **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 accompanying financial statements of **Hisar Spinning Mills Limited** ("the Company"), which comprise the Balance Sheet as at **31st March, 2022**, the Statement of Profit and Loss (including Other Comprehensive Income), 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 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its **profit** including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) 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 for the financial year ended 31st March, 2022. We have determined that there are no key audit matters to communicate in our report.





## **HISAR SPINNING MILLS LIMITED**

### **Other Information**

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

In preparing the financial statements, management 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 management 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.



## **HISAR SPINNING MILLS LIMITED**

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31st March, 2022 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.



## **HISAR SPINNING MILLS LIMITED**

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the 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 specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to the financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report.
  - (g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note no. 39 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.



- iv. (a) The management has represented that, to the best of its knowledge and belief and as disclosed in the note no. 47.13 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief and as disclosed in the note no. 47.14 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the year.

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

Place of Signature: Chandigarh  
Date: 30.05.2022

(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)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (B) The Company has not held any intangible asset during the period under review. Accordingly, reporting under clause 3(i)(a)(B) of the Order is not applicable to the Company.
  - (b) The Company has a program for the physical verification of its Property, Plant and Equipment at periodic intervals. In our opinion, the periodic intervals of physical verification are reasonable having regard to the size of the Company and the nature of its Property, Plant and Equipment. No material discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties disclosed in the financial statements are held in the name of the Company.
  - (d) The Company has not revalued its Property, Plant and Equipment during the year.
  - (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate; the discrepancies noticed on such verification were not 10% or more in the aggregate for each class of inventory.
- (b) The Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not advanced any loans or made any investments or given any guarantees or provided any security during the year. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the rules made thereunder. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.



## HISAR SPINNING MILLS LIMITED

(vi) The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, reporting under clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable to the Company during the period under review, to the appropriate authorities, though there has been slight delay in few cases. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute, except as mentioned below:

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs) (Gross)	Amount Paid/ adjusted under Protest (₹ in Lakhs)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Haryana Value Added Tax Act, 2003	Value added tax	3.98	3.98	2012-2013	Before the Joint Excise and Taxation Commissioner (Appeals), Haryana

(viii) We have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The term loans were applied for the purpose for which the loans were obtained.

(d) No funds raised on short-term basis have been utilised for long-term purposes by the Company.

(e) The Company did not have any subsidiary, associate or joint venture (as defined in the Act) during the period under review. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company did not have any subsidiary, associate or joint venture (as defined in the Act) during the period under review. Accordingly, clause 3(ix)(f) of the Order is not applicable to the Company.



## **HISAR SPINNING MILLS LIMITED**

- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) The transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India and Act, 1934. Accordingly, reporting under clauses 3(xvi)(a) and 3(xvi)(b) of the Order are not applicable to the Company.
- (b) applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) The Company does not form part of any Group as defined in the Core Investment Companies (Reserve Bank) Directions, 2016. Accordingly, reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.



## **HISAR SPINNING MILLS LIMITED**

- (xix) On the basis of the financial ratios disclosed in note 46 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The provisions of Section 135 of the Act are not applicable to the Company during the year under review. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

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

Place of Signature: Chandigarh  
Date: 30.05.2022

(RUCHIR SINGLA)  
Partner  
Membership No. 519347





## **HISAR SPINNING MILLS LIMITED**

### **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 under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting with reference to financial statements of **Hisar Spinning Mills Limited** ("the Company") as of **31st March, 2022** 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**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 over financial reporting with reference to these 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 as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements.



## **HISAR SPINNING MILLS LIMITED**

### **Meaning of Internal Financial Controls over Financial Reporting with Reference to the Financial Statements**

A company's internal financial control over financial reporting with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to the 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 over Financial Reporting with Reference to These Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to these 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, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place of Signature: Chandigarh  
Date: 30.05.2022

(RUCHIR SINGLA)  
Partner  
Membership No. 519347



# HISAR SPINNING MILLS LIMITED

## Balance Sheet as at 31st March 2022

Particulars	Note No.	₹ in lakhs		
		As at 31.03.2022	As at 31.03.2021	
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	3	907.97		271.13
(b) Capital work-in-progress	4	6.67		0.00
(c) Financial Assets				
(i) Other financial assets	5	51.47		22.31
(d) Deferred tax assets (net)	6	47.52		95.89
(e) Other non-current assets	7	<u>36.44</u>	1050.07	<u>0.06</u>
				389.39
<b>Current assets</b>				
(a) Inventories	8	1087.01		778.89
(b) Financial Assets				
(i) Trade receivables	9	240.29		301.73
(ii) Cash and cash equivalents	10	102.58		54.45
(iii) Bank balances other than (ii) above	11	0.00		145.01
(iv) Other financial assets	12	42.31		19.87
(c) Current Tax Assets (Net)	13	11.71		8.31
(d) Other current assets	14	202.61		118.39
(e) Non-current assets classified as held for sale	15	<u>4.94</u>	1691.45	<u>0.00</u>
				1426.65
<b>Total Assets</b>			<u><b>2741.52</b></u>	<u><b>1816.04</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	16	373.50		373.50
(b) Other Equity	17	<u>1317.49</u>	1690.99	<u>909.89</u>
				1283.39
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	18	290.96		20.37
(ii) Other financial liabilities	19	2.57		3.81
(b) Other non-current liabilities	20	<u>89.67</u>	383.20	<u>3.66</u>
				27.84
<b>Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	21	172.98		145.17
(ii) Trade payables	22			
(A) Total outstanding dues of Micro enterprises and Small enterprises		17.33		3.65
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		334.62		122.27
(iii) Other financial liabilities	23	70.04		119.00
(b) Other current liabilities	24	59.02		106.11
(c) Provisions	25	13.34		6.44
(d) Current Tax Liabilities (Net)	26	<u>-</u>	667.33	<u>2.17</u>
				504.81
<b>Total Equity and Liabilities</b>			<u><b>2741.52</b></u>	<u><b>1816.04</b></u>

See accompanying notes to the financial statements 1 - 49

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: 30.05.2022

(SHARAD GOEL)  
Chief Financial Officer

(NIKITA SINGLA)  
Company Secretary

(NAVEEN KANSAL)  
Chief Executive Officer



## HISAR SPINNING MILLS LIMITED

### Statement of Profit and Loss for the year ended 31st March 2022

Particulars	Note No.	₹ in lakhs	
		For the year ended 31.03.2022	For the year ended 31.03.2021
Revenue From Operations	27	3593.11	2870.72
Other Income	28	92.32	41.62
<b>Total Income</b>		<b>3685.43</b>	<b>2912.34</b>
<b>EXPENSES</b>			
Cost of materials consumed	29	1948.84	1630.83
Purchases of Stock-in-Trade	30	0.00	2.57
Changes in inventories of finished goods and work-in-progress	31	-225.94	-60.35
Employee benefits expense	32	294.04	219.27
Finance costs	33	10.72	8.49
Depreciation expense	34	59.55	78.22
Other expenses	35	1050.31	828.35
<b>Total expenses</b>		<b>3137.52</b>	<b>2707.38</b>
<b>Profit before tax</b>		<b>547.91</b>	<b>204.96</b>
<b>Tax expense:</b>	36		
- Current tax		86.51	33.66
- Adjustment of tax relating to earlier periods		0.24	-5.14
- Deferred tax		48.37	29.23
<b>Profit for the year</b>		<b>412.79</b>	<b>147.21</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans		-6.94	-2.50
Income tax relating to items that will not be reclassified to profit or loss		1.75	0.63
<b>Total Other Comprehensive Income/ (-) Expense</b>		<b>-5.19</b>	<b>-1.87</b>
<b>Total Comprehensive Income for the year</b>		<b>407.60</b>	<b>145.34</b>
<b>Earnings per equity share:</b>			
(Nominal value of equity share - ₹ 10/-)			
Basic (₹)	37	11.05	3.94
Diluted (₹)		11.05	3.94

See accompanying notes to the 1 - 49 financial statements

In terms of our report on even date attached

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

(RUCHIR SINGLA)  
Partner  
Membership No. 519347

Place: Chandigarh  
Date: 30.05.2022

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

(ANURAG GUPTA) (NIKHIL GOEL)  
Managing Director Director  
DIN-00192888 DIN-01741446

(SHARAD GOEL) (NIKITA SINGLA)  
Chief Financial Officer Company Secretary

(NAVEEN KANSAL)  
Chief Executive Officer



## HISAR SPINNING MILLS LIMITED

### Statement of Cash Flows for the year ended 31st March 2022

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>547.91</b>	<b>204.96</b>
<b>Adjustments for:</b>		
Depreciation expense	59.55	78.22
Net loss/ (-) gain on disposal of property, plant and equipment	0.00	0.09
Government grant relating to EPCG Scheme	-82.94	-45.22
Government grant relating to property, plant and equipment	-0.04	-0.04
Fair value loss/ (-) gain on financial instruments at FVTPL	0.06	-0.06
Net loss/ (-) gain on foreign currency transactions and translation	-1.31	0.34
Provision for interest written back	-73.65	-29.39
Interest on shortfall in payment of advance income tax written back	0.00	-0.12
Deferred processing fees	0.03	0.06
Interest income	-6.76	-9.10
Finance costs	10.72	8.49
<b>Operating profit before working capital changes</b>	<b>453.57</b>	<b>208.23</b>
<b>Changes in working capital:</b>		
<b>Adjustments for decrease/ (-) increase in operating assets:-</b>		
Inventories	-308.12	-111.94
Trade receivables	62.75	-78.82
Other financial assets (current)	-33.49	-1.55
Other financial assets (non-current)	-1.62	0.00
Other assets (current)	-84.25	-27.40
Other assets (non-current)	-36.38	5.71
<b>Adjustments for increase/ (-) decrease in operating liabilities:-</b>		
Trade payables	226.03	-35.62
Other financial liabilities (current)	23.99	20.76
Other financial liabilities (non-current)	-1.24	-22.64
Other liabilities (current)	32.40	5.78
Provisions (current)	-0.04	2.10
<b>Cash generated from operations</b>	<b>333.60</b>	<b>-35.39</b>
Income taxes paid (net of refund)	-90.58	-26.05
<b>Net cash flows from/ (-) used in operating activities</b>	<b>243.02</b>	<b>-61.44</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including capital work-in-progress)	-618.51	-7.88
Proceeds from disposal of property, plant and equipment	0.00	0.21
<b>Bank balances not considered as cash and cash equivalents:</b>		
(-) Increase/ decrease in deposits with more than twelve months maturity (pledged with banks towards margin against bank guarantees)	-26.80	18.82
(-) Increase/ decrease in deposits with original maturity more than twelve months but remaining maturity of less than twelve months (pledged with banks towards margin against bank guarantees)	17.01	-17.01
(-) Increase/ decrease in deposits with original maturity more than three months but remaining maturity of less than twelve months	128.00	80.07
Interest received	16.18	8.82
<b>Net cash flows from/ (-) used in investing activities</b>	<b>-484.12</b>	<b>83.03</b>



Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings (non-current)	347.07	0.00
Repayment of borrowings (non-current)	-41.62	-97.25
Proceeds from borrowings (current) (net)	-7.42	12.47
Finance costs paid (net of RTUFS subsidy and interest subvention for MSMEs)	-8.80	-8.95
<b>Net cash flows from/ (-) used in financing activities</b>	<b>289.23</b>	<b>-93.73</b>
<b>Net increase/ (-) decrease in cash and cash equivalents</b>	<b>48.13</b>	<b>-72.14</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>54.45</b>	<b>126.59</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>102.58</b>	<b>54.45</b>
<b><u>Components of cash and cash equivalents at the end of the year</u></b>		
Balances with Banks		
- in current accounts	100.23	50.27
Cash on hand	2.35	4.18
	<b>102.58</b>	<b>54.45</b>

**Notes:**

- The Statement of Cash Flows 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.



2. Changes in liability arising from financing activities:

Particulars	₹ In lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>Opening balance of borrowings</b>		
<b>Borrowings (non-current)</b>		
- Term Loans (including current maturities)	60.71	154.06
- Other long-term borrowings (including current maturities)	1.25	4.77
Borrowings (current)	103.58	91.11
<b>Cash Flows</b>		
<b>Proceeds from borrowings (non-current)</b>		
- Term Loans	347.07	0.00
- Other long-term borrowings	0.00	0.00
<b>Repayment of borrowings (non-current)</b>		
- Term Loans	40.37	93.73
- Other long-term borrowings	1.25	3.52
Increase/ (-) decrease in borrowings (current)	-7.42	12.47
Effective rate of interest adjustment	0.38	0.38
<b>Closing balance of borrowings</b>		
<b>Borrowings (non-current)</b>		
- Term Loans (including current maturities)	367.79	60.71
- Other long-term borrowings (including current maturities)	0.00	1.25
Borrowings (current)	96.16	103.58

See accompanying notes to the financial statements (Note 1 - 49)

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: 30.05.2022

(SHARAD GOEL)  
Chief Financial Officer

(NIKITA SINGLA)  
Company Secretary

(NAVEEN KANSAL)  
Chief Executive Officer



## HISAR SPINNING MILLS LIMITED

### Statement of Changes in Equity for the year ended 31st March 2022

<b>A. Equity Share Capital</b>		₹ In lakhs			
Particulars	As at 31.03.2022		As at 31.03.2021		
	Number of shares	Amount	Number of shares	Amount	
Balance at the beginning of the reporting period	3735000	373.50	3735000	373.50	
Changes in equity share capital during the year	-	-	-	-	
Balance at the end of the reporting period	3735000	373.50	3735000	373.50	

<b>B. Other Equity</b>		₹ In lakhs			
Particulars	Equity component of compound financial instruments	Reserve and Surplus		Total	
		Capital Redemption Reserve	Retained Earnings		
<b>Current reporting period</b>					
Balance at the beginning of the reporting period as at 01.04.2021	17.55	65.00	827.34	909.89	
Profit for the year			412.79	412.79	
Other Comprehensive Income/(-)			-5.19	-5.19	
Expense for the year, net of income tax					
<b>Total Comprehensive Income for the year</b>			<b>407.60</b>	<b>407.60</b>	
<b>Balance at the end of the reporting period as at 31.03.2022</b>	<b>17.55</b>	<b>65.00</b>	<b>1234.94</b>	<b>1317.49</b>	
<b>Previous reporting period</b>					
Balance at the beginning of the reporting period as at 01.04.2020	17.55	65.00	682.00	764.55	
Profit for the year			147.21	147.21	
Other Comprehensive Income/(-)			-1.87	-1.87	
Expense for the year, net of income tax					
<b>Total Comprehensive Income for the year</b>			<b>145.34</b>	<b>145.34</b>	
<b>Balance at the end of the reporting period as at 31.03.2021</b>	<b>17.55</b>	<b>65.00</b>	<b>827.34</b>	<b>909.89</b>	

See accompanying notes to the financial statements (Note 1 - 49)

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 : 30.05.2022

(RUCHIR SINGLA)  
Partner  
Membership No. 519347

(ANURAG GUPTA)  
Managing Director  
DIN-00192888

(NIKHIL GOEL)  
Director  
DIN-01741446

(SHARAD GOEL) (NIKITA SINGLA)  
Chief Financial Officer Company Secretary

(NAVEEN KANSAL)  
Chief Executive Officer





## **HISAR SPINNING MILLS LIMITED**

### **Notes to financial statements for the year ended 31st March 2022**

#### **1. Corporate and General Information**

(hereinafter referred to as "the Company") is a Public Limited 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) Limited in India. Corporate identification number of the Company is L17112HR1992PLC031621 and the Company is engaged in the business of manufacturing and sale of cotton yarn blended (textile product).

The financial statements were authorised for issue by the Company's Board of Directors on 30th May, 2022.

#### **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 of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

##### **(b) Basis of measurement of financial statements**

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.

##### **(c) 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.

##### **(d) Use of estimates and judgments**

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.



## **HISAR SPINNING MILLS LIMITED**

### **(e) 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 Act. 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 to be sold or consumed 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.

### **(f) 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



## HISAR SPINNING MILLS LIMITED

- 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.

The Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as on 1st April, 2016 measured as per the previous Generally Accepted Accounting Principles (GAAP) and use that carrying value as its deemed cost as on transition date.

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

Subsequent expenditure 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 Act *except* for certain items of plant and equipment having gross carrying amount of ₹ 19.60 Lakhs (previous year ₹ 12.42 Lakhs) and of building having gross carrying amount of ₹ 4.21 Lakhs (previous year ₹ 4.21 Lakhs) where the management estimates the life as 3 and 5 years respectively based on internal assessment and independent technical evaluation carried out by external valuers. The management believes that the useful life of 3 and 5 years respectively 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 Act.

On the basis of internal assessment and independent technical evaluation carried out by external valuers, the residual value of certain items of plant and equipment having gross carrying amount of ` 17.58 lakhs (previous year ` 10.40 lakhs) has been considered as ` 5.27 lakhs (previous year ` 3.12 lakhs) and of building having gross carrying amount of ` 4.21 lakhs (previous year ` 4.21 lakhs) has been considered as ` 0.63 lakhs (previous year ` 0.63 lakhs).

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

### **(g) Non-current 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.



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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 assets classified as held for sale, then property, plant and equipment are no longer required to be depreciated.

### (h) Impairment of assets

#### i. Financial assets

The Company recognises 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-months 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 and Loss.

#### ii. 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.



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### **(i) 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, stock-in-trade, 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.

### **(j) Trade receivables**

Trade receivables are amounts due from customers for goods sold 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.

### **(k) 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.



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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 the Statement of Profit and Loss in the period in which they arise.

### (I) Employee benefits

#### i. 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., 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.

#### ii. 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.

#### iii. 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.



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### **iv. 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.

### **(m) Revenue recognition**

#### **i. 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, 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.

#### **ii. 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.

### **(n) 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.

### **(o) 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.

### **(p) 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.



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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.

### (q) Financial instruments

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

#### i. 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:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- 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.





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### **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 'pass-through' 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 recognises 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 Statement of Profit and 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.

## **ii. 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:



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### **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 the 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.

### **iii. Derivative financial instruments**

The Company uses derivative financial instruments, e.g. foreign currency foreign exchange forward contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

### **(r) 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.



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### **(s) Cash and cash equivalents**

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.

### **(t) Earnings per share**

Basic earning per share are calculated by dividing the net profit or loss for the year 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.

### **(u) 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.

Commitments are items that are not reported as liabilities as on balance sheet date. Capital commitments are disclosed when there is a projected capital expenditure to spend on long-term assets over a period of time. Other commitments are disclosed when there is an undertaking to fulfill quantified exports in future years.

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

### **(v) Taxation**

Income tax 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 estimates 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.



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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 temporary 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 deferred tax 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 assets and liabilities 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.

### (w) Segment reporting

The Company is primarily in the business of manufacturing and sale of cotton yarn blended (textile product). The Board of Directors of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

### (x) Recent accounting pronouncements

On 23rd March, 2022, the Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2022 has notified various amendments to Ind AS. These amendments are applicable to the Company from 1st April, 2022.

#### i. Ind AS 16 - Property, Plant and Equipment (PPE)

The amendments clarify that excess of net sale proceeds of items produced over the cost of testing while preparing the asset for its intended use (if any), shall not be recognise in the profit or loss but deducted from the directly attributable cost considered as part of cost of an item PPE. The Company has evaluated the amendment and there is no impact in recognition of its property, plant and equipment on its financial statements.



**ii. Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**iii. Ind AS 109 - Financial Instruments**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability or to consider as modification of existing financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

## 3. Property, Plant and Equipment

₹ in lakhs

Description of assets	Gross carrying amount				Depreciation				Net carrying amount	
	As at 01.04.2021	Additions during the year	Disposals/ adjustments	As at 31.03.2022	Opening accumulated depreciation	Depreciation for the year	Eliminated on disposals/ adjustments	Closing accumulated depreciation	As at 31.03.2022	As at 31.03.2021
Freehold Land	13.88	-	-	13.88	-	-	-	-	13.88	13.88
Buildings	244.91	92.83	-	337.74	164.55	8.27	-	172.82	164.92	80.36
Plant and Equipment	1718.64	604.01	35.00	2287.65	1552.53	47.06	30.06	1569.53	718.12	166.11
Furniture and Fixtures	6.20	0.92	-	7.12	5.08	0.28	-	5.36	1.76	1.12
Vehicles	53.07	0.63	-	53.70	45.39	2.32	-	47.71	5.99	7.68
Office equipment	15.39	2.94	-	18.33	13.41	1.62	-	15.03	3.30	1.98
<b>Total</b>	<b>2052.09</b>	<b>701.33</b>	<b>35.00</b>	<b>2718.42</b>	<b>1780.96</b>	<b>59.55</b>	<b>30.06</b>	<b>1810.45</b>	<b>907.97</b>	<b>271.13</b>

₹ in lakhs

Description of assets	Gross carrying amount				Depreciation				Net carrying amount	
	As at 01.04.2020	Additions during the year	Disposals/ adjustments	As at 31.03.2021	Opening accumulated depreciation	Depreciation for the year	Eliminated on disposals/ adjustments	Closing accumulated depreciation	As at 31.03.2021	As at 31.03.2020
Freehold Land	13.88	-	-	13.88	-	-	-	0.00	13.88	13.88
Buildings	242.88	2.03	-	244.91	155.61	8.94	-	164.55	80.36	87.27
Plant and Equipment	1713.40	5.24	-	1718.64	1488.01	64.52	-	1552.53	166.11	225.39
Furniture and Fixtures	6.20	-	-	6.20	4.76	0.32	-	5.08	1.12	1.44
Vehicles	53.07	-	-	53.07	41.91	3.48	-	45.39	7.68	11.16
Office equipment	14.78	0.61	-	15.39	12.45	0.96	-	13.41	1.98	2.33
<b>Total</b>	<b>2044.21</b>	<b>7.88</b>	<b>-</b>	<b>2052.09</b>	<b>1702.74</b>	<b>78.22</b>	<b>-</b>	<b>1780.96</b>	<b>271.13</b>	<b>341.47</b>

- 3.1 Property, Plant and Equipment of the Company are provided as security against the secured borrowings of the Company as detailed in note no. 18 and 21 to the financial statements.
- 3.2 Nil amount of borrowing costs is capitalised during the current and previous year.
- 3.3 Nil amount of impairment loss is recognised during the current and previous year.
- 3.4 Also refer note no. 2 (f) for option used by the Company to use carrying value of previous GAAP as deemed cost as on 01.04.2016.
- 3.5 All title deeds of immovable properties included in property, plant and equipments are held in the name of the Company as at 31.03.2022.
- 3.6 The Company has not revalued its Property, Plant and Equipment during the current and previous year.



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Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>4. Capital work-in-progress</b>		
Balance as at the beginning of the year	0.00	0.00
Add: Additions during the year	6.67	0.00
Less: Capitalisation during the year	0.00	0.00
<b>Balance as at the end of the year</b>	<b>6.67</b>	<b>0.00</b>

4.1 Capital work-in-progress includes property, plant and equipment under construction, installation and cost of asset not ready for use as at year end.

4.2 Capital work-in-progress of the Company are provided as security against the secured borrowings of the Company as detailed in note no. 18 and 21 to the financial statements.

4.3 **Capital work-in-progress (CWIP) ageing schedule:**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31.03.2022</b>					
Projects in progress	6.67	-	-	-	6.67
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>6.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.67</b>
<b>As at 31.03.2021</b>					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

4.4 There are no such project under capital work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan as of 31.03.2022. No project was under capital work-in-progress as of 31.03.2021.



Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>5. Other financial assets (non-current)</b>		
<b>Financial assets at amortised cost</b> (unsecured considered good, unless otherwise stated)		
Deposits with banks having more than twelve months maturity (pledged with banks towards margin against bank guarantees) [refer note no. 11]	27.99	1.19
Interest accrued on deposits with banks	0.74	0.00
Security deposits	22.74	21.12
<b>Total</b>	<b>51.47</b>	<b>22.31</b>
5.1 Refer note no. 41		
<b>6. Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
Property, Plant and Equipment	46.87	59.98
Government grants	0.65	35.93
<b>Total deferred tax assets</b>	<b>47.52</b>	<b>95.91</b>
<b>Deferred tax liabilities</b>		
Deferred expenditure	0.00	0.01
Derivative financial instruments carried at FVTPL	0.00	0.01
<b>Total deferred tax liabilities</b>	<b>0.00</b>	<b>0.02</b>
<b>Deferred tax assets (net) (refer note no. 36)</b>	<b>47.52</b>	<b>95.89</b>
6.1 The Company is confident that the deferred tax assets carried at the end of the year is fully recoverable and there will be sufficient future taxable profits to adjust deferred tax assets arising on account of property, plant and equipment and government grants.		
<b>7. Other non-current assets</b>		
<b>Non Financial assets at amortised cost</b> (unsecured considered good, unless otherwise stated)		
Capital Advances	31.54	-
<b>Advances other than capital advances</b>		
Prepaid expenses	4.90	0.06
<b>Total</b>	<b>36.44</b>	<b>0.06</b>





Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>8. Inventories</b> (valued at lower of cost and net realisable value, unless otherwise stated)		
Raw materials	488.18	412.01
Work-in-progress	281.78	168.61
Finished goods	266.71	149.26
Stores and spares	48.12	42.11
Saleable waste (valued at net realisable value)	2.22	6.90
<b>Total</b>	<b>1087.01</b>	<b>778.89</b>

**Goods-in-transit included in above inventories are as under:**

Raw materials	20.92	-
Finished goods	40.14	-
Stores and spares	0.00	0.07

- 8.1 Inventories are hypothecated to secure short-term borrowings (refer note no. 21).  
 8.2 The method of valuation of inventories has been stated in note no. 2 (i).  
 8.3 Nil amount of inventories were written down to net realisable value during the current and previous year. Similarly, Nil amount of reversal of write down was accounted during the current and previous reporting year.  
 8.4 Cost of inventory recognised as an expense during the year are as per note no. 29 and 30.

**9. Trade receivables**

(unsecured, considered good)

Trade receivables	240.29	301.73
<b>Total</b>	<b>240.29</b>	<b>301.73</b>

- 9.1 Trade receivables are hypothecated to secure short-term borrowings (refer note no. 21).  
 9.2 No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner or a director or a member. Trade receivables are non interest bearing and are generally on terms of 7 to 120 days of credit period.  
 9.3 The Company's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in note no. 41.  
 9.4 Refer note no. 44 for trade receivables ageing schedule.

**10. Cash and cash equivalents**

Balances with Banks

- in current accounts

Cash on hand

**Total**

100.23	50.27
2.35	4.18
<b>102.58</b>	<b>54.45</b>

- 10.1 Refer note no. 41



Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>11. Bank balances other than cash and cash equivalents</b>		
<b>Other bank balances</b>		
-Deposits with more than twelve months maturity (pledged with banks towards margin against bank guarantees)	27.99	1.19
-Deposits with original maturity more than twelve months but remaining maturity of less than twelve months (pledged with banks towards margin against bank guarantees)	0.00	17.01
-Deposits with original maturity more than three months but remaining maturity of less than twelve months	0.00	128.00
	27.99	146.20
Less: Amounts disclosed as other financial assets (non-current) [refer note no. 5]	27.99	1.19
<b>Total</b>	<b>0.00</b>	<b>145.01</b>
11.1 Refer note no. 41		
<b>12. Other financial assets (current)</b>		
<b>Financial assets at amortised cost</b> (unsecured considered good, unless otherwise stated)		
Interest receivable	1.74	12.73
Interest subsidy receivable	6.84	6.75
Duty drawback receivable on export	4.18	0.33
RODTEP receivable on export (refer note 12.1)	29.55	0.00
<b>Financial assets at fair value through profit and loss</b>		
Derivative financial instruments (refer note 12.2)	0.00	0.06
<b>Total</b>	<b>42.31</b>	<b>19.87</b>
12.1 The new scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) was introduced by Ministry of Commerce and Industry vide notification dated 17.08.2021 for eligible exported goods. Accordingly, the Company has recognised in Revenue from operations the benefit of RoDTEP of ₹ 6.47 Lakhs during the year ended 31.03.2022 pertaining to eligible export sales for the period from 01.01.2021 to 31.03.2021.		
12.2 The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk including foreign exchange forward contracts. For further details of derivative financial instruments refer note no. 41.		
12.3 Refer note no. 41		
<b>13. Current Tax Assets (Net)</b>		
Advance income tax (net of provision for current tax)	11.71	8.31
<b>Total</b>	<b>11.71</b>	<b>8.31</b>



Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>14. Other current assets</b> (unsecured considered good, unless otherwise stated)		
<b>Advances other than capital advances</b>		
Advances to suppliers of goods and services	1.22	2.45
Other advances	5.89	1.00
Balances with Indirect Tax Authorities (taxes and duties recoverable/ refundable)	189.27	108.21
Taxes and duties deposited under protest	3.98	3.98
Prepaid expenses	2.25	2.75
<b>Total</b>	<b>202.61</b>	<b>118.39</b>
<b>15. Non-current assets classified as held for sale</b>		
Property, Plant and Equipment held for sale	4.94	0.00
<b>Total</b>	<b>4.94</b>	<b>0.00</b>

15.1 Non - current fair value measurements: Assets classified as held for sale during the reporting year 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 property, plant and equipment in similar business and technology.

15.2 During the financial year 2019-20, the Company had decided to sell a part of obsolete property, plant and equipment, with carrying amount of ₹ 3.66 lakhs at the time of decision to sell that property, plant and equipment. On the same day, the said non-current asset was reclassified as held for sale. The said non-current asset held for sale has been sold during the financial year 2020-21 for an amount of ₹ 0.21 lakhs and the resultant loss of ₹ 0.09 lakhs has been charged to the Statement of Profit and Loss under the head 'Other expenses'.

15.3 There are no liabilities attached to these assets.

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Particulars	₹ in lakhs					
	As at 31.03.2022			As at 31.03.2021		
	Number shares	of Amount	Number shares	of Amount		
<b>16. Equity Share capital</b>						
<b>Authorised share capital</b>						
Equity shares of ₹ 10/- each	8000000	800.00	8000000	800.00		
Preference shares of ₹ 10/- each	2000000	200.00	2000000	200.00		
<b>Total</b>		<b>1000.00</b>		<b>1000.00</b>		
<b>Issued share capital</b>						
Equity shares of ₹ 10/- each	3735000	373.50	3735000	373.50		
<b>Total</b>		<b>3735000</b>		<b>3735000</b>		<b>373.50</b>
<b>Subscribed and fully paid up share capital</b>						
Equity shares of ₹ 10/- each	3735000	373.50	3735000	373.50		
<b>Total</b>		<b>3735000</b>		<b>3735000</b>		<b>373.50</b>

## 16.1 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 shares	of Amount shares	of Number shares	of Amount shares	of
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	

## 16.2 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. Upon a show of hands every member holding equity shares and entitled to vote and present in person shall have one vote; and upon a poll the voting right of every member holding equity shares and entitled to vote and present in person or by proxy shall be in the same proportion as the capital paid on the equity share or shares (whether fully paid or partly paid up) held by him bears to the total paid up equity capital of the Company. The dividend, if any, proposed by the Board shall be subject to the approval of the shareholders except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 16.3 Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

There is no holding or ultimate holding company of the Company.

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

Name of the shareholder	Number shares	of % held	Number shares	of % held
<b>Equity shares of ₹ 10/- each:</b>	-	-	-	-



## HISAR SPINNING MILLS LIMITED

16.5 The Company has not issued any shares pursuant to a contract without payment being received in cash in the current year and the preceding five years. The Company has not issued any bonus shares nor has there been any buy-back of shares in the current year and the preceding five years.

### 16.6 Shareholding of Promoters:

Sr. no.	Promoter Name Equity shares of ₹ 10/- each	Number of shares at the beginning of the year	% of total shares	Number of shares at the end of the year	% of total shares	% change during the year
	<b>As at 31.03.2022</b>					
1	Anurag Gupta	184250	4.93%	184250	4.93%	0.00%
2	Anuj Gupta	181683	4.86%	181683	4.86%	0.00%
3	Mohan Lal Kansal	163867	4.39%	163867	4.39%	0.00%
4	Nikhil Goel	160400	4.30%	160400	4.30%	0.00%
5	Sharad Goel	148100	3.97%	148100	3.97%	0.00%
6	Ankit Goel	146190	3.91%	146190	3.91%	0.00%
7	Gopal Krishan Gupta	115000	3.08%	115000	3.08%	0.00%
8	Gulab Singh Goel	97600	2.61%	97600	2.61%	0.00%
9	Usha Rani Gupta	75000	2.01%	75000	2.01%	0.00%
10	Sapna Kansal	63100	1.69%	63100	1.69%	0.00%
11	Sharda Kansal	60000	1.61%	60000	1.61%	0.00%
12	Sunita Goel	56900	1.52%	56900	1.52%	0.00%
13	Shashi Bhushan Gupta	54650	1.46%	54650	1.46%	0.00%
14	Ashwani Kumar	52950	1.42%	52950	1.42%	0.00%
15	Davinder Kumar Goel	45000	1.21%	45000	1.21%	0.00%
16	Hari Kishan Goyal	40400	1.08%	40400	1.08%	0.00%
17	G S Goel HUF	27940	0.75%	27940	0.75%	0.00%
18	Sharat G Goel	27540	0.74%	27540	0.74%	0.00%
19	Gopal Anuj HUF	25000	0.67%	25000	0.67%	0.00%
20	Gopal Anurag HUF	25000	0.67%	25000	0.67%	0.00%
21	Arun Goel	25000	0.67%	25000	0.67%	0.00%
22	Naveen Kansal	22200	0.59%	22200	0.59%	0.00%
23	Tarun Goel	19100	0.51%	19100	0.51%	0.00%
24	Manju Goel	15100	0.40%	15100	0.40%	0.00%
25	Shruti Goel	11000	0.30%	11000	0.30%	0.00%
26	Bindu Goel	10000	0.27%	10000	0.27%	0.00%
27	Ritesh Goel	9300	0.25%	9300	0.25%	0.00%
28	Shilpa Garg	8700	0.23%	8700	0.23%	0.00%
29	Anju Gupta	7700	0.21%	7700	0.21%	0.00%
30	Megha Goel	7200	0.19%	7200	0.19%	0.00%
	<b>Total</b>	<b>1885870</b>	<b>50.49%</b>	<b>1885870</b>	<b>50.49%</b>	



## HISAR SPINNING MILLS LIMITED

Sr. no.	Promoter Name	Number of shares at the beginning of the year	% of total shares	Number of shares at the end of the year	% of total shares	% change during the year
	Equity shares of ₹ 10/- each					
	<b>As at 31.03.2021</b>					
1	Anurag Gupta	184250	4.93%	184250	4.93%	0.00%
2	Anuj Gupta	181683	4.86%	181683	4.86%	0.00%
3	Mohan Lal Kansal	163867	4.39%	163867	4.39%	0.00%
4	Nikhil Goel	160400	4.30%	160400	4.30%	0.00%
5	Sharad Goel	148100	3.97%	148100	3.97%	0.00%
6	Ankit Goel	146190	3.91%	146190	3.91%	0.00%
7	Gopal Krishan Gupta	115000	3.08%	115000	3.08%	0.00%
8	Gulab Singh Goel	97600	2.61%	97600	2.61%	0.00%
9	Usha Rani Gupta	75000	2.01%	75000	2.01%	0.00%
10	Sapna Kansal	63100	1.69%	63100	1.69%	0.00%
11	Sharda Kansal	60000	1.61%	60000	1.61%	0.00%
12	Sunita Goel	56900	1.52%	56900	1.52%	0.00%
13	Shashi Bhushan Gupta	54650	1.46%	54650	1.46%	0.00%
14	Ashwani Kumar	52950	1.42%	52950	1.42%	0.00%
15	Davinder Kumar Goel	45000	1.21%	45000	1.21%	0.00%
16	Hari Kishan Goyal	40400	1.08%	40400	1.08%	0.00%
17	G S Goel HUF	27940	0.75%	27940	0.75%	0.00%
18	Sharat G Goel	27540	0.74%	27540	0.74%	0.00%
19	Gopal Anuj HUF	25000	0.67%	25000	0.67%	0.00%
20	Gopal Anurag HUF	25000	0.67%	25000	0.67%	0.00%
21	Arun Goel	25000	0.67%	25000	0.67%	0.00%
22	Naveen Kansal	22200	0.59%	22200	0.59%	0.00%
23	Tarun Goel	19100	0.51%	19100	0.51%	0.00%
24	Manju Goel	15100	0.40%	15100	0.40%	0.00%
25	Shruti Goel	11000	0.30%	11000	0.30%	0.00%
26	Bindu Goel	10000	0.27%	10000	0.27%	0.00%
27	Ritesh Goel	9300	0.25%	9300	0.25%	0.00%
28	Shilpa Garg	8700	0.23%	8700	0.23%	0.00%
29	Anju Gupta	7700	0.21%	7700	0.21%	0.00%
30	Megha Goel	7200	0.19%	7200	0.19%	0.00%
	<b>Total</b>	<b>1885870</b>	<b>50.49%</b>	<b>1885870</b>	<b>50.49%</b>	



Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>17. Other Equity</b>		
<b>(a) Equity component of compound financial instruments</b>		
Balance at the beginning of the year	17.55	17.55
Less: Allocation of amount of redemption of preference shares relating to equity component	-	-
Balance at the end of the year	<b>17.55</b>	<b>17.55</b>
<b>(b) Capital redemption reserve</b>		
Balance at the beginning of the year	65.00	65.00
Add: Transfer from retained earning	-	-
Balance at the end of the year	<b>65.00</b>	<b>65.00</b>
<b>(c) Retained earnings</b>		
Balance at the beginning of the year	827.34	682.00
Profit for the year	412.79	147.21
Other comprehensive income/(-) expense for the year, net of income tax	-5.19	-1.87
<b>Total comprehensive income for the year</b>	<b>407.60</b>	<b>145.34</b>
Balance at the end of the year	<b>1234.94</b>	<b>827.34</b>
<b>Total</b>	<b>1317.49</b>	<b>909.89</b>

The description of the purposes 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. At the transition date i.e., 01.04.2016, 5% redeemable non-cumulative preference shares of ₹ 65.00 Lakhs were bifurcated into liability component amounting to ₹ 21.95 Lakhs and the residual ₹ 43.05 Lakhs being equity. The preference shares of ₹ 65.00 Lakhs were redeemed at a pre-mature date during the financial year 2018-19. At the time of pre-mature redemption of 5% redeemable non-cumulative preference shares of ₹ 65.00 Lakhs during the financial year 2018-19, an amount of ₹ 25.50 Lakhs were allocated from equity component of compound financial instrument and residual ₹ 39.50 Lakhs from the liability component by taking the fair value of compound financial instrument at the time of its redemption. After allocation of ₹ 25.50 Lakhs from equity component of compound financial instrument at the time of its redemption, balance amount of ₹ 17.55 Lakhs is outstanding as on the Balance Sheet date.



## **HISAR SPINNING MILLS LIMITED**

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

**(c) 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.

### **Remeasurements of the defined benefit plans which are the part of retained earnings**

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

(i) actuarial gains and losses;

(ii) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(ii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).



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Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>18. Borrowings (non-current)</b>		
<b>Secured - at amortised cost</b>		
Term loan from bank	9.62	20.37
Term loan from financial institution	281.34	0.00
Other long-term borrowing from bank	0.00	0.00
<b>Total</b>	<b>290.96</b>	<b>20.37</b>

**18.1 Nature of security and guarantee by directors or others:****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.

**Term loans from financial institution:**

Term loans from financial institution i.e., Small Industries Development Bank of India (SIDBI) is 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.



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(iii) Term loan from financial institution i.e., Small Industries Development Bank of India (SIDBI) with sanctioned amount of ₹ 445.00 Lakhs is further guaranteed under Partial Risk Sharing Facility for Energy Efficiency for not less than 75% of term loan.

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

Term loan from financial institution i.e., Small Industries Development Bank of India (SIDBI) with sanctioned amount of ₹ 445.00 Lakhs is further covered by irrevocable and unconditional personal guarantee of the director of the Company namely Sh. Anurag Gupta, Smt. Sapna Kansal, Nikhil Goel and Chief Executive of the Company namely Sh. Naveen Kansal.

### 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.

### 18.2 Terms of repayment:

#### 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 @ 7.20% p.a. as at 31.03.2022 and @ 6.90% p.a. as at 31.03.2021.

	₹ in lakhs		
<b>Year wise repayment schedule (**)</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Term loan from bank	10.90	10.90	10.90
	<b>2023-24</b>		
	9.76		

#### Term loans from financial institution:

- (i) 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 @ 8.70% p.a. as at 31.03.2021 #.

	₹ in lakhs	
<b>Year wise repayment schedule (**)</b>	<b>2020-21</b>	<b>2021-22</b>
Term loans from financial institution	81.72	29.44

# Rate of interest is without considering interest subsidy under Revised Restructured Technology Upgradation Fund Scheme (RTUFS).



## HISAR SPINNING MILLS LIMITED

- (ii) Term loan with sanctioned amount of ₹ 445.00 Lakhs (disbursed ₹ 353.75 Lakhs up to 31.03.2022 is repayable in 54 monthly instalments as per original sanctioned amount comprising of first 53 monthly instalments of ₹ 8.24 Lakhs each and last instalment of ₹ 8.23 Lakhs commencing after a moratorium of 6 months from the date of first disbursement of the loan during February 2022. As the availment in the term loan account is ₹ 373.75 Lakhs up to 31.03.2022, the said term loan is repayable in first 45 monthly instalments of ₹ 8.24 Lakhs each and last instalment of ₹ 2.95 Lakhs with effect from August 2022. Rate of interest @ 5.65% p.a. as at 31.03.2022.

	₹ in lakhs		
<b>Year wise repayment schedule (**)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Term loans from financial institution	98.89	98.89	98.89
	<b>2025-26</b>		
	57.08		

### **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 31.03.2021.

	₹ in lakhs		
<b>Year wise repayment schedule (**)</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Other long term borrowing from bank	3.52	1.25	0.00

(\*\*) Figures of year wise repayment schedule stated in above paragraphs includes current maturities of long-term borrowings shown separately in note no. 21.

18.3 Refer note no. 41

18.4 The Company has not defaulted in repayment of borrowing and interest thereon.



Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>19. Other financial liabilities (non-current)</b>		
<b>Financial liabilities at amortised cost</b>		
Other interest accrued but not due	2.57	3.81
<b>Total</b>	<b>2.57</b>	<b>3.81</b>
19.1 Refer note no. 41		
<b>20. Other non-current liabilities</b>		
Deferred revenue for Government grant (see note 20.1)	89.67	3.66
<b>Total</b>	<b>89.67</b>	<b>3.66</b>
20.1 During the current year, under the Export Promotion Capital Goods (EPCG) Scheme, the Company has received Government grant amounting to ₹ 89.49 lakhs for the purchase of certain items of property, plant and equipment. In the past also, under the Export Promotion Capital Goods (EPCG) Scheme, the Company had received Government grant for the purchase of certain items of property, plant and equipment. As per the EPCG scheme the Company has an obligation to export up to 6/8 times of grant amount. As and when the Company fulfils the export obligation, proportionate grant is released to the Statement of Profit and Loss (refer note no. 27.2 and 39).		
<b>21. Borrowings (current)</b>		
<b>Secured - at amortised cost</b>		
<b>(a) Loans repayable on demand from bank</b>		
Working capital borrowings	96.15	103.58
<b>(b) Current maturities of long-term borrowings</b>		
Current maturities of long-term borrowings (refer note no. 18)	76.83	41.59
<b>Total</b>	<b>172.98</b>	<b>145.17</b>

**21.1 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, stocks in process, semi finished goods, finished goods (including bought out finished goods), stores and spares 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, Hisar, 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 directors of the Company namely Sh. Anurag Gupta, Smt. Sapna Kansal and Sh. Nikhil Goel.

**21.2 Refer note no. 41**

## HISAR SPINNING MILLS LIMITED



Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>22. Trade payables</b>		
- total outstanding dues of micro enterprises and small enterprises (refer note no. 38)	17.33	3.65
- total outstanding dues of creditors other than micro enterprises and small enterprises	334.62	122.27
<b>Total</b>	<b>351.95</b>	<b>125.92</b>

22.1 Refer note no. 45 for trade payables ageing schedule.

22.2 Refer note no. 41

### 23. Other financial liabilities (current)

#### Financial liabilities at amortised cost

Interest accrued but not due on borrowings	0.86	0.16
Other interest accrued but not due	0.00	69.84
Creditors against capital goods		
- total outstanding dues of micro enterprises and small enterprises (refer note no. 38)	6.74	0.00
- total outstanding dues of creditors other than micro enterprises and small enterprises	2.66	0.00
Employees liabilities	18.83	14.76
Accrued expenses	40.95	34.24
<b>Total</b>	<b>70.04</b>	<b>119.00</b>

23.1 Refer note no. 41

### 24. Other current liabilities

Advances from customers (see note 24.1)	49.30	23.04
Statutory remittances (see note 24.2)	9.52	3.55
Deferred revenue for Government grant (see note 24.3)	0.03	79.52
Other liabilities	0.17	0.00
<b>Total</b>	<b>59.02</b>	<b>106.11</b>

24.1 Advances from customers is recognised when payment is received before the related performance is satisfied.

24.2 Statutory remittances includes contribution to provident fund and employee state insurance corporation, tax deducted at source, tax collected at source, goods and services tax etc.

24.3 In the past, under the Export Promotion Capital Goods (EPCG) Scheme, the Company had received Government grant for the purchase of certain items of property, plant and equipment. As per the EPCG scheme the Company has an obligation to export up to 6/8 times of grant amount. As and when the Company fulfils the export obligation, proportionate grant is released to the Statement of Profit and Loss (refer note no. 27.2 and 39).

**HISAR SPINNING MILLS LIMITED**

<b>Particulars</b>	<b>₹ in lakhs</b>	
	<b>For the year ended 31.03.2022</b>	<b>For the year ended 31.03.2021</b>
<b>25. Provisions (current)</b>		
Provision for employee benefits - gratuity (refer note no. 42)	13.34	6.44
<b>Total</b>	<b>13.34</b>	<b>6.44</b>
<b>26. Current Tax Liabilities (Net)</b>		
Provision for current income tax (net of prepaid taxes)	-	2.17
<b>Total</b>	<b>-</b>	<b>2.17</b>

**HISAR SPINNING MILLS LIMITED**


Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>27. Revenue From Operations</b>		
<b>Sale of products</b>		
Manufactured goods	3448.01	2791.53
<b>Total - sale of manufactured goods (a)</b>	<b>3448.01</b>	<b>2791.53</b>
Stock-in-trade	0.00	2.58
<b>Total - sale of stock-in-trade (b)</b>	<b>0.00</b>	<b>2.58</b>
<b>Total sale of products (a) + (b)</b>	<b>3448.01</b>	<b>2794.11</b>
<b>Other operating revenues</b>		
Sale of waste	22.22	22.15
Sale of scrap	0.67	1.06
Government grant relating to EPCG Scheme (see note 27.2)	82.94	45.22
Export benefits (see note 27.3)	39.27	8.18
	<b>145.10</b>	<b>76.61</b>
<b>Total</b>	<b>3593.11</b>	<b>2870.72</b>

**27.1 The following is an analysis of the Company's revenue from its products and sale of waste/ scrap:**

<b>Sale of products</b>		
Sale of manufactured goods	3448.01	2791.53
Sale of stock-in-trade goods	0.00	2.58
<b>Other operating revenues</b>		
Sale of waste	22.22	22.15
Sale of scrap	0.67	1.06
<b>Total revenue from contracts with customers</b>	<b>3470.90</b>	<b>2817.32</b>
<b>Geographic information</b>		
India	2716.76	2264.66
Outside India	754.14	552.66
<b>Total revenue from contracts with customers</b>	<b>3470.90</b>	<b>2817.32</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	3470.90	2817.32
Over the period	-	-
<b>Total revenue from contracts with customers</b>	<b>3470.90</b>	<b>2817.32</b>
<b>Major Product lines for manufactured goods</b>		
Cotton yarn blended	3448.01	2791.53
	<b>3448.01</b>	<b>2791.53</b>



## **HISAR SPINNING MILLS LIMITED**

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27.2 During the current year, under the Export Promotion Capital Goods (EPCG) Scheme, the Company has received Government grant amounting to ₹ 89.49 lakhs for the purchase of certain items of property, plant and equipment. In the past also, under the Export Promotion Capital Goods (EPCG) Scheme, the Company had received Government grant for the purchase of certain items of property, plant and equipment. As per the EPCG scheme the Company has an obligation to export up to 6/8 times of grant amount. As and when the Company fulfils the export obligation, proportionate grant is released to the Statement of Profit and Loss (refer note no. 39).





Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>Government grant relating to EPCG Scheme</b>		
<u>Opening Government grant relating to EPCG Scheme</u>		
Current liability	79.49	105.13
Non-Current liability	3.45	23.03
Sub-total (a)	82.94	128.16
Released to the Statement of Profit and Loss	82.94	45.22
Sub-total (b)	82.94	45.22
Received during the year (c)	89.49	0.00
Closing Government grant relating to EPCG Scheme (a-b+c)	89.49	82.94
<u>Bifurcation of closing Government grant relating to EPCG Scheme</u>		
Current liability	0.00	79.49
Non-Current liability	89.49	3.45
Total	89.49	82.94
<b>27.3 Export benefits are in the nature of Government grants covering following benefits:</b>		
(a) Duty drawback benefits	9.72	8.18
(b) RODTEP benefits	29.55	0.00
<p>The new scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) was introduced by Ministry of Commerce and Industry vide notification dated 17.08.2021 for eligible exported goods. Accordingly, the Company has recognised in Revenue from operations the benefit of RoDTEP of ₹ 6.47 Lakhs during the year ended 31.03.2022 pertaining to eligible export sales for the period from 01.01.2021 to 31.03.2021.</p>		
<b>28. Other Income</b>		
<b>Interest Income</b>		
- on bank deposits (at amortised cost)	5.05	8.14
- on other financial assets (at amortised cost)	1.71	0.96
<b>Other non-operating income (net of expenses directly attributable to such income)</b>		
Fair value gain on financial instruments at FVTPL (see note 28.1)	0.00	0.06
Net gain on foreign currency transactions and translation	11.87	2.86
Government grant relating to property, plant and equipment	0.04	0.04
Provision for interest written back (see note 28.2)	73.65	29.39
Interest on shortfall in payment of advance income tax written back	0.00	0.12
Miscellaneous income	0.00	0.05
<b>Total</b>	<b>92.32</b>	<b>41.62</b>

28.1 Fair value gain on financial instruments at fair value through profit or loss (FVTPL) relates to foreign exchange forward contracts that did not qualify for hedge accounting.

28.2 Provision towards interest on expected unfulfillment of export obligation amounting to ₹ 73.65 lakhs (previous reporting year - ₹ 29.39 lakhs) has been written back.

# HISAR SPINNING MILLS LIMITED



Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>29. Cost of materials consumed</b>		
Cost of raw materials consumed		
Opening stock of raw materials	412.01	361.44
Add: purchases of raw materials	2004.09	1691.20
	<u>2416.10</u>	<u>2052.64</u>
<b>Less :</b>		
Sale of raw materials	0.00	9.80
Closing stock of raw materials	467.26	412.01
<b>Cost of materials consumed - Total</b>	<u><b>1948.84</b></u>	<u><b>1630.83</b></u>
<b>29.1 Cost of materials consumed comprises:</b>		
Textile waste	942.35	1105.63
Polyester staple fiber	565.42	377.72
Cotton waste	436.61	147.48
Others	4.46	-
<b>Total</b>	<u><b>1948.84</b></u>	<u><b>1630.83</b></u>
<b>30. Purchases of Stock-in-Trade</b>		
Purchase of Stock-in-Trade	0.00	2.57
<b>Total</b>	<u><b>0.00</b></u>	<u><b>2.57</b></u>
<b>30.1 Purchases of stock-in-trade comprises:</b>		
Cotton yarn	0.00	2.57
<b>Total</b>	<u><b>0.00</b></u>	<u><b>2.57</b></u>
<b>31. Changes in inventories of finished goods and work-in-progress</b>		
<b>Closing inventories</b>		
Finished goods	266.71	149.26
Saleable waste	2.22	6.90
Work-in-progress	281.78	168.61
	<u><b>550.71</b></u>	<u><b>324.77</b></u>
<b>Opening inventories</b>		
Finished goods	149.26	150.58
Saleable waste	6.90	4.39
Work-in-progress	168.61	109.45
	<u><b>324.77</b></u>	<u><b>264.42</b></u>
<b>(-) Increase/ decrease in inventories of finished goods and work-in-progress</b>		
Finished goods	-117.45	1.32
Saleable waste	4.68	-2.51
Work-in-progress	-113.17	-59.16
<b>Changes in inventories of finished goods and work-in-progress - total</b>	<u><b>-225.94</b></u>	<u><b>-60.35</b></u>



Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>32. Employee benefits expense</b>		
Salaries, wages and bonus	274.61	201.48
Contribution to provident and other funds (refer note no. 42) (Net of Government grant amounting to ₹ 0.10 lakhs (previous reporting year ₹ 0.49 lakhs)	12.88	10.90
Gratuity expense (refer note no. 42)	6.29	3.98
Staff welfare expenses	0.26	2.91
<b>Total</b>	<b>294.04</b>	<b>219.27</b>
<b>33. Finance costs</b>		
Interest expense (see note 33.1)	8.87	7.84
Interest paid on shortfall in payment of advance income tax	0.96	0.02
Other borrowing costs	0.89	0.63
<b>Total</b>	<b>10.72</b>	<b>8.49</b>
33.1 Interest expense is net of interest subsidy of ₹ 0.09 lakhs (previous reporting year - ₹ 1.22 lakhs) received under Revised Restructured Technology Upgradation Fund Scheme (RTUFS) of the Government of India and interest subvention of ₹ nil (previous reporting year - ₹ 1.11 lakhs) received from Punjab National Bank against loans to MSMEs.		
<b>34. Depreciation expense</b>		
Depreciation on property, plant and equipment (refer note no. 3)	59.55	78.22
<b>Total</b>	<b>59.55</b>	<b>78.22</b>



Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>35. Other expenses</b>		
Consumption of stores and spares	129.88	105.53
Packing material consumed	40.02	33.46
Diesel consumed	198.63	166.68
Power expenses	380.63	359.15
Contract labour charges	43.28	31.56
Repair and maintenance		
- Machinery	13.80	7.96
- Buildings	8.05	7.79
Insurance charges	8.24	7.60
Fees and subscription	8.43	5.43
<u>Auditor's remuneration</u>		
- Audit fees	1.75	1.35
- Tax audit fees	0.25	0.25
- GST audit fees	-	0.80
- Certification fees	0.40	0.40
Legal and professional charges	5.80	2.49
Fair value loss on financial instruments at FVTPL	0.06	0.00
Freight and cartage outward	164.81	58.40
Clearing and forwarding charges (export)	17.66	9.46
Commission on sale	7.27	5.94
Net loss on disposal of property, plant and equipment held for sale	0.00	0.09
Miscellaneous expenses (see note 35.1)	21.35	24.01
<b>Total</b>	<b>1050.31</b>	<b>828.35</b>

35.1 Miscellaneous expenses does not include any item of expenditure with a value of more than 1% of the revenue from operations.



## HISAR SPINNING MILLS LIMITED

### 36. Tax Expense:

#### 36.1 Movement in deferred tax balances:

₹ in lakhs

Particulars	As at 01.04.2021	Recognised in profit or loss	Recognised in OCI	As at 31.03.2022
<b>Deferred tax assets</b>				
Property, Plant and Equipment	59.98	-13.11	-	46.87
Government grants	35.93	-35.28	-	0.65
<b>Total deferred tax assets (a)</b>	<b>95.91</b>	<b>-48.39</b>	-	<b>47.52</b>
<b>Deferred tax liabilities</b>				
Unwinding of upfront fees	0.00	0.00	-	0.00
Deferred expenditure	0.01	-0.01	-	0.00
Derivative financial instruments carried at FVTPL	0.01	-0.01	-	0.00
<b>Total deferred tax liabilities (b)</b>	<b>0.02</b>	<b>-0.02</b>	-	<b>0.00</b>
<b>Deferred tax assets (net) (a-b)</b>	<b>95.89</b>	<b>-48.37</b>	-	<b>47.52</b>

₹ in lakhs

Particulars	As at 01.04.2020	Recognised in profit or loss	Recognised in OCI	As at 31.03.2021
<b>Deferred tax assets</b>				
Property, Plant and Equipment	66.12	-6.14	-	59.98
Government grants	59.06	-23.13	-	35.93
<b>Total deferred tax assets (a)</b>	<b>125.18</b>	<b>-29.27</b>	-	<b>95.91</b>
<b>Deferred tax liabilities</b>				
Unwinding of upfront fees	0.04	-0.04	-	0.00
Deferred expenditure	0.02	-0.01	-	0.01
Derivative financial instruments carried at FVTPL	0.00	0.01	-	0.01
<b>Total deferred tax liabilities (b)</b>	<b>0.06</b>	<b>-0.04</b>	-	<b>0.02</b>
<b>Deferred tax assets (net) (a-b)</b>	<b>125.12</b>	<b>-29.23</b>	-	<b>95.89</b>

Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

#### 36.2 Tax expense recognised in the Statement of Profit and Loss:

₹ in lakhs

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>Current tax expense</b>		
Current tax	86.51	33.66
	<b>86.51</b>	<b>33.66</b>
Adjustment of tax relating to earlier periods	0.24	-5.14
	<b>0.24</b>	<b>-5.14</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	48.37	29.23
	<b>48.37</b>	<b>29.23</b>
<b>Total tax expense</b>	<b>135.12</b>	<b>57.75</b>



## HISAR SPINNING MILLS LIMITED

### 36.3 Amounts recognised in Other Comprehensive Income/ (-) Expense:

₹ in lakhs

Particulars	For the year ended 31.03.2022			For the year ended 31.03.2021		
	Before tax	Tax Expense(-)/ Income	Net of tax	Before tax	Tax Expense(-)/ Income	Net of tax
Remeasurements of the defined benefit plans	-6.94	1.75	-5.19	-2.50	0.63	-1.87
	<b>-6.94</b>	<b>1.75</b>	<b>-5.19</b>	<b>-2.50</b>	<b>0.63</b>	<b>-1.87</b>

### 36.4 Reconciliation of effective tax rate:

₹ in lakhs

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Profit before tax	547.91	204.96
Company's Indian domestic tax rate	25.1680%	25.1680%
Tax using the Company's Indian domestic tax rate	137.90	51.58
Tax effect of :		
Adjustment of tax relating to earlier periods	0.24	-5.14
Property, Plant and Equipment	-0.21	5.73
Government Grants	-3.49	4.34
Others	0.68	1.24
<b>Income tax expenses reported in the Statement of Profit and Loss</b>	<b>135.12</b>	<b>57.75</b>
Effective tax rate	24.6610%	28.1770%

The Company has decided to adopt the option permitted under Section 115BAA of the Income-tax Act, 1961 with effect from the year ended 31st March, 2020 relevant to the assessment year 2020-21. Accordingly, the Company has written back the excess provision of Income Tax amounting to ₹ 5.21 lakhs during the financial year 2020-21, out of provision for Income Tax of ₹ 74.63 lakhs made during the year ended 31st March, 2020, which was made on the basis of normal income tax rates prescribed for corporate assesses, other than those which have opted for payment of tax in certain special cases such as under Section 115BAA of the Income-tax Act, 1961. Accordingly, the Company has also recognised provision for taxation and re-measured its deferred tax assets/ liabilities on the basis of rate prescribed in the said section and the impact of tax expense of current year and re-measurement of deferred tax assets/ liabilities is recognised in these financial statements.

# HISAR SPINNING MILLS LIMITED



Particulars	₹ In lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>37. Earnings per equity share (EPS)</b>		
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 year attributable to the equity shareholders	412.79	147.21
<b>Total (a)</b>	<b>412.79</b>	<b>147.21</b>
Weighted average number of equity shares outstanding during the year (nos.) (Nominal value of equity share ₹ 10/- each)	3735000	3735000
<b>Total (b)</b>	<b>3735000</b>	<b>3735000</b>
Basic EPS (₹) (a/b)	11.05	3.94
Diluted EPS (₹) (a/b)	11.05	3.94

37.1 There are no potential equity shares.

## 38. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(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;		
Principal amount due to micro and small enterprise (refer note no. 22 and note no. 23)	24.07	3.65
Interest due on above	-	-
(b) The amount of interest paid by the Company 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 has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises 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 enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
	<b>24.07</b>	<b>3.65</b>

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.



Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>39. Contingent Liabilities and Commitments (to the extent not provided for):-</b>		
<b><u>(a) Contingent Liabilities:</u></b>		
(i) Claims against the Company not acknowledged as debts in respect of:		
- Value Added Tax/ Central Sales Tax matters in dispute/under appeal	3.98	3.98
(ii) Counter guarantees issued to Punjab National Bank in respect of the guarantees issued by the said bank in favour of various government authorities	31.71	30.47
(iii) The Code on Social Security, 2020 ('Code') has been notified in the Official Gazette on 29th September, 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any, of the change will be assessed and accounted in the period in which said Code becomes effective and the rules framed thereunder are published	Amount not determinable	Amount not determinable
<b>Total</b>	<b>35.69</b>	<b>34.45</b>
<b><u>(b) Commitments:</u></b>		
<b><u>(i) Capital commitments</u></b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.00	3.66
<b><u>(ii) Other commitments</u></b>		
The Company has imported capital goods under the Export promotion capital goods scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfil quantified exports in the future years	553.35	580.32
<b>Total</b>	<b>553.35</b>	<b>583.98</b>

40. No amount of dividend has been proposed to be distributed to the equity shareholders for the year.





## HISAR SPINNING MILLS LIMITED

### 41. Financial Instruments - accounting classifications and fair value measurements

The fair values of the financial assets and financial 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 2022		₹ in Lakhs		
Financial instruments by category	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
<b>Financial assets at FVTPL</b>				
Derivative financial instruments (refer note no. 12)	0.00	-	0.00	-
<b>Financial assets at amortised costs</b>				
Security deposits (refer note no. 5)	22.74	-	22.74	-
Deposits with banks [including interest accrued thereon] (refer note no. 5)	28.73	-	28.73	-
<b>Financial assets where fair value is same as carrying value</b>				
Trade receivables (refer note no. 9)	240.29	-	240.29	-
Cash and cash equivalents (refer note no. 10)	102.58	-	102.58	-
Bank balances other than cash and cash equivalents (refer note no. 11)	0.00	-	0.00	-
Others (refer note no. 12)	42.31	-	42.31	-
	<b>436.65</b>	<b>-</b>	<b>436.65</b>	<b>-</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Borrowings - term loans from banks and financial institution [including current maturities] (refer note no. 18 and 21)	367.79	-	367.79	-
<b>Financial liabilities where fair value is same as carrying value</b>				
Trade payables (refer note no. 22)	351.95	-	351.95	-
Borrowings [current] (refer note no. 21)	96.15	-	96.15	-
Interest accrued but not due on borrowings (refer note no. 23)	0.86	-	0.86	-
Other interest accrued but not due (refer note no. 19 and 23)	2.57	-	2.57	-
Creditors against capital goods (refer note no. 23)	9.40	-	9.40	-
Employees liabilities (refer note no. 23)	18.83	-	18.83	-
Accrued expenses (refer note no. 23)	40.95	-	40.95	-
	<b>888.50</b>	<b>-</b>	<b>888.50</b>	<b>-</b>
<b>Financial assets recorded as</b>				
Non-current	51.47			
Current	385.18			
	<b>436.65</b>			



## HISAR SPINNING MILLS LIMITED

### Financial liabilities recorded as

Non-current	293.53
Current	594.97
	<u>888.50</u>

As at 31 March 2021

₹ in Lakhs

Financial instruments by category	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
<b>Financial assets at FVTPL</b>				
Derivative financial instruments (refer note no. 12)	0.06	-	0.06	-
<b>Financial assets at amortised costs</b>				
Security deposits (refer note no. 5)	21.12	-	21.12	-
Deposits with banks [including interest accrued thereon] (refer note no. 5)	1.19	-	1.19	-
<b>Financial assets where fair value is same as carrying value</b>				
Trade receivables (refer note no. 9)	301.73	-	301.73	-
Cash and cash equivalents (refer note no. 10)	54.45	-	54.45	-
Bank balances other than cash and cash equivalents (refer note no. 11)	145.01	-	145.01	-
Others (refer note no. 12)	19.81	-	19.81	-
	<u>543.37</u>	-	<u>543.37</u>	-
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Borrowings - term loans from banks and financial institution [including current maturities] (refer note no. 18 and 21)	61.96	-	61.96	-
<b>Financial liabilities where fair value is same as carrying value</b>				
Trade payables (refer note no. 22)	125.92	-	125.92	-
Borrowings [current] (refer note no. 21)	103.58	-	103.58	-
Interest accrued but not due on borrowings (refer note no. 23)	0.16	-	0.16	-
Other interest accrued but not due (refer note no. 19 and 23)	73.65	-	73.65	-
Creditors against capital goods (refer note no. 23)	0.00	-	0.00	-
Employees liabilities (refer note no. 23)	14.76	-	14.76	-
Accrued expenses (refer note no. 23)	34.24	-	34.24	-
	<u>414.27</u>	-	<u>414.27</u>	-
<b>Financial assets recorded as</b>				
Non-current	22.31			
Current	521.06			
	<u>543.37</u>			
<b>Financial liabilities recorded as</b>				
Non-current	24.18			
Current	390.09			
	<u>414.27</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.



## HISAR SPINNING MILLS LIMITED

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 judgment 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 no. 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.

Particulars	₹ in Lakhs	
	As at 31.03.2022	As at 31.03.2021
Balance as at 1 April	-	-
Fair value adjusted during the year	-	-
Additions during the year	-	-
Balance as at 31 March	-	-

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- 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 Company's management is responsible for developing and monitoring the Company's risk management policies and procedures.

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 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.



## HISAR SPINNING MILLS LIMITED

### 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 associated with 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 Company's management.

About 65% 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 31st March, 2022 ₹ 240.29 Lakhs and 31st March, 2021 ₹ 301.73 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 31.03.2022	240.29	-	-	240.29
As at 31.03.2021	301.73	-	-	301.73

During the year, 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	
	As at 31.03.2022	As at 31.03.2021
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.



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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 2022	₹ in Lakhs		
	Less than 1 year	1-5 Year	Total
<b>Financial assets</b>			
Trade receivables (refer note no. 9)	240.29	-	240.29
Cash and cash equivalents (refer note no. 10)	102.58	-	102.58
Deposits with banks [including interest accrued thereon] (refer note no. 5)	-	28.73	28.73
Bank balances other than cash and cash equivalents (refer note no. 11)	0.00	-	0.00
Other financial assets (refer note no. 12)	42.31	-	42.31
Security deposits (refer note no. 5)	-	22.74	22.74
	<u>385.18</u>	<u>51.47</u>	<u>436.65</u>
<b>Financial liabilities</b>			
<b>Borrowings</b>			
- Term loans from banks and financial institution [including interest and current maturities of long-term borrowings] (Refer note no. 18 and 21)	77.69	290.96	368.65
Borrowings [current] (Refer note no. 21)	96.15	-	96.15
Trade payables (Refer note no. 22)	351.95	-	351.95
Other interest accrued but not due (Refer note no. 19 and 23)	0.00	2.57	2.57
Creditors against capital goods (refer note no. 23)	9.40	-	9.40
Employees liabilities (Refer note no. 23)	18.83	-	18.83
Accrued expenses (Refer note no. 23)	40.95	-	40.95
Total	<u>594.97</u>	<u>293.53</u>	<u>888.50</u>

As at 31 March 2021	₹ in Lakhs		
	Less than 1 year	1-5 Year	Total
<b>Financial assets</b>			
Trade receivables (refer note no. 9)	301.73	-	301.73
Cash and cash equivalents (refer note no. 10)	54.45	-	54.45
Deposits with banks [including interest accrued thereon] (refer note no. 5)	-	1.19	1.19
Bank balances other than cash and cash equivalents (refer note no. 11)	145.01	-	145.01
Other financial assets (refer note no. 12)	19.87	-	19.87
Security deposits (refer note no. 5)	-	21.12	21.12
	<u>521.06</u>	<u>22.31</u>	<u>543.37</u>
<b>Financial liabilities</b>			
<b>Borrowings</b>			
- Term loans from banks and financial institution [including interest and current maturities of long-term borrowings] (Refer note no. 18 and 21)	41.75	20.37	62.12
Borrowings [current] (Refer note no. 21)	103.58	-	103.58
Trade payables (Refer note no. 22)	125.92	-	125.92
Other interest accrued but not due (Refer note no. 19 and 23)	69.84	3.81	73.65
Creditors against capital goods (refer note no. 23)	0.00	-	0.00
Employees liabilities (Refer note no. 23)	14.76	-	14.76
Accrued expenses (Refer note no. 23)	34.24	-	34.24
Total	<u>390.09</u>	<u>24.18</u>	<u>414.27</u>

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.



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### Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following are the remaining forward contracts at the reporting date.

			₹ in Lakhs
As at 31 March 2022	Less than 1 year	1-5 Year	Total
<b>Derivative financial instruments</b>			
Foreign exchange forward contracts (at forward rate)			
USD	-	-	-
EURO	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
			₹ in Lakhs
As at 31 March 2021	Less than 1 year	1-5 Year	Total
<b>Derivative financial instruments</b>			
Foreign exchange forward contracts (at forward rate)			
USD	16.58	-	16.58
EURO	-	-	-
<b>Total</b>	<b>16.58</b>	<b>-</b>	<b>16.58</b>

#### 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 USD, GBP 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 2022	Currency	Amount in foreign currency	Exchange rate (absolute ₹)	Unhedged (In amount ₹) (In Lakhs)
Advance from customers	USD	0	0.00	0.00
	GBP	6896	100.34	6.92
	EUR	34350	85.74	29.45
Advance to suppliers for capital goods	EUR	0	0.00	0.00
<b>Net exposure in respect of recognised assets and liabilities</b>				<b>36.37</b>
As at 31 March 2021	Currency	Amount in foreign currency	Exchange rate (absolute ₹)	Unhedged (In amount ₹) (In Lakhs)
Advance from customers	USD	16696	75.09	12.54
	GBP	3410	92.49	3.15
	EUR	2183	82.36	-1.80
<b>Net exposure in respect of recognised assets and liabilities</b>				<b>13.89</b>



## HISAR SPINNING MILLS LIMITED

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, Euro, USD and GBP against all other currencies at year end 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	As at 31.03.2022		As at 31.03.2021	
		Increase in profit	Decrease in profit	Increase in profit	Decrease in profit
Euro	5% movement	1.47	-1.47	-0.09	0.09
USD	5% movement	0.00	0.00	0.63	-0.63
GBP	5% movement	0.35	-0.35	0.16	-0.16

### 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.

### Interest Rate Exposure:

Particulars	₹ in Lakhs	
	As at 31.03.2022	As at 31.03.2021
Floating Rate Borrowings	463.94	164.29
Fixed Rate Borrowings	0.00	1.25
<b>Total Borrowings</b>	<b>463.94</b>	<b>165.54</b>

### Interest rate sensitivities for floating rate borrowings (impact of increase in 1%):

Particulars	₹ in Lakhs	
	As at 31.03.2022	As at 31.03.2021
Floating Rate Borrowings	-4.64	-1.84
	<b>-4.64</b>	<b>-1.84</b>

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 year.

### D. 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 under:

Particulars	₹ in Lakhs	
	As at 31.03.2022	As at 31.03.2021
Debt (Refer note no. 18 and 21)	463.94	165.54
Less: Cash and cash equivalents (Refer note no. 10)	102.58	54.45
Net debt	361.36	111.09
Total equity	1690.99	1283.39
<b>Net debt to equity ratio</b>	<b>0.21</b>	<b>0.09</b>



**42. Employee benefits**

**A. Defined Contribution Schemes**

The Company deposits a specified percentage of specified employment benefit expenses 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 and Loss is as follows:

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Provident fund paid to the authorities (Net of Government grant amounting to ₹ 0.10 Lakhs (previous reporting year ₹ 0.49 Lakhs)	9.88	8.02
Employee state insurance paid to the authorities	2.62	2.49
Contribution to other funds (Labour welfare fund)	0.38	0.39
<b>Total</b>	<b>12.88</b>	<b>10.90</b>

The expenses incurred on account of the above defined contribution schemes have been included in note no. 32 "Employee benefits expense" under the head "Contribution to provident and other funds".

**B. Defined Benefit Schemes**

**Gratuity**

The Company operates a gratuity plan administered through Life Insurance Corporation of India (LIC) under its New Group Gratuity Cash Accumulation Plan. 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	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Present value of the obligation at the beginning of the year	30.11	22.71
Interest cost	1.73	1.25
Current service cost	5.92	3.88
Past service cost	-	-
Benefits paid (if any)	-0.87	-0.36
Actuarial (gain)/ loss	7.26	2.63
Present value of the obligation at the end of the year	44.15	30.11
- Non-Current Liability	26.79	23.72
- Current Liability	17.36	6.39




**ii. Changes in the fair value of the planned assets:**

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Fair value of plan assets at the beginning of the year	23.67	20.87
Expected return on plan assets	1.36	1.15
Contributions	6.32	1.87
Benefits paid	-0.87	-0.36
Actuarial gain/ (loss) on plan assets	0.33	0.14
Fair value of plan assets at the end of the year	30.81	23.67

**iii. Amount recognised in the Balance Sheet:**

Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Present value of the obligation at the end of the year	44.15	30.11
Fair value of plan assets at the end of the year	30.81	23.67
Net liability/ (asset) recognised in the Balance Sheet and related analysis	13.34	6.44
Funded Status - Surplus/ (Deficit)	-13.34	-6.44

**iv. Actuarial gain/ (loss) on planned assets:**

Particulars	₹ In lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Actual return on plan assets	1.69	1.29
Expected return on plan assets	1.36	1.15
Actuarial gain/ (loss) for the year on assets	0.33	0.14

**v. Expenses recognised in the Statement of Profit and Loss:**

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Interest cost	1.73	1.25
Current service cost	5.92	3.88
Past service cost	-	-
Expected return on plan asset	-1.36	-1.15
Expenses recognised in the Statement of Profit and Loss	6.29	3.98


**vi. Other Comprehensive Income recognised:**

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Actuarial (gain)/ loss - obligation	7.26	2.63
Actuarial (gain)/ loss - plan assets	-0.33	-0.14
Total Actuarial (gain)/ loss	6.93	2.50

**vii. Investment details of the fund:**

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Life Insurance Corporation of India	30.81	23.67

**viii. Expected contribution during the next annual reporting year:**

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Best estimate of contribution during the next year	8.17	7.21

**ix. Principal actuarial assumption at the Balance Sheet date:**

Particulars	As at	
	31.03.2022	31.03.2021
Discount rate (per annum)	5.75%	5.50%
Salary growth rate (per annum)	7.00%	7.00%
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (per annum)	30.00%	30.00%
Expected average remaining working lives of employees (years)	21.10	21.10
Method Used	Projected Unit Credit	Projected Unit Credit



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### x. Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. The sensitivity analysis is presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Particulars	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Defined benefit obligation (base)	44.15	30.11
Discount Rate		
1.00% Increase	-1.14	-0.80
1.00% decrease	1.20	0.84
Salary Growth Rate		
1.00% Increase	1.17	0.82
1.00% decrease	-1.14	-0.80
Withdrawal Rate		
1.00% Increase	-0.14	-0.15
1.00% decrease	0.14	0.15



## HISAR SPINNING MILLS LIMITED

### 43. Related parties disclosures

As per Ind AS - 24 "Related Party Disclosures", the Company's related parties and transactions with them in the ordinary course of business are disclosed below:

#### a. Names of the related parties and relationship between the parties:

Nature of relationship	Name of the related party
Key Managerial Personnel (KMP)	Mr. Anurag Gupta, Managing Director
	Mrs. Sapna Kansal, Whole-time Director
	Mr. Mithlesh Kumar Gupta, Chairman and Non-Executive Independent Director
	Mr. Sudesh Kumar Garg, Non-Executive Independent Director
	Mr. Sandeep Suri, Non-Executive Independent Director
	Mr. Nikhil Goel, Non-Executive Director
	Mr. Naveen Kansal, Chief Executive Officer
	Mr. Sharad Goel, Chief Financial Officer
	Mrs. Nikita Singla, Company Secretary

#### b. Related party transactions:

Nature of transactions	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
	Key managerial personnel (KMP)	Key managerial personnel (KMP)
<b>(i) Remuneration to Key Managerial Personnel (KMP)</b>		
Mr. Anurag Gupta	27.00	15.00
Mrs. Sapna Kansal	27.00	15.00
Mr. Naveen Kansal	27.00	15.00
Mr. Sharad Goel	18.00	12.00
Mrs. Nikita Singla	1.80	1.80
<b>Total</b>	<b>100.80</b>	<b>58.80</b>
<b>(ii) Director sitting fees</b>		
Mr. Mithlesh Kumar Gupta, Chairman and Non-Executive Independent Director	0.80	0.98
Mr. Sudesh Kumar Garg, Non-Executive Independent Director	0.78	0.87
Mr. Sandeep Suri, Non-Executive Independent Director	0.60	0.70
<b>Total</b>	<b>2.18</b>	<b>2.55</b>

#### c. Compensation of Key Managerial Personnel of the Company: \*

Particulars	₹ in lakhs	
	For the year ended 31.03.2022	For the year ended 31.03.2021
Short-term Employee Benefits	100.80	58.80
Post-Retirement Benefits	-	-
Share-Based Payments	-	-
Other Long-term Benefits	-	-
<b>Total compensation</b>	<b>100.80</b>	<b>58.80</b>

#### 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.

#### 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 the Audit Committee.

## 44. Trade Receivables ageing schedule:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months -1 year	1 -2 years	2-3 years	More than 3 years	
<b>As at 31.03.2022</b>								
<b>(A) Undisputed Trade receivables</b>								
(i) Considered good	-	191.94	48.35	-	-	-	-	240.29
(ii) Which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Credit impaired	-	-	-	-	-	-	-	-
<b>(B) Disputed Trade receivables</b>								
(i) Considered good	-	-	-	-	-	-	-	-
(ii) Which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>191.94</b>	<b>48.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240.29</b>

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months -1 year	1 -2 years	2-3 years	More than 3 years	
<b>As at 31.03.2021</b>								
<b>(A) Undisputed Trade receivables</b>								
(i) Considered good	-	284.99	16.74	-	-	-	-	301.73
(ii) Which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Credit impaired	-	-	-	-	-	-	-	-
<b>(B) Disputed Trade receivables</b>								
(i) Considered good	-	-	-	-	-	-	-	-
(ii) Which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>284.99</b>	<b>16.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301.73</b>

44.1 Refer note no. 9



## 45. Trade Payables ageing schedule:

Particulars	Unbilled	Not due	Outstanding for following periods from invoice date				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31.03.2022</b>							
<b>(A) Undisputed Trade payables</b>							
(i) Micro enterprises and Small Enterprises	-	17.33	-	-	-	-	17.33
(ii) Creditors other than micro enterprises and small enterprises	-	329.05	5.57	-	-	-	334.62
<b>(B) Disputed Trade payables</b>							
(i) Micro enterprises and Small Enterprises	-	-	-	-	-	-	-
(ii) Creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>346.38</b>	<b>5.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351.95</b>

Particulars	Unbilled	Not due	Outstanding for following periods from invoice date				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31.03.2021</b>							
<b>(A) Undisputed Trade payables</b>							
(i) Micro enterprises and Small Enterprises	-	3.65	-	-	-	-	3.65
(ii) Creditors other than micro enterprises and small enterprises	-	114.85	7.42	-	-	-	122.27
<b>(B) Disputed Trade payables</b>							
(i) Micro enterprises and Small Enterprises	-	-	-	-	-	-	-
(ii) Creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>118.50</b>	<b>7.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125.92</b>

45.1 Refer note no. 22





46. **Ratio analysis and its elements:**

The following are analytical ratios for the year ended 31st March, 2022 and 31st March, 2021:

Ratio	Numerator	Denominator	As at 31.03.2022	As at 31.03.2021	% of variance	Reason for variance in excess of 25%
Current Ratio (in times)	Current Assets	Current Liabilities	2.53	2.83	-10.60%	
Debt - Equity Ratio (in times)	Total Debt	Shareholder's Equity	0.27	0.13	107.69%	Higher ratio due to fresh non-current borrowings during the year for acquisition of Property, Plant and Equipment
Debt Service Coverage Ratio (in times)	Earnings available for debt service = Net Profit after taxes* + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of property, plant and equipment etc.	Debt Service = Interest and Lease Payments + Principal Repayments	10.00	2.22	350.45%	There is an improvement in profitability due to increased net margin, along with reduction in the debt repayments
Return on Equity (ROE) (in %)	Net profits after taxes* - Preference Dividend (if any)	Average Shareholder's Equity	27.76%	12.16%	128.29%	There is an improvement in profitability due to increased net margin which has led to increase in return on equity ratio
Inventory Turnover Ratio (in times)	Revenue From Operations (excluding Government grant relating to EPCG Scheme and Export benefits)	Average Inventory	3.72	3.90	-4.62%	
Trade receivables turnover ratio (in times)	Revenue From Operations (excluding Government grant relating to EPCG Scheme and Export benefits)	Average Accounts Receivable	12.81	10.73	19.38%	
Trade payables turnover ratio (in times)	Net Credit Purchases (comprise of purchases of raw materials, stock-in-trade, store and spares, packing material and other expenses )	Average Trade Payables	11.92	15.97	-25.36%	Higher Closing Inventory during the year has resulted into increased Trade Payables during the year
Net capital turnover ratio (in times)	Revenue From Operations (excluding Government grant relating to EPCG Scheme and Export benefits)	Average working capital (i.e. Total current assets less Total current liabilities)	3.57	3.42	4.39%	
Net profit ratio (in %)	Net profits after taxes*	Revenue From Operations (excluding Government grant relating to EPCG Scheme and Export benefits)	11.89%	5.23%	127.34%	There is an improvement in profitability due to increased net margin which has led to increase in net profit ratio
Return on capital employed (ROCE) (in %)	Earning before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability (Asset)	26.30%	15.72%	67.30%	There is an improvement in profitability due to increased net margin which has led to increase in return on capital employed ratio
Return on investment (ROI) (in %)	Income generated from invested funds	Average invested funds	Not Applicable	Not Applicable		

\* "Net Profit after tax" means reported amount of "Profit / (loss) for the period" and it does not include items of other comprehensive income.



## **HISAR SPINNING MILLS LIMITED**

### **47. Additional Regulatory Information as applicable to Company**

- 47.1 The Company has not owned any Investment Property during the year.
- 47.2 The Company has not owned any Intangible Assets during the year.
- 47.3 The Company has not granted any loans or advances in the nature of loans to promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.
- 47.4 There are no Intangible assets under development.
- 47.5 There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and the rules made thereunder.
- 47.6 The Company has borrowings from banks on the basis of security of current assets; and the quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of account of the Company.
- 47.7 The Company has not been declared willful defaulter by any bank or financial institution or other lender.
- 47.8 The Company has not used the borrowings from banks and financial institutions at the balance sheet date other than the specific purpose for which it was taken.
- 47.9 The Company has no transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- 47.10 There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- 47.11 The Company is not a subsidiary or holding company of any other company.
- 47.12 No Scheme of Arrangements has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013.
- 47.13 The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.





## **HISAR SPINNING MILLS LIMITED**

- 47.14 The Company have not received any fund from any person(s) or entity(ies), including foreign entities ("Funding Party") with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
  - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 47.15 The Company has no transaction, which has not been recorded in the books of accounts, that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. As such, there are no previously unrecorded income and related assets that have not been properly recorded in the books of account during the year.
- 47.16 The Company is not covered under Section 135 of the Companies Act, 2013.
- 47.17 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
48. The Company's operations and financial statements for the year ended 31st March, 2022 and the corresponding year ended 31st March, 2021 are not comparable as the statements of the previous year were impacted by COVID-19 pandemic and the consequent lockdown announced by the Central/ State Governments, due to which the operations were suspended for part of the year ended 31st March, 2021.

The Company has considered the possible effects that may result from the COVID-19 pandemic in the preparation of these audited financial statements, including but not limited to the assessment of liquidity position and recoverability of carrying value of its assets comprising inventories and trade receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these audited financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising out of the future economic conditions and its impact on the business of the Company.



## **HISAR SPINNING MILLS LIMITED**

49. Previous reporting year figures in the financial statements, including the notes thereto, have been reclassified wherever required to conform to the current reporting year presentation/ classification.

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: 30.05.2022

(SHARAD GOEL)  
Chief Financial Officer

(NIKITA SINGLA)  
Company Secretary

(NAVEEN KANSAL)  
Chief Executive Officer



**BOOK-POST**

*If undelivered please return to :*

**HISAR SPINNING MILLS LIMITED**

**Regd. Office & Works : 9th K.M. Stone,  
Hisar-Bhiwani Road,  
V.P.O. Dabra (Hisar) 125 005 (Haryana)**