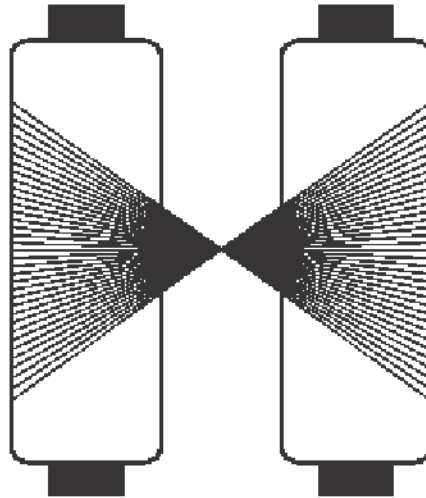


31st

ANNUAL REPORT

2022-2023



H S M L



HISAR SPINNING MILLS LIMITED



BOARD OF DIRECTORS

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

Mr. Anurag Gupta
Managing Director
DIN: 00192888

Mrs. Sapna Kansal
Executive Director
DIN: 06892410

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

Mr. Sandeep Suri
Independent Director
DIN: 07693480

Mr. Sudesh Kumar Garg
Independent Director
DIN: 07692820

AUDIT COMMITTEE

Mr. Mithlesh Kumar Gupta
Chairman

Mr. Sudesh Kumar Garg
Member

Mr. Anurag Gupta
Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Sudesh Kumar Garg
Chairman

Mr. Mithlesh Kumar Gupta
Member

Mr. Nikhil Goel
Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Nikhil Goel
Chairman

Mr. Mithlesh Kumar Gupta
Member

Mrs. Sapna Kansal
Member

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

Mrs. Nikita Singla

Mr. Sharad Goel

AUDITORS**BANKERS**

M/s Jain & Anil Sood
Chartered Accountants
S.C.O. 12, Basement, Feroze Gandhi Market,
Ludhiana - 141001

Punjab National Bank
Main Branch, Hisar 125001

REGD. OFFICE & WORKS

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

THIRTY FIRST ANNUAL GENERAL MEETING

September 30, 2023 i.e Saturday at 11.00 Hrs at the Registered Office of the Company at 9th KM Stone, Hisar Bhiwani Road, V.P.O Dabra (Hisar), Haryana -125005



Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2023.

(Rs. in Lakhs)

Financial Highlights	Year ended 31.03.2023	Year ended 31.03.2022
Total income	4680.02	3685.43
Profit before Financial Cost, Depreciation and Tax	703.78	618.18
Finance cost	30.99	10.72
Profit before Depreciation and Tax	672.79	607.46
Depreciation	249.18	59.55
Profit before tax	423.61	547.91
Less : Tax Expenses		
-Current tax	109.11	86.51
- Adjustment of tax relating to earlier periods	0	0.24
-Deferred tax	-16.63	48.37
Profit for the year	331.13	412.79
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
Remeasurements of the defined benefit plans	2.51	-6.94
Income tax relating to items that will not be reclassified to profit or loss	-0.63	1.75
Total Other Comprehensive Income/ (-) Expense	1.88	-5.19
Total Comprehensive Income for the year	333.01	407.60
Earnings per equity share: (Nominal value of equity share – Rs. 10/-)		
Basic (Rs.)	8.87	11.05
Diluted (Rs.)	8.87	11.05

OPERATIONAL & PERFORMANCE REVIEW

During the year under review, the gross receipts of your Company were Rs. 4680.02 Lakhs as against gross receipts of Rs. 3685.43 Lakhs during the previous year and profit (after tax) was Rs. 331.13 Lakhs for the year as against net profit (after tax) of Rs. 412.79 Lakhs during previous year.

DEPOSITS

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

TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire amount of profits for FY 2022-23 in the Retained Earnings.

DIVIDEND

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

**CHANGE IN NATURE OF BUSINESS**

There was no change in the nature of business.

STATEMENT ON SUBSIDIARIES/ ASSOCIATE AND JOINT VENTURE COMPANIES

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

DIRECTORS

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

As on March 31, 2023 following were the Key Managerial Personnel of Company:

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

STATUTORY AUDITORS

At the 30th Annual General Meeting of Company held on September 30, 2022, M/s M/s Jain & Anil Sood, Chartered Accountants, were appointed as Statutory Auditors of the Company, for a period of five years i.e. from the conclusion of 30th Annual General Meeting of Company till the conclusion of 35th Annual General Meeting of Company to be held in the year 2027, in accordance with the provisions of section 139 of Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014.

AUDITOR'S REPORT

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

SECRETARIAL AUDIT

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

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

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

STATUTORY DISCLOSURES

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

CORPORATE GOVERNANCE

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



of Corporate Governance is annexed to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) in the preparation of annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed and that there are no material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequately and operating effectively.

FRAUDS REPORTED BY AUDITORS u/s 143(12)

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

EXTRACT OF ANNUAL RETURN

The requirement of attaching extract of the Annual Return in Form MGT-9 has been dispensed with by the Companies (Amendment) Act, 2017 effective from July 31, 2018. As per requirements, annual return (Form MGT-7) for the year 2021-22 has been placed on the website of the company, at www.hisarspinningmills.com. Annual Return (Form MGT-7) for the year 2022-23 shall also be placed on the company's website in due course.

NUMBER OF BOARD MEETINGS

During the financial year 2022-23, five Board meetings were held. The meetings were held on May 30, 2022, August 13, 2022, September 06, 2022, November 14, 2022 and February 14, 2023. The other relevant details of Board meetings and the attendance of the Directors etc. is given under Corporate Governance Report annexed with Director's Report.

DECLARATION BY INDEPENDENT DIRECTORS

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

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

RELATED PARTY TRANSACTIONS

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



relationships or transactions vis-a-vis the company. The details of the same are given in Form AOC-2 and is annexed herewith.

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

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

The following is a summary of sexual harassment complaints received and disposed off during the year 2022-23:

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

MAINTENANCE OF COST RECORDS

The maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, have been made and maintained.

MATERIAL CHANGES FROM END OF FINANCIAL YEAR TILL DATE OF REPORT

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

RISK MANAGEMENT POLICY

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

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

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

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

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

The current policy is to have an appropriate mix of executive and non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of March 31, 2023, the Board had six members, two of whom are executive directors, one is a non executive director and three independent directors. One of the executive directors of the Board is a woman director.



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

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

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

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

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

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

DISCLOSURE REGARDING COMPANIES (SHARE CAPITAL AND DEBENTURE) RULES 2014

The paid up listed equity share capital of the Company as at 31st March 2023 was Rs. 3,73,50,000/- comprising of 37,35,000 equity shares of Rs. 10/- each. As required under Companies (Share Capital and Debenture) Rules 2014, during the year under review, the Company has not issued equity shares with differential voting rights, sweat equity shares, preference shares and employee stock options and also not made any provision for purchase of its own shares by employees or by trustees.

DISCLOSURE REGARDING VOTING RIGHT NOT EXERCISED DIRECTLY BY THE EMPLOYEES

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

AUDIT COMMITTEE

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

S.NO.	NAME	DESIGNATION
1	Mr. Mithlesh Kumar Gupta, Non-executive and Independent Director	Chairman
2	Mr. Anurag Gupta, Managing Director	Member
3	Mr. Sudesh Kumar Garg, Non-executive and Independent Director	Member

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

**VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has a vigil mechanism named "Whistle Blower Policy/Vigil Mechanism" to deal with instance of fraud and mismanagement, if any. The Company has adopted revised Whistle Blower Policy w.e.f. 1st April, 2019. The details of the Policy are 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 Listing Regulations. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board, its committee & members, their experience & competencies, performance of specific duties & obligations, governance and also in accordance with Performance Evaluation Policy of Company. Broadly the performance of Non-Independent/Executive/Whole Time Director(s) was evaluated on the basis of their own performance, expertise, intelligence, their qualitative & quantitative contribution towards operational achievements, organizational performance etc. The performance of Non-Executive Independent Directors were evaluated on the basis of their constructive participations in Board/Committee/General meetings, their informed & balanced decision-making, ability to monitor financial controls & systems, & certain allied parameters. The performance evaluation of various Board Committees constituted under Companies Act & Listing Agreement was made on the basis of their respective terms of reference, discharge of functions, governance etc.

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

The Provisions of Rule 5(2) & (3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 requiring particulars of the employees in receipt of remuneration in excess of Rs. 102 Lakhs per year to be disclosed in the Report of Board of Directors are not applicable to the Company as none of the employees was in receipt of remuneration in excess of Rs. 102 Lakhs during the financial year 2022-23.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure forming part of the Annual Report. Having regard to the provisions of Section 136(1) read with its relevant proviso of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished free of cost.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CODE OF CONDUCTS

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

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

ACKNOWLEDGEMENT

Your Directors wish to convey their appreciation to all of the Company's employees for their enormous efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank shareholders,



customers, dealers, suppliers, Financial Institutions, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

By order of the Board of Directors

Place: Chandigarh
Dated: September 06, 2023

Sd/
(Mithlesh Kumar Gupta)
Chairman
DIN - 07692870

FORM NO. AOC.2

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

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

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

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

(a) Name(s) of the related party and nature of relationship:	Mr. Naveen Kansal – Husband of Mrs. Sapna Kansal, Whole Time Director.	Usha Yarns Limited – Common Managing Director and two relatives of Executive Directors are Directors in Usha Yarns Limited and common promoter shareholders
(b) Nature of contracts/ arrangements/ transactions:	Employment	Purchase, sale & supply of goods
(c) Duration of the contracts/ arrangements/ transactions:	Permanent employment	Annual
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	General terms of employment as applicable on other employees.	Purchase, sale & supply of goods at market value
(e) Date(s) of approval by the Board, if any:	29.12.2016	Omnibus Approval on 14.02.2023
(f) Amount paid as advances, if any:	Nil	Nil

By order of the Board of Directors

Place: Chandigarh
Dated: September 06, 2023

Sd/
(Mithlesh Kumar Gupta)
Chairman
DIN - 07692870



Corporate Governance Report

1. Company's philosophy on code of Governance

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

2. Board of Directors

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. As on 31st March 2023, the Board of Directors consists of six Directors, out of which two are Promoter Directors (Managing Director and a non executive Director), one Executive Woman Director and three are Independent Non-Executive Directors. None of the Directors on the board is a member on more than 10 committees and Chairman of more than 5 committees as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("hereinafter referred to as Listing Regulations"), across all the companies in which they are Directors. The necessary disclosures regarding committee memberships have been made by all the Directors. The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 of Companies Act 2013 and rules made there under and meet with requirements of Listing Regulations.

During the financial year 2022-23, five Board meetings were held. The meetings were held on May 30, 2022, August 13, 2022, September 06, 2022, November 14, 2022 and February 14, 2023. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Regulations, a separate meeting of independent directors was held on February 14, 2023 to review the performance of Non-Independent directors including the Chairman and the Boards as a whole. The Independent Directors also reviewed the quality, content and timeliness of follow of information between Management and the Board. All Independent Directors were present in the said meeting.

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

No. of Directorship and Committee Membership/Chairmanship as on 31.03.2023:-

Name of Director	Category	Attendance Particulars		No. of Directorship		No. of Membership/ Chairmanship In Committees*		Names of other listed entities where the person is a director and the category of directorship
		Board Meeting	Last AGM	Members hip	Chairman ship	Member ship	Chairman ship	
Mrs. Sapna Kansal	ED	5	Yes	1	Nil	1	Nil	Nil
Mr. Anurag Gupta	ED / MD	5	Yes	1	Nil	1	Nil	Nil
Mr. Mithlesh Kumar Gupta	INED	5	Yes	1	1	2	1	Nil
Mr. Sudesh Kumar Garg	INED	5	Yes	1	Nil	1	Nil	Nil
Mr. Sandeep Suri	INED	5	Yes	1	Nil	NIL	NIL	Nil