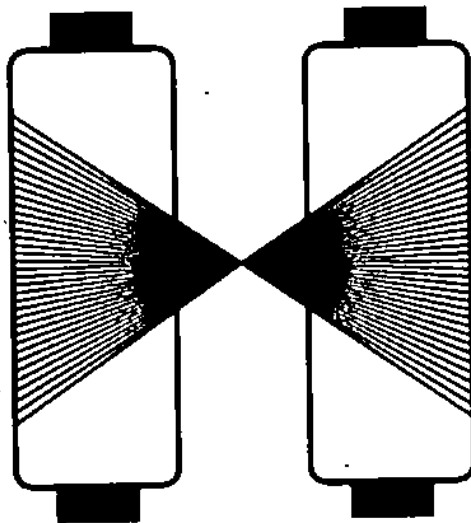




23rd

ANNUAL REPORT

2014-2015



HSML



HISAR SPINNING MILLS LIMITED



BOARD OF DIRECTORS

Mr. Gopal Krishan Gupta
Managing Director

Mr. T N Goel
Independent Director

Mr. Anurag Gupta
Executive Director

Mr. Vikas Gupta
Independent Director

Mr. Rajesh Gupta
Independent Director

Mrs. Sapna Kansal
Non Executive Director

AUDIT COMMITTEE

Mr. Rajesh Gupta
Chairman

Mr. Vikas Gupta
Independent Director

Mr. Gopal Krishan Gupta
Managing Director

NOMINATION & REMUNERATION COMMITTEE

Mr. T N Goel
Chairman

Mr. Vikas Gupta
Independent Director

Mrs. Sapna Kansal
Non Executive Director

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mrs. Sapna Kansal
Chairman

Mr. Anurag Gupta
Executive Director

Mr. Vikas Gupta
Independent Director

RISK MANAGEMENT COMMITTEE

Mr. Anurag Gupta
Chairman

Mr. Vikas Gupta
Independent Director

Mr. Sharad Goel
Chief Financial Officer

COMPANY SECRETARY

Ms. Tanu Sharma

**COMPLIANCE OFFICER &
CHIEF FINANCIAL OFFICER**

Mr. Sharad Goel

AUDITORS

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

BANKERS

Punjab National Bank
Main Branch, Hisar 125001

REGD. OFFICE & WORKS

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

TWENTY-THIRD ANNUAL GENERAL MEETING

29th day of September, 2015 i.e Tuesday at 11.00 A.M. at the Registered Office of the Company at 9th KM Stone, Hisar Bhiwani Road, V.P.O Dabra (Hisar), Haryana -125005



NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Shareholders of the company will be held on Tuesday, the 29th day of September, 2015 at 11.00 A.M. at the Registered Office of the Company at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar to transact the following business-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance sheet as at March 31, 2015 and the Profit & Loss Account for the year ended on that date together with the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Anurag Gupta, DIN 00192888 who retires by rotation and is eligible for reappointment.
3. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of Companies Act, 2013, M/s Jain & Anil Sood, Chartered Accountants, Chandigarh, the retiring auditors of the Company, be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting required to be held for the financial year 2019-2020, subject to ratification of their appointment at every Annual General Meeting by the members at a remuneration to be mutually agreed."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. T N Goel, DIN 00193103, who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Directors of the company, not liable to retire by rotation and to hold office for 5 (five) consecutive years for a term up to 30.09.2020"

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rajesh Gupta, DIN 00193052, who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Directors of the company, not liable to retire by rotation and to hold office for 5 (five) consecutive years for a term up to 30.09.2020"

For and on behalf of the Board

Place: Chandigarh
Date: 05.09.2015
Regd. Office:
9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar

(Gopal Krishan Gupta)
Chairman Cum Managing Director

HISAR SPINNING MILLS LIMITED



NOTES:

1. The Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 with respect to Special Business set out in the Notice is annexed.
2. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company.
3. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the register of Members and Share Transfer Books of the Company shall remain closed from 25th day of September, 2015 to 29th day of September, 2015 (both days inclusive).
4. The instrument of proxy, in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of Limited Companies or societies etc. must be supported by appropriate resolutions/authority, as applicable.
5. In case of joint holders attending the Meeting, the joint holder who is higher in order of names under a given Folio/DPID-Client (in respect of dematerialized shares) will be entitled to vote.
6. Members/Proxies are requested to bring their copy of this Notice along with duly filled admission slip for attending the meeting.
7. Members holding shares in physical form are requested to notify change in address, if any, to the Company at its Registered Office or to the Registrar & Transfer Agents-M/s Indus Portfolio Private Limited, G-65, Bali Nagar, New Delhi-110015.
8. Members holding shares in electronic form are requested to notify change in their address, if any, to their Depository Participant.
9. Pursuant to provisions of the Companies Act, 2013 read with the Rules framed there under, the company may send notice of general meeting and other documents through electronic mode. Further, pursuant to the first proviso to the Rule 18 of the Companies (Management and Administration) Rule, 2014, the Company shall provide an advance opportunity atleast once in a financial year to the members to register their e-mail address and changes therein. In view of the same, members are requested to kindly update their e-mail address with depository participants in case of holding shares in demat form. If holding shares in physical form, Members are requested to inform their e-mail ID to the company.
10. Electronic copy of the Notice of general meeting of the company is being sent to all the members whose email ids are registered with the company/Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies are being sent by the permitted mode.
11. Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and the provisions of Listing Agreement with Stock Exchanges, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening Annual General Meeting to be held on Tuesday, the 29th day of September, 2015 at 11.00 A.M. at the registered office of the company at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar. The Company has engaged the services of CDSL to provide the e-voting facility.
12. The Instructions for members for E-Voting are as under:
 - (i) The voting period begins on Saturday, the 26th day of September, 2015 at 10.00 A.M. and ends on Monday, the 28th day of September, 2015 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, the 22nd day of September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID



(a) For CDSL: 16 digits beneficiary ID.

(b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

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

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

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

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

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

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

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

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

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

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

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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

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

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

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helodesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.



- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

(xx) Since, the Company is required to provide the members facility to exercise their vote by electronic means, shareholders of the company, holding shares either in physical form or dematerialized form as on the cut off date i.e. Tuesday, the 22nd day of September, 2015 and not casting their vote electronically, may also cast their vote at the Annual General Meeting.

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

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

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



ITEM NO. 4

Mr. T N Goel (DIN 00193103), is a Non Executive Independent Director in terms of Clause 49 of the Listing Agreement of the Bombay Stock Exchange and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of an Independent Director of the Company.

As per the provisions of section 149 of the Companies act, 2013, every listed company is required to have atleast 1/3rd of the total number of directors as Independent Directors, hence the Board recommends the Ordinary Resolution for approval of the members.

The Company has received a declaration from Mr. T N Goel (DIN 00193103), that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. T N Goel (DIN 00193103) fulfills the condition specified in the Act and Rules framed there under for his appointment as Independent Director. The Board feels that his continued association with the company would be of immense benefit and it is desirable to avail his services and therefore recommends his appointment as Independent Director of the Company.

Copy of the draft letter of appointment of Mr. T N Goel (DIN 00193103), setting out the terms and conditions of his appointment would be available for inspection by members at the registered office of the Company during normal business hours on working days. He holds 400 equity shares in the Company.

Except Mr. T N Goel (DIN 00193103), none of the Directors, Key Managerial Personnel or their relatives is interested or concerned in this resolution.

ITEM NO. 5

Mr. Rajesh Gupta, DIN 00193052, is a Non Executive Independent Director in terms of Clause 49 of the Listing Agreement of the Bombay Stock Exchange and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of an Independent Director of the Company.

As per the provisions of section 149 of the Companies act, 2013, every listed company is required to have atleast 1/3rd of the total number of directors as Independent Directors, hence the Board recommends the Ordinary Resolution for approval of the members.

The Company has received a declaration from Mr. Rajesh Gupta, DIN 00193052, that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, Mr. Rajesh Gupta, DIN 00193052 fulfills the condition specified in the Act and Rules framed there under for his appointment as Independent Director. The Board feels that his continued association with the company would be of immense benefit and it is desirable to avail his services and therefore recommends his appointment as Independent Director of the Company.

Copy of the draft letter of appointment of Mr. Rajesh Gupta, DIN 00193052, setting out the terms and conditions of his appointment would be available for inspection by members at the registered office of the Company during normal business hours on working days. He does not hold any equity shares in the Company.

Except Mr. Rajesh Gupta, DIN 00193052, none of the Directors, Key Managerial Personnel or their relatives is interested or concerned in this resolution.

HISAR SPINNING MILLS LIMITED

Form no. MGT-11

Proxy Form

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

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

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

Name:

Address:

Email ID:

Signature:....., or failing him

Name:

Address:

Email ID:

Signature:....., or failing him

Name:

Address:

Email ID:

Signature:.....

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Annual General Meeting of the Company, to be held on Tuesday, the 29th day of September, 2015 at 11.00 A.M at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar and at any adjournment thereof in respect of such resolutions as are indicated below.

S.NO.	RESOLUTIONS
1	Consider and adopt the Audited Financial Statements, Reports of the Board of Directors and Auditors
2	Re-appointment of Mr. Anurag Gupta, DIN 00192888, retiring by rotation
3	Appointment of Auditors and fix their remuneration
4	Appointment of Mr. T N Goel as an Independent Director
5	Appointment of Mr. Rajesh Gupta as an Independent Director

Signed this day of, 2015

Signature of Shareholder:

Signature of Proxy Holder (s):

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



HISAR SPINNING MILLS LIMITED

Registered Office: 9th, KM Stone, Hisar Bhiwani
Road, VPO Dabra, Hisar-125005
Tel: 01662-260397, Tel/Fax:-91-1662-260397
E-mail: hsm12000@rediffmail.com
Website: www.hisarspinningmills.com
CIN: L17112HR1992PLC031621

Attendance Slip for 23rd Annual General Meeting
(to be handed over at the Registration Counter)

I/We hereby record my/our presence at the 23rd Annual General Meeting of the company at 9th, KM Stone, Hisar Bhiwani Road, VPO Dabra, Hisar on 29th day of September, 2015 at 11.00 A.M.

Signature of the Member/Proxy present

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

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

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

Dear Sir,

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35 B of the Listing Agreement, 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 23rd Annual General Meeting to be held on Friday, 29th day of September, 2015 at 11.00 A.M. The company has engaged the Central Depository Services Limited (CDSL) to provide the remote e-voting facility:



Your electronic voting particulars are set out below:

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password
150826046		

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

Commencement of remote e-voting period	End of remote e-voting period
From 9.00 A.M IST on Saturday, 26 th September,2015	Till 5.00 P.M IST on Monday, 28 th September, 2015

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 23rd Annual General Meeting/to be held on 29th day of September, 2015.
3. The voting rights of the members shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date of Tuesday, 22nd September, 2015, being the record date for the purpose of voting.



Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2015.

Financial Highlights	Year ended 31.3.2015 (Rs. in lacs)	Year ended 31.3.2014 (Rs. in lacs)
Sales & other income	2404.79	2116.37
Profit before Interest & Depreciation	285.88	281.63
Less : Interest	28.31	34.38
Profit/(Loss) before Depreciation	237.57	247.25
Less : Depreciation	134.53	110.65
Profit/ (Loss) before Tax	103.04	136.60
Less : Provision for Taxation - Current Tax(MAT)	46.06	27.32
- MAT Credit	-	1.64
-Deferred Tax Liability/(Assets)	(21.89)	(12.09)
-MAT Credit earlier year	-	-
-Tax for earlier years	-	-
Net Profit/ (Loss) after Tax	78.87	119.73
Add : Surplus brought from previous year	100.04	(19.69)
	178.91	100.04
Appropriations :		
Proposed Dividend	NIL	NIL
Corporate Dividend Tax	NIL	NIL
Surplus Carried to Balance Sheet	178.91	100.04
	178.91	100.04

OPERATIONAL & PERFORMANCE REVIEW

During the year under review, your Company has achieved a sales turnover of Rs. 2404.79 lacs as against sales turnover of Rs. 2116.37 lacs during the previous year showing an increase of 13.62 % and profit (after tax) is Rs. 78.87 lacs for the year as against net profit (after tax) of Rs. 119.73 lacs during previous year showing decline of 50.81% due to slowdown in economy.

SUBSIDIARY COMPANY

During the year ended 31st March, 2015, the Company did not have any subsidiary company.

FIXED DEPOSITS

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

DIVIDEND

Keeping in view to conserve resources, your Directors do not recommend any dividend for the year under review.



APPOINTMENT OF KEY MANAGERIAL PERSONS (KMPs) AND INDEPENDENT DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company Mr. Anurag Gupta, DIN 00192888 shall retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

In accordance with the provisions of the Companies Act, 2013, Mr. T N Goel, DIN 00193103 and Mr. Rajesh Gupta, DIN 00193052, shall be appointed as Independent directors, at the forthcoming annual general meeting for 5 consecutive years.

STATUTORY AUDITORS

M/s Jain & Anil Sood, Chartered Accountants, Statutory Auditors, hold office until the conclusion of the ensuing annual general meeting and being eligible, offer themselves for reappointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and Rules framed there under and willingness to accept the office of the Statutory Auditors, if reappointed.

In terms of provisions of section 139 and 141 of the Companies Act, 2013, your directors recommend their re-appointment for a five year term starting from the conclusion of the ensuing Annual General Meeting of the company subject to ratification by the members at every Annual General Meeting. The auditors have forwarded their certificate stating that their re-appointment, if made will be in accordance with the criteria specified under section 141 of the Companies Act, 2013.

SECRETARIAL AUDIT

Mr. Sanjiv Kumar Goel, Practicing Company Secretary has been appointed by the Board to conduct Secretarial Audit under provisions of section 204 of the Companies Act 2013. The Secretarial Audit report is annexed with the Director's Report as Annexure – 1. There is no qualification in secretarial audit report.

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

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

STATUTORY DISCLOSURES

None of the Directors of the Company are disqualified under the provisions of section 164 of the Companies Act 2013. The Directors have made the requisite disclosures, as required under the Companies Act 2013 and Clause 49 of the Listing Agreement.

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 Clause 49 of the Listing Agreement. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance together with M/s Jain & Anil Sood, Chartered Accountants Certificate regarding compliance of Corporate Governance is annexed to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) in the preparation of annual accounts for the financial year ended 31st March, 2015, 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



HISAR SPINNING MILLS LIMITED

state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequately and operating effectively.

EXTRACT OF ANNUAL RETURN

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

NUMBER OF BOARD MEETINGS

During the financial year 2014-15, Eight Board meetings were held. The meetings were held on 27th May, 2014, 12th August, 2014, 3rd September, 2014, 5th September, 2014, 12th November, 2014, 2nd December, 2014, 27th January, 2015 and 12th February, 2015. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Agreement, a separate meeting of independent directors was held on 12th February, 2015. 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 stating that they meet the criteria of independence as provided in sub-section (6).

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

RELATED PARTY 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.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-15

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

MATERIAL CHANGES FROM END OF FINANCIAL YEAR TILL DATE OF REPORT



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

RISK MANAGEMENT POLICY

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

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

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

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

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

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

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

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

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

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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



HISAR SPINNING MILLS LIMITED

DISCLOSURE REGARDING COMPANIES (SHARE CAPITAL AND DEBENTURE) RULES 2014

The paid up listed equity share capital of the Company as at 31st March 2015 was Rs. 3,73,50,000/- comprising of 37,35,000 equity shares of Rs. 10/- each. As required under Companies (Share Capital and Debenture) Rules 2014, during the year under review, the Company, has not issued equity shares with differential voting rights, sweat equity shares, preference shares and employee stock options and also not made any provision for purchase of its own shares by employees or by trustees.

DISCLOSURE REGARDING VOTING RIGHT NOT EXERCISED DIRECTLY BY THE EMPLOYEES

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

AUDIT COMMITTEE

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

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

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

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a vigil mechanism named "Whistle Blower Policy/Vigil Mechanism" to deal with instance of fraud and mismanagement, if any. The detail of the Policy is explained in the Corporate Governance Report and also available at company's website www.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 Clause 49 of Listing Agreement. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board, its committee & members, their experience & competencies, performance of specific duties & obligations, governance and also in accordance with Performance Evaluation Policy of Company. Broadly the performance of Non-Independent/Executive/Whole Time Director(s) was evaluated on the basis of their own performance, expertise, intelligence, their qualitative & quantitative contribution towards operational achievements, organizational performance etc. The performance of Non-Executive Independent Directors were evaluated on the basis of their constructive participations in Board/Committee/General meetings, their informed & balanced decision-making, ability to monitor financial controls & systems, & certain allied parameters. The performance evaluation of various Board Committees constituted under Companies Act & Listing Agreement was made on the basis of their respective terms of reference, discharge of functions, governance etc.

As stipulated by Code of Independent Directors under Companies Act 2013 and Listing Agreement, a separate meeting of independent directors 12th February, 2015 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

HISAR SPINNING MILLS LIMITED



and timeliness of flow of information between Management and the Board.

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

The Provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs. 60 lacs per year to be disclosed in the Report of Board of Directors are not applicable to the Company as none of the employees was in receipt of remuneration in excess of Rs. 60 lacs during the financial year 2014-15.

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.

ACKNOWLEDGEMENT

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

By order of the Board

Place: Chandigarh
Dated: September 04, 2015

(Gopal Krishan Gupta)
Chairman Cum Managing Director
DIN-00192985



Corporate Governance Report

1. Company's philosophy on code of Governance -

Corporate governance is a value-based framework to manage our Company affairs in a fair and transparent manner. As we use this framework to maintain accountability in all our affairs. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

2. Board of Directors

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. As on 31st March 2015, the Board of Directors consists of six Directors, out of which two are Promoter Directors (Chairman cum Managing Director and executive Director) and three are Independent Non-Executive Directors. Smt. Sapna Kansal was appointed as Woman Director (Non-Executive) on 20.06.2014. 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 clause 49 of the Listing Agreement with Stock Exchange), 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 Clause 49 of Listing Agreement.

During the financial year 2014-15, Eight Board meetings were held. The meetings were held on 27th May, 2014, 12th August, 2014, 3rd September, 2014, 5th September, 2014, 12th November, 2014, 2nd December, 2014, 27th January, 2015 and 12th February, 2015. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Agreement, a separate meeting of independent directors was held on 12th February, 2015 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.

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 31.03.2015:-

Name of Director	Category	Attendance Particulars		No. of Directorship	No. of Membership/Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorship	Memberships	Chairmanship	Total
Sh. Gopal Krishan Gupta	Chairman cum MD	8	Yes	1	Nil	Nil	Nil
Sh. T N Goel	INED	8	Yes	Nil	Nil	Nil	Nil
Smt. Sapna Kansal*	NED	4	Yes	Nil	Nil	Nil	Nil
Sh. Anurag Gupta	ED	8	No	Nil	Nil	Nil	Nil
Sh. Vikas Gupta	INED	4	No	Nil	Nil	Nil	Nil
Sh. Rajesh Gupta	INED	8	No	Nil	Nil	Nil	Nil

INED : Independent Non Executive Director

NED : Non Executive Director

MD : Managing Director (Executive)

ED : Executive Director

* : Smt. Sapna Kansal was appointed as Director w.e.f. 20.06.2014.

+ : The committees considered for the above purpose are those as specified in Clause 49 of the Listing Agreement(s) i.e. Audit Committee and Stakeholders Relationship Committee.

**3. Code of Conduct**

In terms of provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Sh. Gopal Krishan Gupta, DIN 00192985, Managing Director of the Company to this effect is enclosed at the end of this report.

4. CEO and CFO Certification

Sh. Sharad Goel, Chief Financial Officer (CFO) & Sh. Gopal Krishan Gupta, DIN 00192985, Managing Director (CEO) of the Company have certified to the Board under the provisions of Clause 49 (IX) of the Listing Agreement, *inter-alia*, dealing with the review of financial statements and cash flow statement for the year ended on 31st March 2015, transactions entered into by the Company during the said period, their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with. The said certificate is attached and forms part of the Annual Report.

5. Audit Committee

Audit Committee 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 the 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 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 2014-15, Four Audit Committee meetings were held, on 27th May, 2014, 12th August, 2014, 12th November, 2014 and 12th February, 2015.

S.NO.	NAME	DESIGNATION	NO. OF MEETINGS ATTENDED DURING THE YEAR 2014-2015
1	Sh. Rajesh Kumar Gupta, Non-executive and Independent Director	Chairman	4
2	Sh. Gopal Krishan Gupta, Managing Director	Member	4
3	Sh. Vikas Gupta, Non-executive and Independent Director	Member	4

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

6. Nomination and Remuneration Committee

The Nomination and Remuneration Committee functions in accordance with the terms of reference as set out under provisions of Clause 49 of Listing Agreement read with provisions of Section 178 of the Companies Act, 2013 & rules made there under. The Nomination and Remuneration Committee have formulated different policies as required under the Companies Act as well as under Listing Agreement i.e. Performance Evaluation Policy of Board of Directors, Nomination & Remuneration Policy relating to remuneration of the Directors, KMPs & other employees and Board Diversity Policy.

During the financial year 2014-2015, no meeting of Nomination and Remuneration Committee was held.



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 2014-15.

ii) Remuneration of Executive Directors

The details of remuneration paid to the Executive Directors during the year 2014-15 are given below:

(Rs. in lacs)				
Name of Directors	Salary	Perquisites ²	Commission	Total
Sh. Anurag Gupta, Director	360000	-	-	360000

There is no Employee Stock Option Scheme (ESOP) in the Company as on 31st March 2015. 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.

7. Stakeholders Relationship Committee

The Stakeholders Relationship Committee functions in accordance with the terms of reference as set out under provisions of Clause 49 of Listing Agreement read with provisions of Section 178 of the Companies Act, 2013 & rules made thereunder 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 2014-15, four Stakeholders Relationship Committee meetings were held on 27th May, 2014, 12th August, 2014, 12th November, 2014 and 12th February, 2015. 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 2014-2015
1	Sh. Anurag Gupta, Executive Director	Chairman	4
2	Sh. Rajesh Gupta, Non-executive and Independent Director	Member	4
3	Sh. Vikas Gupta, Non-executive and Independent Director	Member	4

During the financial year, the request for transfer/demat/remat of shares, change of address etc have been duly effected. During the year, two complaints were received. One grievance was pending at the end of the financial year. Sh. Sharad Goel is the Compliance Officer of the Company for SEBI/ Stock Exchange/ROC related issues etc.

8. Risk Management Committee:

The Clause 49 mandates for constitution of Risk Management Committee. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company. Adhering the same, Company has constituted a Risk Management Committee and adopted a Risk Management Policy under which there are three key elements i.e. Risk Assessment, Risk Management & Risk Mitigation and Risk Monitoring. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. The Risk Management Policy is available on website of



HISAR SPINNING MILLS LIMITED

Company at www.hisarspinningmills.com.

During the financial year 2014-15, one Risk Management Committee meeting was held on 12th February, 2015. 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 2014-2015
1.	Anurag Gupta	Chairman	1
2.	Vikas Gupta	Member	1
3.	Sharad Goel	Member	1

9. Whistle Blower Policy

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

10. General Body Meetings

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

YEAR	VENUE	DATE	TIME	DETAILS OF SPECIAL RESOLUTION	
2011-12	9 th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	29/09/2012	11.00 A.M.	1	Appointment of Sh. Gopal Krishan Gupta as Managing Director
				2	Appointment of Sh. Anurag Gupta as Executive Director
2012-13	9 th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	30/09/2013	11.00 A.M.	Nil	
2013-14	9 th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar)	29/09/2014	11.00 A.M.	Nil	

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.

11. Subsidiary Company

During the year ended 31st March, 2015, neither the Company has any subsidiary nor any material listed/unlisted subsidiary company.

12. RISK MANAGEMENT POLICY

The Company's Risk Management Policy is annexed as Annexure 5. The same is also placed at the website of the Company.

13. Disclosures

The company has formulated the policy on dealing with Related Party Transactions in pursuance to the provisions of clause 49 of Listing Agreement. All related party transactions of the Company are dealt with in accordance with the said policy and as per provisions of section 188 of Companies Act 2013 & rules made thereunder. There are no materially significant related party transactions made by the Company with its promoters, Directors or management, 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 Explanatory Notes on Accounts in the Annual Report. The relevant details of Related Party Transactions policy of the Company is mentioned under Director's Report.

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.

14. Performance evaluation of Board of Directors

During the year, 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. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board, its members, their experience & competencies, performance of specific duties & obligations, governance etc. in accordance to the Performance Evaluation Policy of the Company. The necessary details regarding criteria of performance evaluation is mentioned under Director's Report.

15. Familiarisation Programme/Induction for Independent Directors

At the Board Meetings, apart from the regular agenda items, it is ensured that the Board members are provided a deep and thorough insight into the business model of the Company and updates either by way of presentation of business units or otherwise. The Board members get an open forum for discussion and share their experience. At the time of appointing an Independent Director, a formal letter of appointment is given to him/her, which *inter alia* explains the role, function, duties, responsibilities expected of him/her as a Director of the Company and expected time commitments. As required under Clause 49 of Listing Agreement, 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.

16. Board Diversity Policy

The Nomination and Remuneration Committee have formulated Board Diversity Policy in accordance with the Clause 49 of Listing Agreement. 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.

17. Means of Communications

The quarterly, half yearly & annual financial results, notices etc. are published in widely circulating national & local dailies newspaper The Statesman / The Pioneer in English editions and Vyapar Bharti in Hindi Edition. The same are also being posted on the website of BSE www.bseindia.com under Scrip Code 521068 and also on the website of the company. The Management Discussion and Analysis report forms a part of this Annual Report.

18. General Shareholder Informations

Annual General Meeting at 11:00 A.M. on 29th day of September 2015 at Registered Office of the Company at: 9th KM Stone, Hisar Bhiwani road, V.P.O Dabra (Hisar):

Financial Calendar	: 1st April to 31 st March
Date of Book Closure	: 25.09. 2015 to 29.09.2015 (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



HISAR SPINNING MILLS LIMITED

CDSL ISIN No.

: INE689E01014

Annual listing fee for the year 2015-2016 has duly been paid to Bombay Stock Exchange(BSE).

Market price data – High and Low during each month on BSE in the financial year 2014-15. Stock code - 521068 (Source: www.bseindia.com)

Months	High	Low	Closed	Shares
April, 2014	11.50	11.50	11.50	100
May, 2014	--	--	--	--
June, 2014	11	9.87	9.87	1100
July, 2014	9.38	7.28	7.28	900
August, 2014	--	--	--	--
September, 2014	--	--	--	--
October, 2014	6.92	5.38	5.38	700
November, 2014	5.12	4.87	5.11	2100
December, 2014	6.81	5.36	6.81	1600
January, 2015	8.26	7.15	7.84	1300
February, 2015	7.45	5.86	5.86	2400
March, 2015	6.15	6.15	6.15	100

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

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

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

Compliance Officer : Mr. Sharad Goel, Chief Financial Officer.

E-mail ID's : hsm12000@rediffmail.com

Distribution of shareholding as on 31st March, 2015.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
0-500	10144	97.43	1472830	39.44
501-1000	141	1.35	112400	3.01
1001-5000	71	0.68	141600	3.79
5001-10000	15	0.14	115700	3.10
10001-20000	12	0.12	198418	5.31
20001-30000	10	0.10	264430	7.08
30001-40000	4	0.04	145350	3.89
40001-50000	3	0.03	143000	3.83

**HISAR SPINNING MILLS LIMITED**

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
50001-100000	7	0.07	556115	14.89
Above 100000	4	0.04	585057	15.66
	10411	100	3735000	100

Shareholding Pattern as on 31st March, 2015.

Category	No. of shares	Percentage
Promoters/Promoter Group	1845100	49.40
FI's/FII's/ Banks/ Mutual Funds	-	-
NRIs	200	0.00
Bodies Corporates	92500	2.48
Indian Public	1797200	48.12
Shares held by Custodian & against which Depository Receipts have been issued	-	-
Total	3735000	100

Details of shareholding of Directors in the Company as on 31.03.2015.

Name of Director	No. of shares held
GOPAL KRISHAN GUPTA	115000
ANURAG GUPTA	104250
SAPNA KANSAL	63100
TRILOKI NATH GOEL	400

Dematerialisation of shares : 706390 (18.91%) shares

Plant(s) Location : 9th K.M. stone, Hisar Bhiwani Road,
V.P.O. Dabra (Hisar) 125005

Address for correspondence : Hisar Spinning Mills limited
9th K.M. stone, Hisar Bhiwani Road,
V.P.O. Dabra (Hisar) 125005
Ph. 01662-260397 Fax: 91-1662-260397

E-mail ID's : hsm12000@rediffmail.com

By order of the Board

Place: Chandigarh
Dated: September 04, 2015

(Gopal Krishan Gupta)
Chairman Cum Managing Director
DIN-00192985



Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March 2015.

(Gopal Krishan Gupta)
Chairman Cum Managing Director
DIN-00192985

CEO AND CFO CERTIFICATION

To
The Board of Directors
Hisar Spinning Mills Limited

- (a) We have reviewed the financial statements and the cash flow statement of Hisar Spinning Mills Limited for the year ended 31st March, 2015 and to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of significant fraud of which we have become aware.

Yours sincerely,

(Gopal Krishan Gupta)
Chairman Cum Managing Director

(Sharad Goel)
Chief Financial Officer

Place: Chandigarh
Date: September 04, 2015



ANNEXURE '1' TO THE DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

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 31/03/2015 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:

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 31/03/2015 according to the provisions of

- The companies Act, 2013 (the Act) and the rules made thereunder ;
- The Securities Contracts (Regulations) Act, 1956 (SCRA) and the rules made thereunder ;
- The Depositories Act, 1996 and the Regulations and Bye Laws framed thereunder ;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;
- 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, 2011;
 - (c)The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2011;
 - (d)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;
 - (e)The company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited,

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., the detail of which are attached as Annexure to the management representation.

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- The Listing Agreements entered into by the company with Bombay Stock Exchange Limited, during the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.



HISAR SPINNING MILLS LIMITED

I / We further report that

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

Adequate notice is given to all directors to schedule the Board 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 28, 2015

Sanjiv Kumar Goel
FCS No.2107
C P No. 1248



Annexure '2' to Directors' Report

Information as per section 217(1)(e) read with companies (Disclosure of Particulars in the Report of Directors) Rules 1988 and forming part of the Director's Report for the period ended 31st March, 2015.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

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

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

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

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

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

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

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A) Power and Fuel consumption		
a) Purchased Unit (KW)	4132768	3991147
Total Amount	33508880	29417825
Rate/Unit (Rs)	8.11	7.37
b) Through Diesel Generator		
Units(KW)	304500	256309
Total Amount	4845544	3682161
Rate/Unit (Rs/KW)	15.91	14.37
B) Consumption Per Unit Of Production	1457 Units	1655 Units
Steam Coal	Nil	Nil
Furnace Oil	Nil	Nil
Others/Internal Generators	Nil	Nil
Cotton Yarn Production In MT	3045.629	2566.525
Total Units Consumed	4437268	4247456



II. TECHNOLOGY ABSORPTION

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

1) Research & Development (R & D)

a) Specific area in which R & D carried by the Company: Nil

b) Benefits derived as a result of the above R & D: Nil

c) Future plan of Action: Nil

d) Expenditure on R & D (Rs. In Lacs)

Capital	NIL
Revenue	NIL
Total	NIL

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

2) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts, in brief, made towards technology absorption, adaptation and innovation: Nil

b) Benefits derived as a result of the above efforts e. g. product improvement, cost reduction, product development, import substitution etc: Nil

c) In case of imported technology (imported during the last 5 year reckoned from the beginning of the financial year) -- Nil

3) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Expenditure in foreign currency during the financial year on account:
Amount (in Rs.)

Particulars	For the Year ended 31.03.2015
Commission on sales	50921
Capital advances	5050617
Total	5101538

Earnings in foreign exchange:

Export of goods calculated on FOB basis

Particulars	Amount (in Rs.) For the Year ended 31.03.2015
Manufactured Goods	2650999
Total	2650999

By order of the Board

Place: Chandigarh
Dated: September 04, 2015

(Gopal Krishan Gupta)
Chairman Cum Managing Director
DIN-00192985



Annexure '3' to Directors' Report

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2015
Of
HISAR SPINNING MILLS LIMITED**

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

HISAR SPINNING MILLS LIMITED

II. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: - Nil
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
I) Category-wise Share Holding

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

HISAR SPINNING MILLS LIMITED



Companies									
g) FIs									
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	--	--	--	--	--	--	--	--	--
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	66700	25100	91800	2.45	68800	23700	92500	2.48	
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	195000	1533800	1728800	46.30	196900	1531200	1728100	46.27	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	49100	20000	69100	1.85	49100	20000	69100	1.85	
c) Others (specify)	200	-	200	0.00	200	-	200	0.00	
Sub-total (B)(2):-	311000	1578900	1889900	50.60	315000	1574900	1889900	50.60	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	311000	1578900	1889900	50.60	315000	1574900	1889900	50.60	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	699390	3035610	3735000	100	703390	3031810	3735000	100	--

(II) Shareholding of Promoters

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



				to total shares				
1.	Ram Charan Budhwar	25000	0.00	-	25000	0.00	-	-
2.	Ravi Raj Singh	400	0.00	-	400	0.00	-	-
3.	Satvir Singh	24940	0.00	-	24940	0.00	-	-
4.	Arun Goel	3100	0.67	-	3100	0.67	-	-
5.	Hari Krishan	45000	0.01	-	45000	0.01	-	-
6.	Sharat G Goel	27940	0.67	-	27940	0.67	-	-
7.	Sharat G Goel	97600	0.08	-	97600	0.08	-	-
8.	Devinder Goel	39400	1.20	-	39400	1.20	-	-
9.	Gulab Singh Goel	10000	0.75	-	10000	0.75	-	-
10.	Gulab Singh Goel	400	2.61	-	400	2.61	-	-
11.	Sharad Goel	40000	1.05	-	40000	1.05	-	-
12.	Manju Goel	48900	0.27	-	48900	0.27	-	-
13.	Triloki Nath Goel	75000	0.01	-	75000	0.01	-	-
14.	Hari Krishan Goel	115000	1.07	-	115000	1.07	-	-
15.	Sunila Goel	163867	1.31	-	163867	1.31	-	-
16.	Usha Rani Gupta	60000	2.01	-	60000	2.01	-	-
17.	Gopal Krishan Gupta	63100	3.08	-	63100	3.08	-	-
18.	M.L. Kansal	12400	4.39	-	12400	4.39	-	-
19.	Sharda Kansal	33150	1.61	-	33150	1.61	-	-
20.	Sapna Kansal	79765	1.89	-	79765	1.89	-	-
21.	Salesh Gupta	29100	0.33	-	29100	0.33	-	-
22.	Shashi Bhushan Gupta	87050	0.89	-	87050	0.89	-	-
23.	Anuj Gupta	29950	2.14	-	29950	2.14	-	-
24.	Anuj Gupta (HUF)	17018	0.78	-	17018	0.78	-	-
25.	Anurag Gupta	20000	2.33	-	20000	2.33	-	-
26.	Ashwani Gupta	27000	0.80	-	27000	0.80	-	-
27.	Gopal Krishan Gupta & Sons HUF	24500	0.46	-	24500	0.46	-	-
28.	Roshan Lal Gupta & Sons HUF	5100	0.54	-	5100	0.54	-	-
29.	Hari Kumar	32800	0.72	-	32800	0.72	-	-
30.	Tara Devi	7700	0.66	-	7700	0.66	-	-

**HISAR SPINNING MILLS LIMITED**

31.	Salesh Gupta	10000	0.14	-	10000	0.14	-	-
32.	Anurag Gupta (HUF)	25000	0.88	-	25000	0.88	-	-
33.	Anju Gupta	26000	0.21	-	26000	0.21	-	-
34.	Gopal Krishan Gupta Executor Roshan Lal	25000	0.27	-	25000	0.27	-	-
35.	Gopal Anurag (HUF)	160000	0.67	-	160000	0.67	-	-
36.	Gopal Krishan & Sons (HUF)	8700	0.70	-	8700	0.70	-	-
37.	Gopal Anuj (HUF)	9300	0.67	-	9300	0.67	-	-
38.	Nikhil Goel	146190	4.28	-	146190	4.28	-	-
39.	Shilpa Goel	10000	0.23	-	10000	0.23	-	-
40.	Ritesh Goel	11000	0.25	-	11000	0.25	-	-
41.	Ankit Goel	19100	3.91	-	19100	3.91	-	-
42.	Bindu Goel	5100	0.27	-	5100	0.27	-	-
43.	Shrutl Goel	7200	0.29	-	7200	0.29	-	-
44.	Tarun Goel	93600	0.51	-	93600	0.51	-	-
45.	Manju Goel	9100	0.14	-	9100	0.14	-	-
46.	Megha Goel	17200	0.19	-	17200	0.19	-	-
47.	Sharad Goel	17400	2.51	-	17400	2.51	-	-
48.	Naveen Kansal	25000	0.24	-	25000	0.24	-	-
49.	Anurag Gupta	400	0.46	-	400	0.46	-	-
50.	Anuj Gupta	24940	0.47	-	24940	0.47	-	-
	Total	1845100	49.40		1845100	49.40		

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

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Increase/Decrease during the year	-	-	-	-
	At the End of the year	-	-	-	-

**HISAR SPINNING MILLS LIMITED****(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		% change in share holding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Shashi Rani & Shyam Sunder Gupta	49100	1.31	49100	1.31	-
2	Sushila Goel	20000	0.54	20000	0.54	-
3	Shri Parasram Holdings Pvt. Ltd	18900	0.51	18900	0.51	-
4	Amulya Leasing & Finance Ltd.	16700	0.45	16700	0.45	-
5	Multiplex Capital Ltd.	15900	0.43	15900	0.43	-
6	CPR Capital Services Ltd.	12800	0.34	12800	0.34	-
7	Sunita Goel	8000	0.21	8000	0.21	-
8	Raman Mehra	7300	0.20	7300	0.20	-
9	Alankit Assignments Limited	6700	0.18	6700	0.18	-
10	Bajrang Lal Goel	6200	0.17	6200	0.17	-

(v) Shareholding of Directors and Key Managerial Personnel:

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



HISAR SPINNING MILLS LIMITED

V. INDEBTEDNESS

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

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	35209542	--	--	35209542
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	208966	--	--	208966
Total (i+ii+iii)	35418508	--	--	35418508
Change in Indebtedness during the financial year				
(a) Addition	--	--	--	--
(b) Reduction	5051738	--	--	5051738
Net Change	(5051738)	--	--	(5051738)
Indebtedness at the end of the financial year				
i) Principal Amount	29627880	--	--	29627880
ii) Interest due but not paid iii) Interest accrued but not due	174009	--	--	174009
Total (i+ii+iii)	29801889	--	--	29801889

HISAR SPINNING MILLS LIMITED



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lacs)

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

B. Remuneration to other directors:

(Rs. in Lacs)

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

**HISAR SPINNING MILLS LIMITED**

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

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

(Rs. in Lacs)

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

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



NOMINATION, REMUNERATION AND EVALUATION POLICY

1. INTRODUCTION

The Company conducts its operations under the directions of the Board of Directors within the framework laid down by the Companies Act, 2013, the Articles of Association of the Company, Listing Agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its Board of Directors and Senior Management. The Company's Board of Directors is dedicated to act in good faith, exercise their judgment on an informed basis and in the best interest of the Company and its stakeholders. This policy is in compliance with the Section 178 of the Companies Act, 2013 read with rules framed thereto and Clause 49 of the Listing Agreement.

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

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

"Key Managerial Personnel" (KMP) means-

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

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

2. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

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

COMMITTEE MEMBER'S INTERESTS

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

VOTING

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



3. TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

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

4. RESPONSIBILITIES OF THE COMMITTEE

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

5. RESPONSIBILITIES OF THE BOARD

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

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

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

6. RESPONSIBILITIES OF INDEPENDENT DIRECTORS

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



HISAR SPINNING MILLS LIMITED

1. Limit on number of directorships

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

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

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

4. Guidelines of professional conduct:

An Independent director shall:

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

5. Role and functions:

The independent directors shall:

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

6. Duties:

The independent directors shall:

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



HISAR SPINNING MILLS LIMITED

- (f) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (g) keep themselves well informed about the company and the external environment in which it operates;
- (h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (j) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (l) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

7. Separate meetings:

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

8. Evaluation mechanism:

- (a) The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.
- (b) The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.
- (c) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (d) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

9. Training of Independent Directors

- (a) The company shall provide suitable training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc.
- (b) The details of such training imparted shall be disclosed in the Annual Report.

7. APPOINTMENT OF DIRECTORS/ KMPs/ SENIOR OFFICIALS

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

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



HISAR SPINNING MILLS LIMITED

- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company.
- the skills and experience that the appointee brings to the role of KMP/ Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole,
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment.

2. Personal Specifications:

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

For details of the personal specifications refer to Annexure 1.

3. Letters of Appointment:

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

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

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

8. EVALUATION FACTORS:

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

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

Rating Scale

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

INDEPENDENT DIRECTORS

Overall Rating

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



HISAR SPINNING MILLS LIMITED

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

NON- INDEPENDENT DIRECTORS/ EXECUTIVE DIRECTORS

Overall Rating

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

COMMITTEES OF BOARD

The Board has constituted the following committees:

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

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

Overall Rating

- ✓ Compliance with Articles of Association, Companies Act & other laws
- ✓ Compliance with ethical standards & Code of Conduct of the Company



HISAR SPINNING MILLS LIMITED

- Committee's accomplishments w.r.t. performance objectives
- Adherence to Articles of Association, Companies Act and other applicable laws
- Redressal of complaints & grievances
- Coordination with other committees and Board of Directors
- Fulfillment of roles & responsibilities
- Adherence to Company's policies and internal procedures

9. REVIEW

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

10. DISCLOSURE

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

Annexure- 1

Personal Specifications for Directors:

1. **Qualifications**

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

2. **Experience**

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

3. **Skills**

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

4. **Abilities and Attributes**

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

5. **Political Inclinations and Opinions.**



**“Mechanism for Performance Evaluation of Directors”
(Legal Framework)**

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

Section 178 of the Companies Act, 2013

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

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

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

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

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

As per Rule 8 of Companies (Meeting of Board and its Powers) Rules, 2014, the Board of Directors of following



classes of Companies shall constitute a Nomination and Remuneration Committee:

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

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

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

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

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

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

I. Guidelines of professional conduct:

An independent director shall:

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

II. Role and functions:

The independent directors shall:

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



HISAR SPINNING MILLS LIMITED

- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall :

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

IV. Manner of appointment:

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



HISAR SPINNING MILLS LIMITED

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

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

V. Re-appointment:

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

VI. Resignation or removal:

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

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

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

(3) The meeting shall:

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

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

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

VIII. Evaluation mechanism:

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

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



Annexure '5' to Directors' Report

RISK MANAGEMENT POLICY**BACKGROUND**

Pursuant to Clause 49 of the Equity listing agreement and SEBI Circular No. CIR/CFD/POLICY/ CELL/2/2014 dated 17 April, 2014 and subsequently amended by Circular No. CIR/CFD/POLICY/CELL/7/2014 on 15 September, 2014, every listed company, except the companies having share capital not exceeding Rs. 10 Crore and Net Worth not exceeding of Rs. 25 Crore as on the last date of previous financial year and the companies listed exclusively on the SME and SME-ITP platforms, shall constitute Risk Management Committee for risk assessment and minimization thereof.

This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluating, monitoring and minimizing identifiable risks.

OBJECTIVE AND PURPOSE OF POLICY

The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to risk management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth financial stability.

IMPLEMENTATION

This policy is in compliance with the amended Clause 49 of the Listing Agreement (w.e.f. 1st October, 2014) which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.

IDENTIFICATION OF RISKS

Risk can minimize only after the identification, or we can say unless we identified the risk, it cannot be minimized. So the first moto of the Risk management Policy is to identify the risks.

In Hisar Spinning Mills Limited, risk can be identified by any director, employee, shareholders, debtors, creditors, bankers, connected agencies. They can report the identified risks to the concerned department. Immediately after the reporting of the risks, departmental head and entire team of the department shall accumulate the information pertaining to the identified risks and evaluate the risks.

KIND OF RISKS



HISAR SPINNING MILLS LIMITED

The risks can be further categorized as

- (a) Minimal
- (b) Moderate
- (c) Extreme

Priority should be given to the extreme risks, which will be more dangerous and the company will have short time to overcome/minimize the said risks.

MANAGEMENT OF THE RISKS

All the risks should be reported to the departmental heads and they will further intimate to the Risk Management Committee. In extreme cases all the concerned department head will report immediately to any member of Risk Management Committee for further consideration of Audit Committee and Board of Directors. The Risk Management Committee constituted under this policy is defined in later part of the policy.

The Board of Directors will consider the risk reported by the Risk Management Committee and the Audit committee of the company. The management will take the necessary action on the reported risk and will do the best for minimization of the risks.

CONSTITUTION OF RISK MANAGEMENT COMMITTEE

The risk management committee consists of the following officials of the company:

1. Mr. Anurag Gupta, Executive Director
2. Mr. Vikas Gupta, Non Executive Independent Director.
3. Mr. Sharad Goel, Chief Financial Officer

The Risk Management Committee or any members of the committee will consider the matter reported by the concerned department heads and the Risk Management Committee and their members can own identify the risks and will advice to the management to minimize risk.

The Risk Management Committee can meet any number of times for consideration and providing the corrective action of risks to the management.

APPLICATION

This policy applies to all areas of the Company's operations.

ROLE OF THE BOARD

The Board will undertake the following actions to ensure risk is managed appropriately:

1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
2. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
3. Ensure that the appropriate systems for risk management are in place.
4. The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible.
5. Participate in major decisions affecting the organization's risk profile.
6. Have an awareness of and continually monitor the management of strategic risks
7. Be satisfied that processes and controls are in place for managing less significant risks.
8. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitor accordingly.
9. Ensure risk management is integrated into Board reporting and annual reporting mechanisms.
10. Convene any Board-Committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

AMENDMENTS

Any subsequent amendments/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this policy. This policy can be amended any time by the Board of Directors of the company.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDIAN COTTON & TEXTILE INDUSTRIES**

India is the world's second largest producer of textiles and garments, with a massive and diverse raw material base. It is the second largest sector in the country after agriculture in terms of employment and provides direct employment to over 45 million people. Besides, another 60 million people are engaged in allied activities. Due to this, Indian Textile Industry is not only of paramount importance to the national economy, it also has an influential presence in global market. The Indian textile industry is set for strong growth, followed by both strong domestic consumption as well as export demand. Indian textiles industry has a strong presence across the value chain. India is the 4th largest exporter of textiles & clothing products to the world. The domestic textile and apparel industry in India is estimated to reach US\$ 141 billion by 2021 as per CII.

COTTON SCENARIO DURING THE YEAR UNDER REVIEW

Cotton is the main cash crops in India. During the cotton year 2014-2015, the Indian cotton crop production as estimated by the Cotton Advisory Board is to be about 390 lac bales as against 417 lac bales during the cotton year 2013-14. During the year, China changed its cotton policy due to which World cotton prices starting declining since April 2014 which also affected the domestic cotton prices. Cotton Corporation of India (CCI) had to undertake MSP operations and procured substantial cotton estimated to be around 8.7 million bales which is equivalent to 22% of the domestic cotton production. The outlook on the Indian cotton spinning industry remains Stable on account of recovery in the export demand and production volumes since November 2014.

IMPACT OF BUDGET 2015-2016 ON TEXTILE INDUSTRIES

The Indian textile industry was hoping for some good schemes as well as favourable incentives from the budget for achieving its high potential for increasing industrial production, generating additional employment and improving export earnings. But the Union Budget 2015-2016 is not so much encouraging for textile industries. The Budget has ignored the highly labour intensive textile industry which has significant potential for growth. The allocation for Technology Upgradation Fund Scheme had been reduced to Rs.1,520 crore for 2015-16 from Rs.1,864 crore allocated for 2014-15. This may turn to have adverse affect on fresh investments. No reduction in the duty burden has been provided for manmade fibres and therefore industry's plans for diversification may be hampered. In fact, the effective rate of excise duty on manmade fibres has gone up from 12.36% to 12.5% under the current budget. Increase in service tax to 14% will also have an adverse impact on the textile industry. The only positive aspect of the Budget for the textile sector is the continuation of the optional excise duty regime. Although the reduction of Corporate Tax from 30% to 25% is indeed a welcome step for all industries.

FUTURE OUTLOOK

The new government at the Centre appears to be pro-investment and many new policies and planned policy changes are expected to provide a boost to the business environment in the country. With a stable government, the business sentiments in the country have improved substantially. It is expected that this shall drive investment and further growth in the textile industry as well.

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

INTERNAL CONTROL SYSTEM

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



integrity and high standard of ethical behaviour and in compliance with the applicable laws and regulations that govern its business.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACES

Being an equal employment opportunity company and to ensure that every employee of the Company is treated with dignity & respect and as mandated under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" the Company has in place a formal policy for Prevention of Sexual Harassment of Employees at Workplace. The Management of the Company has also constituted Internal Complaint Committees at its workplaces to consider and redress the complaints of Sexual Harassment. During the year F.Y. 2014-15, the Company has not received any complaint on sexual harassment.

RISK MANAGEMENT FRAMEWORK

The Company firmly believes that to ensure effective risk management, there ought to be risk management plans to handle the risks based on the priorities and challenges of the business. The factors involved in Identified risks must be considered and the accuracy of assessment is very important. This implies, if proper risk management is implemented as a best practice then massive capital losses can be prevented. Following the same approach and as required under Companies Act & Listing Agreement, the Company has constituted Risk Management Committee and adopted an effective Risk Management Policy in its place to assess, mitigate and to monitor the different risks exposed to the industry in which the Company operates. The Committee on a quarterly basis provides status updates to the Board of Directors of the Company.

HEALTH AND SAFETY MEASURES

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The permanent employee strength of Company as on 31st March 2015 was Twenty Seven. The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The Company has been adopting methods and practices for Human Resources development. With utmost respect to human values, the Company continues to develop its human resources, through appropriate trainings, workshops, motivation/leadership techniques and employee welfare activities at regular intervals.

CAUTIONARY STATEMENT

Statements made in this report describing the Company's projections, estimates, expectations or predictions may be 'forward looking predictions' within the meaning of applicable securities laws and regulations. Actual result may differ from such estimates, projections, etc. whether expressed or implied. Factors which would make a significant difference to the Company's operations include availability of quality raw cotton, market prices in the domestic and overseas markets, changes in Government regulations and tax laws, economic conditions affecting demand / supplies and other environmental factors over which the Company does not have any control

By order of the Board

Place: Chandigarh
Dated: September 04, 2015

(Gopal Krishan Gupta)
Chairman Cum Managing Director
DIN-00192985



INDEPENDENT AUDITOR'S REPORT

To The Members of Hisar Spinning Mills Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Hisar Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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



HISAR SPINNING MILLS LIMITED

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

HISAR SPINNING MILLS LIMITED



- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

Place: Hisar
Date : 30.05.2015



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 9 of the Independent Auditor's Report of even date to the members of Hisar Spinning Mills Limited on the financial statements as of and for the year ended 31st March, 2015).

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a program for the physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No significant discrepancies were noticed on such verification.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. The Company has not accepted any deposits from the public.
6. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products of the Company.
7. (a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable, with the appropriate authorities, though there has been slight delay in few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (b) There are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (c) There were no amounts which were required to be transferred to Investor Education and Protection Fund. Thus, paragraph 3(vii)(c) of the Order is not applicable.



HISAR SPINNING MILLS LIMITED

8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
9. The Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding debentures during the year.
10. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. The Company has not obtained any fresh term loan during the year under consideration. Hence, comments under paragraph 3(xi) of the Order are not called for.
12. Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

Place: Hisar
Date : 30.05.2015

HISAR SPINNING MILLS LIMITED



Balance Sheet as at 31st March 2015

Particulars	Note No.	As at 31.03.2015		As at 31.03.2014	
In ₹					
EQUITY AND LIABILITIES					
Shareholders' funds					
(a) Share capital	3	43850000		43850000	
(b) Reserves and surplus	4	<u>21232518</u>	65082518	<u>13345757</u>	57195757
Non-current liabilities					
(a) Long-term borrowings	5		17295661		23789834
Current liabilities					
(a) Short-term borrowings	6	5864557		4422122	
(b) Trade payables	7	3890487		3660171	
(c) Other current liabilities	8	<u>10562455</u>	20317499	<u>11580894</u>	19663187
Total			<u>102695678</u>		<u>100648778</u>
ASSETS					
Non-current assets					
(a) Fixed assets	9				
(i) Tangible assets		29458242		41976797	
(ii) Capital work-in-progress		3824017		-	
(b) Deferred tax assets (net)	10	3235187		1045974	
(c) Long-term loans and advances	11	7132244		1671657	
(d) Other non-current assets	12	<u>2844974</u>	46494664	<u>2745609</u>	47440037
Current assets					
(a) Inventories	13	34743714		38520048	
(b) Trade receivables	14	6311182		7263899	
(c) Cash and cash equivalents	15	13066917		4223534	
(d) Short-term loans and advances	16	377949		1018694	
(e) Other current assets	17	<u>1701252</u>	56201014	<u>2182566</u>	53208741
Total			<u>102695678</u>		<u>100648778</u>

Significant accounting policies

2

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

As per our attached report of even date
for JAIN & ANIL SOOD

Chartered Accountants
Firm Registration No. 010505N

for and on behalf of the Board

Place: Hisar
Date : 30.05.2015

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

(GOPAL KRISHAN GUPTA)
Managing Director
DIN: 00192985

(T.N. GOEL)
Director
DIN: 0019310

(SHARAD GOEL)
Chief Financial Officer

(TANU SHARMA)
Company Secretary

(ANURAG GUPTA)
Chief Executive Officer
DIN: 00192888

HISAR SPINNING MILLS LIMITED

Statement of Profit and Loss for the year ended 31st March 2015

In ₹

Particulars	Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014
REVENUE			
Revenue from operations	18	239216185	210871370
Other income	19	1262977	765696
Total revenue		240479162	211637066
EXPENSES			
Cost of materials consumed	20	157134214	129576332
(-) Increase/ decrease in inventories	21	564779	6100418
Employee benefits expense	22	3075293	2341031
Finance costs	23	2831478	3438385
Depreciation	24	13453257	11084609
Other expenses	25	53118461	45456598
Total expenses		230175482	197977373
Profit before tax		10303680	13659693
Less: tax expense:			
(1) Current tax		4606132	2732997
Less: Mat credit entitlement		0	-163976
Net current tax		4606132	2896973
(2) Deferred tax		-2189213	-1209950
Profit for the period		7886761	1687023
Earnings per equity share (EPS):	26		
(Nominal value of equity share - ₹ 10/-)			
Basic EPS (₹)		2.11	3.21
Diluted EPS (₹)		2.11	3.21

Significant accounting policies

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

As per our attached report of even date

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

for and on behalf of the Board

Place: Hisar
Date : 30.05.2015

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

(GOPAL KRISHAN GUPTA)
Managing Director
DIN: 00192985

(T.N. GOEL)
Director
DIN: 00193103

(SHARAD GOEL)
Chief Financial Officer

(TANU SHARMA)
Company Secretary

(ANURAG GUPTA)
Chief Executive Officer
DIN: 00192888



Cash Flow Statement for the year ended 31st March 2015

in ₹

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
A. Cash flow from operating activities		
Profit before extraordinary items and tax	10303680	13659693
Adjustments for:		
Depreciation	13453257	11064609
Unrealised foreign exchange losses	-22318	22318
Interest income	-1029326	-527342
Interest expense	2504313	3403966
Operating profit before extraordinary items and working capital changes	25209606	27623244
Movement in working capital:		
Decrease/ (-) increase in trade receivables	975035	-1689339
Decrease/ (-) increase in inventories	3776334	-232554
Decrease/ (-) increase in loans and advances and other assets	-3869078	4524673
Increase/ (-) decrease in trade payables and other liabilities	-223242	1354620
Cash generation from operation before extraordinary item	25868655	31580644
Direct taxes paid	-4559715	-3127948
Net cash flow from/ (-) used in operating activities	21308940	28452696
B. Cash flow from investing activities		
(-) Purchase of tangible fixed assets (including capital work-in-progress)	-4758719	-4181071
(-) Increase/ decrease in current term deposits with bank having less than 12 months maturity at the year end (term deposit receipt pledged with bank towards margin money against letter of credit)	-12900000	-
Interest received	414094	310606
Net cash flow from/ (-) used in investing activities	-17244625	-3870465



HISAR SPINNING MILLS LIMITED

C. Cash flow from financing activities

Proceeds from /(-) repayment of long-term borrowings	-7024097	-13689449
Proceeds from /(-) repayment of short-term borrowings	1442435	-3081903
Interest paid	-2539270	-3725728
Net cash flow from/ (-) used in financing activities	-8120932	-20497080
Net increase/ (-) decrease in cash and cash equivalents	-4056617	4085151
Cash and cash equivalents at the beginning of the year	4223534	138383
Cash and cash equivalents at the end of the year	166917	4223534
<u>Components of cash and cash equivalents</u>		
Balances with banks in current accounts	32447	221796
Balances with banks in term deposit accounts	-	3775000
Cash on hand	134470	226738
	166917	4223534

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

As per our attached report of even date

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

for and on behalf of the Board

Place: Hisar
Date : 30.05.2015

(RAJESH KUMAR JAIN)
Partner
Membership No. 088447

(GOPAL KRISHAN GUPTA)
Managing Director
DIN: 00192985

(T.N. GOEL)
Director
DIN: 00193103

(SHARAD GOEL)
Chief Financial Officer .

(TANU SHARMA)
Company Secretary

(ANURAG GUPTA)
Chief Executive Officer
DIN: 00192888



Notes to financial statements for the year ended 31st March 2015

1. Corporate Identification number and nature of operations

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

2. Significant accounting policies

(a) Basis of preparation

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

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

(b) Use of estimates

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

(c) Revenue recognition

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

(d) Employee benefits

(i) Short-term employee benefits

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

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

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

(iii) Compensated absences

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



HISAR SPINNING MILLS LIMITED

(iv) Defined benefit plan - gratuity

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

(e) Fixed assets

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

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

(f) Depreciation

Depreciation on tangible fixed assets has been provided on written down value method over the estimated useful life of assets. With effect from 1st April, 2014, the Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II to the Companies Act, 2013 as against the earlier practice of depreciating at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

(g) Impairment of assets

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

(h) Inventories

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

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

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

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

Saleable waste has been valued at estimated net realisable value.

**(i) Effects of change in foreign exchange rates**

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction. At each balance sheet date foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

(j) Government grants

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

(k) Borrowing costs

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

(l) Tax expense

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

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

(m) Segment reporting

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

(n) Provisions, contingent liabilities and contingent assets

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



in ₹

	As at 31.03.2015		As at 31.03.2014	
	Number of shares	Amount	Number of shares	Amount
3. Share capital				
Authorised				
Equity shares of ₹ 10/- each	8000000	80000000	8000000	80000000
Preference shares of ₹ 10/- each	2000000	20000000	2000000	20000000
Total		<u>100000000</u>		<u>100000000</u>
Issued				
Equity shares of ₹ 10/- each	3735000	37350000	3735000	37350000
5% Redeemable non cumulative preference shares of ₹ 10/- each	650000	6500000	650000	6500000
Total		<u>43850000</u>		<u>43850000</u>
Subscribed and fully paid				
Equity shares of ₹ 10/- each	3735000	37350000	3735000	37350000
5% Redeemable non cumulative preference shares of ₹ 10/- each	650000	6500000	650000	6500000
Total		<u>43850000</u>		<u>43850000</u>

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

Equity shares of ₹ 10/- each:

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

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

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



As at
31.03.2015

As at
31.03.2014

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

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

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

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

Name of the shareholder	Number of shares	% held	Number of shares	% held
Equity shares of ₹ 10/- each:				
5% Redeemable non cumulative preference shares of ₹ 10/- each:				
Gopal Krishan Gupta	110000	16.92	110000	16.92
M.L. Kansal	70000	10.77	70000	10.77
Saran Pal Singh	-	-	70000	10.77
Kuldeep Kaur	-	-	40000	6.15
Nikhil Goel	132000	20.31	132000	20.31
Bindu Goel	92000	14.15	92000	14.15
Anurag Gupta	55000	8.46	-	-
Anuj Gupta	55000	8.46	-	-



In ₹

	As at 31.03.2015		As at 31.03.2014	
4. Reserves and surplus				
Capital reserves				
As at the commencement of the year	3342000		3342000	
Add: receipt during the year	-	3342000	-	3342000
Surplus i.e. balance in statement of profit and loss				
As at the commencement of the year	10003757		-1968913	
Add: Profit for the year as per the statement of profit and loss	7886781	17890518	11972670	10003757
Total		21232518		13345757
5. Long-term borrowings				
Secured (*)				
Term loan from bank	0		388449	
Term loans from financial institution	16600000		21930000	
Other long-term borrowings from banks	695661	17295661	1471385	23789834
Total		17295661		23789834

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

Term loan from bank:

Term loans from bank i.e., Punjab National Bank are secured by (a) hypothecation of building constructed/ to be constructed, plant and machinery installed up to 31.03.2011, other assets and equipments purchased with the bank loan along with furniture & fixture. (b) first charge ranking paripassu with Small Industries Development Bank of India (SIDBI) by way of equitable mortgage of all the immovable properties i.e., land & building thereon of the company situated at VPO Dabra, Distt, Hissar, admeasuring about 34 kanal 14 marlas owned by the company. The above securities are also held as security for loan repayable on demand (cash credit) from Punjab National Bank (refer note no. 6 'Short-term borrowings').

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

Term loans from financial institution:

Term loans from financial institution i.e., Small Industries Development Bank of India (SIDBI) together with interest, costs, expenses, penal interest and all other monies dues and payable by the company are secured by (a) first charge by way of hypothecation in favour of SIDBI in a form satisfactory to SIDBI in respect of all the movable fixed assets i.e., plant and machinery, equipment, tools and accessories, moulds, miscellaneous fixed assets etc., save & except stocks and book debts acquired/ to be acquired under the project (new machinery installed specifically from loan financed by SIDBI on or after 01.04.2011). (b) first charge ranking paripassu with Punjab National Bank by way of equitable mortgage in a form satisfactory to SIDBI of all the immovable properties i.e., land & building thereon of the borrower situated at VPO Dabra, Distt, Hissar, admeasuring about 34 kanal 14 marlas owned by the company.

Term loans from financial institution i.e., Small Industries Development Bank of India (SIDBI) are further covered by irrevocable and unconditional personal guarantee of the promoter directors of the company namely Sh. Gopal Krishan Gupta, Sh. Anurag Gupta and Sh. T.N. Goel and by Sh. M.L. Kansal, promoter of the company.

HISAR SPINNING MILLS LIMITED



Other long-term borrowings from banks:

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

Terms of repayment:

Term loan from bank:

(i) Term loan of ₹ 11688000/- is repayable in 28 quarterly instalments of ₹ 418000/- each with effect from March 2009.

	In ₹
Yearwise repayment schedule	2015-2016
Term loans from bank	361938

Term loans from financial institution:

(i) Term loan of ₹ 29300000/- is repayable in 66 monthly instalments commencing 18 months after the date of first disbursement i.e., 02.08.2011. The first 18 instalments of ₹ 300000/- each, next 18 instalments of ₹ 400000/- each, next 18 instalments of ₹ 510000/- each, next 11 instalments of ₹ 625000/- each and the last final instalment of ₹ 645000/-.

(ii) Term loan of ₹ 1700000/- is repayable in 66 monthly instalments commencing 18 months after the date of first disbursement i.e., 02.08.2011. The first 18 instalments of ₹ 150000/- each, next 18 instalments of ₹ 250000/- each, next 18 instalments of ₹ 300000/- each, next 11 instalments of ₹ 350000/- each and the last final instalment of ₹ 550000/-.

	In ₹			
Yearwise repayment schedule	2015-2016	2016-2017	2017-2018	2018-2019
Term loans from financial institution	5330000	6480000	7440000	2680000

Other long-term borrowings from banks:

(i) Other long-term borrowing from ICICI Bank Limited amounting to ₹ 1500000/- is repayable in 36 equated monthly instalments (EMIs) of ₹ 48585/- (including interest).

(ii) Other long-term borrowing from HDFC Bank Limited amounting to ₹ 800000/- is repayable in 36 equated monthly instalments (EMIs) of ₹ 25600/- (including interest).

	In ₹		
Yearwise repayment schedule (principal)	2015-2016	2016-2017	2017-2018
Other long term borrowings from banks	775724	647491	48170



in ₹

	As at 31.03.2015	As at 31.03.2014
6. Short-term borrowings		
Secured (**)		
Loan repayable on demand from bank (cash credit)	5864557	4422122
Total	<u>5864557</u>	<u>4422122</u>

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

Loan repayable on demand from bank (cash credit) is secured by hypothecation of stocks of raw material, work-in-progress, finished goods, stores and spares and hypothecation of entire receivables/ book debts.

The said facilities from Punjab National Bank are further secured by hypothecation of block assets of the company 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 & building thereon of the company situated at VPO Dabra, Distt. Hissar, admeasuring about 34 kanal 14 marlas owned by the company. These securities are also held as security for long-term borrowings (refer note no. 5 'Long-term borrowings').

Loan repayable on demand from bank (cash credit) is also covered by personal guarantee of the promoter directors of the company namely Sh. Gopal Krishan Gupta, Sh. Anurag Gupta and Sh. T.N. Goel and by Sh. M.L. Kansal, promoter of the company.

in ₹

	As at 31.03.2015	As at 31.03.2014
7. Trade payables		
Micro, small and medium enterprises (***)	-	-
Others	3890487	3660171
Total	<u>3890487</u>	<u>3660171</u>

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

8. Other current liabilities

Current maturities of long-term borrowings	6487682	6897586
Interest accrued but not due on borrowings	174009	208966
<u>Other payables</u>		
- Advances from customers	56133	509226
- Creditors against capital goods	163950	967539
- Accrued employee benefits expense	286886	234258
- Statutory dues	327109	66325
- Other liabilities	<u>3086906</u>	<u>2596994</u>
Total	<u>10562455</u>	<u>11580894</u>



In ₹

Description of assets	Gross carrying amount		Depreciation		Net carrying amount					
	As at 01.04.2014	Additions during the year	Disposal	As at 31.03.2015	Opening accumulated depreciation	Depreciation for the year	Eliminated on disposal of assets	Closing accumulated depreciation	As at 31.03.2015	As at 31.03.2014
9. (i) Tangible assets										
Freehold land and site development	1387964	-	-	1387964	-	-	-	-	1387964	1387964
Buildings	18284344	-	-	18284344	11252216	761907	-	12014123	6270221	7032128
Plant and equipment	97612244	684948	-	98297192	67818408	11364280	-	79180688	19116504	29795836
Furniture and fixtures	481093	-	-	481093	416669	12308	-	429175	51918	64224
Vehicles	3750313	182754	-	3933067	307407	1135591	-	1442998	2490069	3442906
Office equipment	883127	67000	-	950127	628388	179173	-	808561	141566	253739
Total	122399085	934702	-	123333787	80422288	13453257	-	93875545	29458242	41976797
Previous Year's Total	118218014	4181071	-	122399085	69357679	11064609	-	80422288	41976797	48860335

(ii) Capital work-in-progress

3824017



In ₹

	As at 31.03.2015	As at 31.03.2014
10. Deferred tax assets (net)		
Deferred tax assets	3235187	1045974
Depreciation on fixed assets		
	<u>3235187</u>	<u>1045974</u>
Deferred tax assets (net)		
11. Long-term loans and advances (unsecured, considered good)		
Capital advances	5050817	-
Security deposits	2022589	1590748
Prepaid expenses	59038	80909
	<u>7132244</u>	<u>1671657</u>
Total		
12. Other non-current assets (unsecured, considered good)		
Non-current bank balances - term deposits having more than 12 months maturity at the year end (term deposit receipts pledged with banks towards margin against bank guarantees)	1857500	1857500
Interest accrued on term deposits with bank	783338	585368
Advance to gratuity trust	204138	302741
	<u>2844974</u>	<u>2745609</u>
Total		
13. Inventories (Refer note no. 2 (h) for mode of valuation)		
Raw material	14284718	17781817
Work-in-progress	2638852	1337889
Finished goods	13825332	15312878
Stores and spares, diesel and packing material	3781532	3518188
[Including in transit - ₹ 188950/- (previous year - nil)]		
Saleable waste	213180	591678
	<u>34743714</u>	<u>38520048</u>
Total		
14. Trade receivables (unsecured, considered good)		
Outstanding for a period exceeding six months from the date they became due for payment	9429	-
Outstanding for a period not exceeding six months from the date they became due for payment	6301753	7263899
	<u>6311182</u>	<u>7263899</u>
Total		



in ₹

	As at 31.03.2015	As at 31.03.2014
15. Cash and cash equivalents		
Balances with banks		
- in current accounts	32447	221796
- in term deposit accounts	-	3775000
- in term deposit accounts (held as margin money against letter of credit)	12900000	-
- in term deposit accounts (held as margin money against bank guarantees)	1857500	1857500
Cash on hand	134470	226738
	<u>14924417</u>	<u>6081034</u>
Less: Term deposit accounts having more than 12 months maturity at the year end (disclosed under note no. 12)	1857500	1857500
Total	<u>13066917</u>	<u>4223534</u>
Of the above, the balances that meet the definition of cash and cash equivalents as per Accounting Standard (AS) - 3 'Cash Flow Statement' is:	166917	4223534
16. Short-term loans and advances (unsecured, considered good)		
Advance income tax (net of provision for income tax)	197919	244336
Advances to suppliers of goods and services	-	77029
Taxes and duties recoverable/refundable	13498	546416
Other loans and advances	5033	3120
Prepaid expenses	161499	147793
Total	<u>377949</u>	<u>1018694</u>
17. Other current assets (unsecured, considered good)		
Interest subsidy receivable	1103588	1870320
Interest accrued on security deposits and fixed deposits	531495	114233
Export benefits receivable	61656	-
Insurance claim receivable	-	193500
Tangible fixed assets held for sale	4513	4513
Total	<u>1701252</u>	<u>2182566</u>

**HISAR SPINNING MILLS LIMITED**

in ₹

	For the year ended 31.03.2015	For the year ended 31.03.2014
18. Revenue from operations		
Sale of products		
Manufactured goods	<u>236858303</u>	<u>209328874</u>
	<u>236858303</u>	<u>209328874</u>
Other operating revenues		
Sale of waste	2245728	1480409
Sale of scrap	50500	82087
Export benefits	61658	-
	<u>2357882</u>	<u>1542496</u>
Total	<u>239216185</u>	<u>210871370</u>
Details of sale of manufactured goods under broad heads		
Cotton blended yarn	236858303	209328874
19. Other income		
Interest income	1029328	527342
Net gain on foreign currency transactions and translation	54703	-
Insurance claim received	170505	193500
Miscellaneous income	8443	44854
Total	<u>1262977</u>	<u>765696</u>
20. Cost of materials consumed		
<u>Cost of raw materials consumed</u>		
Opening stock of raw materials	17781617	12277283
Add: purchase of raw materials	<u>153829907</u>	<u>135172406</u>
	<u>171591524</u>	<u>147449669</u>
Less :		
Sale of raw materials	172592	111720
Closing stock of raw materials	14284718	17781617
Cost of materials consumed - Total	<u>157134214</u>	<u>129578332</u>
Details of raw material consumed under broad heads		
Textile waste/ Cotton waste	107322944	85059593
Polyester staple fiber	49811270	44516739



in ₹

	For the year ended 31.03.2015	For the year ended 31.03.2014
21. (-) Increase/ decrease in inventories		
Closing inventories		
Finished goods	13825332	15312876
Saleable waste	213180	591678
Work-in-progress	2638952	1337689
	<u>16677464</u>	<u>17242243</u>
Opening inventories		
Finished goods	15312876	16442754
Saleable waste	591678	169275
Work-in-progress	1337689	6730632
	<u>17242243</u>	<u>23342661</u>
(-) Increase/ decrease in inventories - Total	564779	6100418
Details of inventories of finished goods under broad heads		
Closing inventories		
Cotton blended yarn	13825332	15312876
Opening inventories		
Cotton blended yarn	15312876	16442754
Details of inventories of work-in-progress under broad heads		
Closing inventories		
Cotton blended yarn work-in-progress	2638952	1337689
Opening inventories		
Cotton blended yarn work-in-progress	1337689	6730632
22. Employee benefits expense		
Salaries, wages and bonus	2717553	2151884
Contribution to provident fund and other funds	356245	181374
Staff welfare expenses	1495	7773
Total	<u>3075293</u>	<u>2341031</u>
23. Finance costs		
Interest expense	2504313	3403966
Other borrowing costs	327185	34419
Total	<u>2831478</u>	<u>3438385</u>



	For the year ended 31.03.2015	For the year ended 31.03.2014
In ₹		
24. Depreciation		
Depreciation on tangible assets (refer note no. 9)	13453257	11064609
Total	<u>13453257</u>	<u>11064609</u>
25. Other expenses		
Consumption of stores and spare parts	7877168	6889841
Packing material consumed	2179329	1900224
Diesel consumed	4845544	3682161
Power and fuel	33508880	29417825
Contract labour charges and expenses	1266563	1074709
Repair and maintenance		
- Machinery	968760	746246
- Building	-	180011
Insurance charges	373887	292218
Fees and subscription	251954	148199
<u>Auditors remuneration</u>		
- Audit fees	112360	87079
- Tax audit fees	22472	14045
- Certification fees	33708	28090
Legal and professional charges	213910	95296
Net loss on foreign currency transactions and translation	-	12684
Freight and cartage outward	68453	332697
Clearing and forwarding charges (export)	352218	-
Rebate and discount	1725	1130
Miscellaneous expenses	1239750	756143
Total	<u>53116481</u>	<u>45456598</u>



	In ₹	
	For the year ended 31.03.2015	For the year ended 31.03.2014
26. Earnings per equity share (EPS)		
The calculation of EPS as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 'Earning Per Share' notified under the Companies (Accounting Standards) Rules, 2006.		
A statement on calculation of EPS is as under:		
Profit for the period attributable to equity shareholders	7886761	11972670
Total (a)	<u>7886761</u>	<u>11972670</u>
Number of equity shares outstanding during the year (nos.)	3735000	3735000
(Nominal value of equity share - ₹ 10/-)		
Total (b)	<u>3735000</u>	<u>3735000</u>
Basic EPS (₹) (a/b)	2.11	3.21
Diluted EPS (₹) (a/b)	2.11	3.21
Note: There are no potential equity shares		
27. Contingent liabilities and commitments		
(to the extent not provided for)		
(a) Contingent liabilities:		
(i) Counter guarantees issued to Punjab National Bank in respect of the guarantees issued by the said bank in favour of various government authorities.	1857500	1857500
(b) Commitments:		
(i) Performance bonds executed in favour of The President of India against exports obligations for purchase of capital goods under Export Promotion Capital Goods (EPCG) scheme	27673306	27673306
(ii) Estimated amount of unexecuted capital contracts (net of advances)	38045756	

HISAR SPINNING MILLS LIMITED



28. Employee benefits

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

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

in ₹

Particulars	2014-2015	2013-2014
(c) Reconciliation of opening and closing balance of defined benefit obligation:		
1. Present value of obligation as at the beginning of the period	437889	423164
2. Current service cost	95271	63881
3. Interest cost	35031	38085
4. Net actuarial (-) gain/ loss on obligations	34956	-87241
5. Benefits paid	-16269	-
6. Present value of obligation as at the end of the period	586878	437889

(d) Fair value of plan assets:

1. Fair value of plan assets at the beginning of the period	740630	680897
2. Expected return on plan assets	66653	59579
3. Contributions	-	154
4. Benefits paid	-16269	-
5. Actuarial gain/ (-) loss on plan assets	-	-
6. Fair value of plan assets at the end of the period	791014	740630

(e) Amount recognised in the balance sheet:

1. Present value of obligation as at the end of the period	586878	437889
2. Fair value of plan assets at the end of the period	791014	740630
3. Amount recognised in the balance sheet - asset	204136	302741

(f) Expenses recognised during the period:

1. Current service cost	95271	63881
2. Interest cost	35031	38085
3. Expected return on plan assets	-66653	-59579
4. Net actuarial (-) gain/ loss recognised in the period	34956	-87241
5. Expenses recognised in the statement of profit and loss	98605	-44854

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

1. Actual return on plan assets	66653	59579
2. Expected return on plan assets	66653	59579
3. Actuarial (-) gain/ loss on planned assets	0	0

(h) Actuarial (-) gain/ loss recognised

1. Net actuarial (-) gain/ loss on obligations	34956	-87241
2. Actuarial (-) gain/ loss on planned assets	0	0
3. Total actuarial (-) gain/ loss	34956	-87241
4. Actuarial (-) gain/ loss recognised	34956	-87241

(i) Actuarial assumptions:

1. Discount rate (per annum)	8.00%	9.00%
2. Salary growth rate (per annum)	7.00%	7.00%
3. Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
4. Expected rate of return (per annum)	9.00%	8.75%
5. Withdrawal rate (per annum)	2.00%	2.00%
6. Normal retirement age	58 years	58 years

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



29. Related parties disclosures

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

Key management personnel:

Mr. Gopal Krishan Gupta

Mr. Anurag Gupta

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

Usha Yarns Limited

(b) Related party transactions:

in ₹

Sr. No.	Description of the nature of transactions	2014-2015		2013-2014	
		Key management personnel	Enterprises over which there is significant influence	Key management personnel	Enterprises over which there is significant influence
1.	Remuneration	360000	-	360000	-
2.	Repayment of loans-	-	-	2885000	-
3.	Purchase of raw material (including duties and taxes)	-	1724457	-	21429
4.	Sale of raw material (including duties and taxes)	-	515198	-	111720

(c) Details of material related party transactions included in (b) above:

in ₹

Sr. No.	Description of the nature of transactions	2014-2015		2013-2014	
		Key management personnel	Enterprises over which there is significant influence	Key management personnel	Enterprises over which there is significant influence
1.	Remuneration				
	Mr. Anurag Gupta	360000	-	360000	-
2.	Repayment of loans				
	Mr. Gopal Krishan Gupta	-	-	2885000	-
3.	Purchase of raw material (including duties and taxes)				
	Usha Yarns Limited	-	1724457	-	21429
4.	Sale of raw material (including duties and taxes)				
	Usha Yarns Limited	-	515198	-	111720

HISAR SPINNING MILLS LIMITED



30. No amount of dividend has been proposed to be distributed to equity and preference shareholders for the period.
31. There is no impairment of assets during the year.
32. Expenditure in foreign currency during the financial year on account:

Particulars	(In ₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Commission on sales	50921	-
Capital advances	5050617	-
Total	5101538	-

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

	in ₹			
	For the year ended 31.03.2015		For the year ended 31.03.2014	
	Amount	%	Amount	%
(i) Raw materials				
- Imported	-	-	-	-
- Indigenous	157134214	100%	129576332	100%
Total	157134214	100%	129576332	100%
(ii) Stores and spares				
- Imported	-	-	32063	0.48%
- Indigenous	7677168	100%	6657778	99.52%
Total	7677168	100%	6689841	100%

34. Earnings in foreign exchange:
Export of goods calculated on F.O.B. basis:

	in ₹	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Manufactured goods	2650999	1966034
Total	2650999	1966034

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

As per our attached report of even date

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

for and on behalf of the Board

Place: Hisar
Date : 30.05.2015

(RAJESH KUMAR JAIN)
Partner
Membership No. 068447

(GOPAL KRISHAN GUPTA)
Managing Director
DIN: 00192985

(T.N. GOEL)
Director
DIN: 00193103

(SHARAD GOEL)
Chief Financial Officer

(TANU SHARMA)
Company Secretary

(ANURAG GUPTA)
Chief Executive Officer
DIN: 00192888

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)