

**ADITYA BIRLA**



**HGI**

ANNUAL REPORT  
2022-2023

HGI INDUSTRIES LIMITED



## **Management Team**

### **DIRECTORS**

Mr. Jyoti Prakash Kanoria  
Mr. Arvind Kumar Newar  
Mr. Yashwant Kumar Daga  
Mr. Ravindra Kastia  
Mrs. Neha Agrawal

### **CHIEF EXECUTIVE OFFICER**

Mr. Hukam Chand Daga

### **CHIEF FINANCIAL OFFICER**

Mr. Kamal Kishor Agarwal

### **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Rakesh Sharma

### **REGISTERED OFFICE**

Industry House  
18<sup>th</sup> Floor,  
10, Camac Street,  
Kolkata - 700017

### **STATUTORY AUDITORS**

M/s Salarpuria Jajodia & Co.

### **SECRETARIAL AUDITORS**

M/s K. Arun & Co.

### **BANKERS**

HDFC Bank Limited

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## Shareholder Information

1.	<b>Annual General Meeting</b>	
	Date and Time	Thursday, 28 <sup>th</sup> September, 2023 at 11.30 a.m. (IST)
2.	<b>Financial Calendar</b>	April, 2023 to March, 2024
	Financial Year of the Company	1 <sup>st</sup> April to 31 <sup>st</sup> March
	Financial reporting for the quarter ending June 30, 2023	By Second week of August, 2023
	Financial reporting for the quarter ending September 30, 2023	By Second week of November, 2023
	Financial reporting for the quarter ending December 31, 2023	By Second week of February, 2024
	Financial reporting for the quarter ending March 31, 2024	By Second week of May, 2024
	Annual General Meeting for the year ended March 31, 2024	August / September, 2024
3.	<b>Dates of Book Closure</b>	Friday, 22 <sup>nd</sup> September, 2023 to Thursday, 28 <sup>th</sup> September, 2023 (Both days inclusive)
4.	<b>Dividend Payment Date</b>	N.A.
5.	<b>Registered Office</b>	Industry House 18 <sup>th</sup> Floor, 10, Camac Street, Kolkata – 700 017 West Bengal, India Tel : +91 33 4455 5500 / 98 Fax : +91 33 4455 5537 Email: hgiho@adityabirla.com Website : www.hgil.com
6.	<b>Corporate Identification Number (CIN)</b>	L40200WB1944PLC011754
7.	<b>Listing on Stock Exchange at</b>	Kolkata
8.	<b>Name of the Stock Exchange</b>	The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata - 700 001 Stock Code: 10018159 <i>Note : Listing Fees for FY 2023-24 has been paid to The Calcutta Stock Exchange Limited as per their schedule and no amount is outstanding.</i>
9.	<b>Name of Depositories</b>	<p><b>1. National Securities Depository Ltd.</b> Trade World, A Wing, 4<sup>th</sup> &amp; 5<sup>th</sup> Floors, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel. : +91 22 2499 4200; Fax: +91 22 2497 6351 E-mail: info@nsdl.co.in Website: www.nsdl.co.in</p> <p><b>2. Central Depository Services (India) Ltd.</b> Marathon Futurex, 'A' Wing, 25<sup>th</sup> Floor, N.M. Joshi Marg, Lower Parel, Mumbai – 400 013 Tel.: +91 22 23058640/8624/8639/8663 Email: helpdesk@cdslindia.com Website: www.cdslindia.com</p>
10.	<b>ISIN</b>	INE 869B01018

## Shareholder Information

11.	<b>Stock Price Data</b>			
<b>The Calcutta Stock Exchange Limited</b> (in ₹)				
	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Av. Volume</b>
F.Y. 2022- 23	-	-	-	-
Since there has been no trading during the year under review, the monthly data are not available and hence not furnished.				
12.	<b>Registrar and Transfer Agents (Physical and Demat)</b>	MCS Share Transfer Agent Limited 383, Lake Gardens, 1 <sup>st</sup> Floor, Kolkata – 700 045 Tel : +91 33 40724051/53 Fax : +91 33 40724050 E-Mail : mcssta@rediffmail.com		
13.	<b>Share Transfer System</b>	Share Transfers are registered normally within 15 days from the date of receipt, provided that the documents are complete in all respects. The total number of equity shares transferred in the physical form during the year was NIL (Previous year: NIL).		

Transfer period (in days)	2022-23				2021-22			
	No. of transfers	No. of Shares	%	Cumulative Total	No. of transfers	No. of Shares	%	Cumulative Total
1 – 10								
11 – 15	-	-	-	-	-	-	-	-
16 – 20	-	-	-	-	-	-	-	-
21 – 30	-	-	-	-	-	-	-	-
30 & above	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

Number of pending Share Transfers as on 31<sup>st</sup> March, 2023 is Nil.

14.	<b>Investor Services: Complaints received during the year</b>			
Nature of Complaints	2022-23		2021-22	
	Received	Cleared	Received	Cleared
1. Relating to Transfer, Transmission, Duplicate Share Certificate, Change of Address, etc.	-	-	-	-
2. Dividends, Interest, Redemption, etc.	-	-	-	-
3. Demat – Remat	-	-	-	-
4. Others	-	-	2	2
<b>Total</b>	-	-	<b>2</b>	<b>2</b>

Legal proceedings on share transfer issues, if any: There are no legal proceedings relating to transfer of shares.

## Shareholder Information

15. Distribution of Shareholding as on 31 <sup>st</sup> March, 2023				
Range	No. of shareholders		No. of Equity Shares	
	Total	%	Total	%
1- 500	1,239	82.88	1,99,564	5.27
501-1000	115	7.69	87,699	2.32
1001-2000	76	5.08	1,06,438	2.81
2001-3000	17	1.14	42,214	1.11
3001-4000	8	0.54	28,171	0.74
4001-5000	5	0.33	23,362	0.62
5001-10000	12	0.80	81,367	2.15
10001 and Above	23	1.54	32,18,840	84.98
<b>Total</b>	<b>1,495</b>	<b>100.00</b>	<b>37,87,655</b>	<b>100.00</b>
<b>Physical shares</b>	<b>829</b>	<b>55.45</b>	<b>2,30,462</b>	<b>6.08</b>
<b>Demat shares</b>	<b>666</b>	<b>44.55</b>	<b>35,57,193</b>	<b>93.92</b>

Number of physical and demat shareholders are after merging the PAN of same folios.

### Category of Shareholding as on 31<sup>st</sup> March, 2023

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Holding
Promoters	6	0.40	7,33,440	19.36
Financial Institutions, Banks, Insurance Companies & Mutual Funds	13	0.87	15,92,876	42.05
NRI/OCB	5	0.33	1,940	0.05
Private Body Corporate	55	3.68	7,14,814	18.88
Individuals/Trust	1,416	94.72	7,44,585	19.66
<b>Total</b>	<b>1,495</b>	<b>100.00</b>	<b>37,87,655</b>	<b>100.00</b>

16.	<b>Dematerialization of Shares and Liquidity</b>	As on 31 <sup>st</sup> March, 2023, 35,57,193 equity shares of the Company representing 93.92 % of the total shares are in dematerialised form. During the financial year 3,099 equity shares of the Company, constituting 0.08% of the issued and subscribed capital of the Company were dematerialised and no equity share was rematerialized.
17.	<b>Details on use of public funds obtained in the last three years</b>	No funds have been raised from the public in last 3 years.

## Shareholder Information

18.	<b>Outstanding GDR / Warrants and Convertible Bonds, Conversion date and likely impact on Equity</b>	N.A.
19.	<b>Commodity Price Risk or Foreign Exchange Risk and Hedging Activities</b>	N.A.
20.	<b>Secretarial Audit</b>	<p>(a) Pursuant to Section 204 of the Companies Act, 2013, M/s K. Arun &amp; Co., Practicing Company Secretaries, have conducted Secretarial Audit of the Company for the financial year 2022-23. The Audit Report is annexed to the Board's Report.</p> <p>(b) Pursuant to the Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates have been issued, on yearly basis, by a Practicing Company Secretary, certifying due compliance of share transfer formalities by the Company.</p> <p>(c) A Practicing Chartered Accountant carries out quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in demat form (held with NSDL and CDSL). The said certificate is submitted quarterly to The Stock Exchange, NSDL and CDSL and is also placed before the Board of Directors.</p>
21.	<b>Plant Locations</b>	None
22.	<b>Investor Correspondence: Share Transfer / De-materialization or other queries relating to Shares of the Company</b>	<p>MCS Share Transfer Agent Limited            383, Lake Gardens, 1<sup>st</sup> Floor, Kolkata – 700 045            Phone : +91 33 40724051/53            Fax : +91 33 40724050            E-Mail : mcssta@rediffmail.com</p>

### 23. Per Share Data:

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Net Earnings [PAT]	<b>(0.01)</b>	<b>0.03</b>	<b>0.18</b>	<b>0.19</b>	<b>0.07</b>
Cash Earnings [PBDT]	<b>(0.01)</b>	<b>0.03</b>	<b>0.18</b>	<b>0.19</b>	<b>0.07</b>
Dividend Per Share (₹)	Nil	Nil	Nil	Nil	Nil
Face Value per Share (₹)	10	10	10	10	10

**Note:** The Financials for the FY 2018-19 to FY 2022-23 have been prepared as per Ind AS.

## Shareholder Information

### 24. Other useful information for Shareholders:

#### (i) *Change of Address*

- (a) Members are requested to notify immediately any change of address (with PIN CODE) and Bank Account details to their Depository Participants (DPs) in respect of their electronic share accounts and Shareholders holding shares in physical form should notify the same to the Company's RTA by written request under the signature of sole/first joint holder quoting reference of their folio number.
- (b) The Securities and Exchange Board of India ('SEBI') vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021 has made it mandatory to furnish PAN, Email address, Mobile Number, Bank Account details and Nomination details by holders of physical securities. Folios wherein any of the said document/details are not available on or after April 01, 2023, shall be frozen and shareholder will not be eligible to lodge grievance or avail service request from RTA and will also not be eligible for receipt of dividend. Further, shareholder holding shares in physical mode are requested to ensure that their PAN is linked to Aadhaar by 30<sup>th</sup> June, 2023 or any other date as may be specified by the Central Board of Direct Taxes to avoid freezing of folio.

Further, as per the above circular of SEBI, the frozen folio shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31<sup>st</sup> December, 2025.

Keeping the above statutory requirement in view, Company has intimated the shareholders holding shares in physical form and sent them the required forms, i.e., ISR -1, ISR-2, ISR-3, ISR-13, ISR-14 in the said matter.

- (c) Members, who hold shares in Physical Form, are advised that a self-attested copy of the PAN card of the Member/Transferee Members, surviving joint holder/legal heirs be furnished to the Company while making request for transfer, deletion of the name of the deceased joint holder, transposition of name and transmission of shares, as the case may be.
- (d) Shareholders who have not yet registered their e-mail address for availing the facility of e-communication are requested to register the same immediately with their DPs in respect of their shares held in dematerialised form and to MCS Share Transfer Agent Limited, in respect of their physical share folios, if any, quoting reference of their folio numbers.

#### (ii) *Communication to the Company*

Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to MCS Share Transfer Agent Limited, 383, Lake Gardens, 1<sup>st</sup> Floor, Kolkata – 700 045, quoting reference of their folio numbers and / or Client ID and DP ID number.

#### (iii) *Loss of Shares*

In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the Police and inform to the Company/RTA along with original or certified copy of FIR/Acknowledged copy of Police Complaint along with a self-attested copy of their PAN card.

#### (iv) *Non-Resident Shareholders*

Non-Resident Shareholders are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form:

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of the Bank Account maintained with a bank in India, if not furnished earlier;

## Shareholder Information

- E-mail ID and Fax No.(s), if any; and
- RBI Permission number with date to facilitate prompt credit of dividend in their Bank Accounts.

**(v) Share Transfer / Dematerialization**

- (a) Share transfer requests are acted upon in 15 days from the date of their receipt. In case no response is received from the Company within 20 days of lodgement of transfer request, the lodger may write to the RTA of the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.
- (b) In addendum to the SEBI circular SEBI/HO/MIRSD/RTAMB/CIR/P/2020/59 dated 13<sup>th</sup> April, 2020 and SEBI/HO/MIRSD/RTAMB/CIR/P/2021/558 dated 29<sup>th</sup> April, 2021, further relaxation is hereby being given by SEBI vide its circular SEBI/HO/MIRSD\_RTAMB/P/CIR/2022/26 dated 25<sup>th</sup> February, 2022 to intermediaries/market participants up to 30<sup>th</sup> June, 2022 for activities/investor requests/ compliance, etc.
- (c) Dematerialization requests duly complete in all respects are normally processed within 7 days from the date of their receipt at Registered Office.
- (d) Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

## Board's Report

### Dear Members,

The Board of Directors of HGI Industries Limited (the "Company") are pleased to present the 79<sup>th</sup> Annual Report along with the Audited Financial Statements of your Company for the Financial Year ended 31<sup>st</sup> March, 2023.

### **FINANCIAL PERFORMANCE**

Your Company has prepared Financial Statements in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013. The financial highlights of your Company are as under:

(₹ in thousands)

Particulars	2022-23	2021-22
Total Income	2,107	1,867
Less: Expenditure	2,147	1,728
<b>Profit/(Loss) before Depreciation, Finance Cost, Exceptional Items and Tax Expenses</b>	<b>-40</b>	139
Less: Depreciation / Amortization / Impairment	16	16
<b>Profit/(Loss) before Finance Cost, Exceptional Items and Tax Expenses</b>	<b>-56</b>	123
Less: Finance Cost	-	-
<b>Profit/(Loss) before Exceptional Items and Tax Expenses</b>	<b>-56</b>	123
Add/(less): Exceptional Items	-	-
<b>Profit/(Loss) before Tax Expenses</b>	<b>-56</b>	123
Less: Tax Expenses	-	-
<b>Profit / (Loss) for the year</b>	<b>-56</b>	123
Balance of Profit/(Loss) for the earlier years	(1,84,953)	(185,076)
Less: Transfer to Reserve	-	-
Add: Transfer from OCI Reserve	-	-
<b>Balance carried forward</b>	<b>(1,85,009)</b>	(1,84,953)
Earning per Equity Share – Basic and Diluted	(0.01)	0.03

\*previous year figures have been regrouped/rearranged wherever necessary.

### Reserves

Your Directors do not propose transfer of any amount to General Reserve.

### Dividend

In view of accumulated losses, your Directors do not recommend any dividend for the Financial Year 2022-23.

### Overall Performance and Future Prospects

The total income of the Company during the Financial Year 2022-23 is ₹ 2,107 Thousand as against ₹ 1,867 Thousand in the previous year. The loss after tax is ₹ 56 thousand as against profit of ₹ 123 Thousand in the previous year. There is no revenue from operations. Total income only comprises of other income.

Your Company is looking for viable business opportunities to be pursued in future.

## Board's Report

### Material changes and commitments, if any, affecting the financial position of the Company

No material change and no commitment, which may affect the financial position of the Company has occurred between the end of the financial year to which the Financial Statement is related and the date of this Report.

### CAPITAL AND DEBT STRUCTURE

During the year, the Company has not made any allotment of Equity Shares. Consequently, there was no change in the issued, subscribed and paid up share capital of your Company from the previous year.

### INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, no amount was required to be transferred to Investor Education and Protection Fund during the year under review.

### MANAGEMENT

#### Directors & Key Managerial Personnel

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Arvind Kumar Newar (DIN 00469492), Non-Executive Director, retires from office by rotation and being eligible, offers himself for re-appointment at the ensuing 79<sup>th</sup> Annual General Meeting.

The Directors of your Company recommend his re-appointment at the ensuing 79<sup>th</sup> Annual General Meeting.

In terms of the provisions of Section 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Hukam Chand Daga, Chief Executive Officer, Mr. Kamal Kishor Agarwal, Chief Financial Officer and Mr. Rakesh Sharma, Company Secretary were the Key Managerial Personnel of the Company during the year under review.

#### Declaration by Independent Directors (IDs)

Mr. Jyoti Prakash Kanoria (DIN - 00225761), Mr. Yashwant Kumar Daga (DIN - 00040632), Mr. Ravindra Kastia (DIN - 00528025) and Mrs. Neha Agrawal (DIN - 05321461) are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they meet the criteria of independence as laid down and fulfil the conditions specified in Section 149(6) of the Companies Act, 2013 and the Rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. All the Independent Directors have declared that they have registered their profile in the data bank of Independent Directors maintained by Indian Institute of Corporate Affairs.

Further, the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the aforesaid Act and Code of Conduct for Directors and Senior Management Personnel.

#### Board of Directors and their meetings

Your Company's Board is duly constituted in compliance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company. Your Board has been constituted with requisite wisdom, expertise and experience commensurate to the scale of operations of your Company.

The composition of Board of Directors is as under:

S. No.	Name	Category
1.	Mr. Jyoti Prakash Kanoria	Independent Director
2.	Mr. Yashwant Kumar Daga	Independent Director
3.	Mr. Arvind Kumar Newar	Non-Executive Director
4.	Mr. Ravindra Kastia	Independent Director
5.	Mrs. Neha Agrawal	Independent Director

## Board's Report

During the financial year 2022-23, 4 (Four) Board Meetings were held on 24<sup>th</sup> May, 2022, 10<sup>th</sup> August, 2022, 10<sup>th</sup> November, 2022 and 10<sup>th</sup> February, 2023 respectively. The attendance at the Board Meetings and at the previous Annual General Meeting is as under:

S. No.	Name	No. of Board Meeting attended	Last AGM Attended
1.	Mr. Jyoti Prakash Kanoria	4	Yes
2.	Mr. Yashwant Kumar Daga	4	No
3.	Mr. Arvind Kumar Newar	4	Yes
4.	Mr. Ravindra Kastia	4	Yes
5.	Mrs. Neha Agrawal	4	Yes

### Committees and Recommendations of Committees

The composition of the Committees of the Board is as under:

#### a. Audit Committee

Pursuant to Section 177 of the Companies Act, 2013, the Audit Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

Members of the Audit Committee (Committee) possess financial/accounting expertise/exposure. The Committee reviewed the unaudited quarterly financial results and also recommended the Financial Statement for the Financial Year 2022-23 for approval of the Board. The Committee also reviewed/approved all the matters which come within the terms of its reference in accordance with the provisions of the Companies Act, 2013, from time to time. All the recommendations made by the Committee during the year were accepted by the Board.

During the year, 4 (Four) number of Committee Meetings were held on 24<sup>th</sup> May, 2022, 10<sup>th</sup> August, 2022, 10<sup>th</sup> November, 2022 and 10<sup>th</sup> February, 2023 respectively.

#### b. Nomination & Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013, the Nomination & Remuneration Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

The role of Nomination & Remuneration Committee is to formulate the criteria for determining qualifications, positive attributes and independence of a Director, remuneration for the Directors, Key Managerial Personnel and Senior Management in accordance with the policy.

During the year, the Committee met once, i.e., on 24<sup>th</sup> May, 2022.

## Board's Report

### c. Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013, the Stakeholders Relationship Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

The role of Stakeholders Relationship Committee is to review the grievances of shareholders of the Company.

During the year, 4 (Four) number of Committee Meetings were held on 24<sup>th</sup> May, 2022, 10<sup>th</sup> August, 2022, 10<sup>th</sup> November, 2022 and 10<sup>th</sup> February, 2023 respectively.

### Meeting of Independent Directors

During the year under review, the Independent Directors met separately on 10<sup>th</sup> February, 2023 pursuant to the provisions of the Companies Act, 2013 inter alia, to:

- review the performance of Non-Independent Directors and the Board of Directors as a whole;
- assess the quality, content and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### Company's Policy on Appointment and Remuneration

The Company has adopted the Nomination & Remuneration Committee Charter and Executive Remuneration Philosophy/ Policy of "Nomination & Remuneration Committee" (Committee). The prime responsibility of the Committee is to identify persons who are qualified to become Directors and who may be appointed in Senior Management position 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, Board and its Committee thereof. The Committee has also formulated a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The Policy is available on Company's website, viz: [www.hgil.com](http://www.hgil.com).

### Annual Evaluation of the Board of Directors

The formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors on the basis of a set of criteria framed by the Nomination & Remuneration Committee and approved by the Board. The performance evaluation, thus, included the following:

- Board Assessment;
- Assessment of each of the Committees constituted by the Board;
- Peer Assessment by each Director

Your Directors were circulated performance evaluation sheets containing various parameters with a rating scale. Accordingly, the Performance evaluation exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, etc. Separate exercise was carried out to evaluate the performance of Individual Directors who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment and a summarized statement of the same was reported to the Board.

## Board's Report

The outcome of such performance evaluation was discussed and based on the above evaluation, it was decided to continue the terms of the appointed Independent Directors and also to seek approval of the shareholders at the forthcoming Annual General Meeting for re-appointment of Director(s) retiring by rotation.

### **Disclosure on remuneration of Directors and Key Managerial Personnel (KMP)**

Pursuant to the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 the remuneration of Key Managerial Personnel of the Company is as under:

### **Remuneration of Key Managerial Personnel (KMP)**

Name of the KMP	Designation	Remuneration in FY 2022-23 (in ₹)	Remuneration in FY 2021-22 (in ₹)	% increase of remuneration in 2023 as compared to 2022
Kamal Kishor Agarwal	Chief Financial Officer	1,20,000	1,20,000	-
Rakesh Sharma	Company Secretary & Compliance Officer	11,71,224	9,15,956	27.86

Your Company aims to provide competitive remuneration opportunities to the executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. The Median Remuneration of Employees (MRE) cannot be computed as there were only two permanent employees on the rolls of the Company during Financial Year 2022-23. During the year, there was no remuneration paid to employee other than managerial personnel. Further, no remuneration was paid to any of the Directors except sitting fees for attending Board and Committee Meetings.

It is affirmed that the remuneration paid to KMPs, during the Financial Year ended 31<sup>st</sup> March, 2023 is as per the Nomination & Remuneration Committee Charter and Executive Remuneration Philosophy/Policy of the Company.

A Statement containing the information of top ten employees in terms of remuneration drawn as required under Section 197(12) read with Rules 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014 and subsequent amendments thereto is annexed to this report as **Annexure 1**.

Further, there was no employee who was in receipt of remuneration in excess of limits prescribed in the said rules.

### **Directors' Responsibility Statement**

Your Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013. In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2023, the Directors state that:

- the applicable accounting standards had been followed along with proper explanation relating to material departure, if any;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis;

## Board's Report

- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Internal Financial Controls**

During the year, the Company had adequate Internal Financial Controls over financial reporting commensurate with the size and nature of its business and the same were operating effectively.

### **Details of fraud as per Auditors Report**

During the year under review, no instances of fraud have been reported by the Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013.

### **PERFORMANCE OF SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES**

Your Company has no subsidiary company and has not become subsidiary of any other company during the year under review.

### **PARTICULARS OF DEPOSITS**

Your Company has not accepted any deposits from public in terms of Section 73 and/or Section 74 of the Companies Act, 2013 during the year under review.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year, the Company has not given any loan or provided any guarantee or made any investment in any body corporate.

### **PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES**

The Company is having a policy on Related Party Transaction to ensure the compliances of provisions of the Companies Act, 2013. During the year, the Company had not entered into any transactions as enumerated in Section 188 of the Companies Act, 2013 (the Act) and Rules made thereunder with its Related Party as defined in Section 2(76) of the Act.

### **CORPORATE SOCIAL RESPONSIBILITY**

The requirement as per Section 135 of the Companies Act, 2013 to include an annual report on CSR activities containing the particulars specified in the Rules is not applicable to the Company.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO**

There was no operation during the year under review and hence, furnishing of information under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption is not applicable.

Further, during the year under review, there was no foreign exchange earning and outgo.

### **RISK MANAGEMENT**

Your Directors periodically reviews and identifies the element of risk, if any, which may threaten the existence of the Company. During the year, Company had no operations and no operational risks were existing that may have threatened the existence of the Company.

### **VIGIL MECHANISM/WHISTLE BLOWER**

In compliance with the provision of Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (LODR), Regulations, 2015, your Company has established a robust Vigil

## Board's Report

Mechanism for reporting of concerns through the Whistle Blower Policy. The policy provides for framework and process, for the employees and directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal. Adequate safeguards have been provided against victimization to those who avail of the mechanism and access to the Chairman of the Audit Committee is provided to them in exceptional cases. The details of such policy is also available at the website of the Company, viz., [www.hgiil.com](http://www.hgiil.com). During the year, no complaint was received/reported under the Vigil Mechanism/Whistle Blower Policy.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

During the year, no significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status of the Company.

### **STATUTORY AUDITORS AND THEIR REPORT ON FINANCIAL STATEMENT**

In the Annual General Meeting held on 19<sup>th</sup> September, 2019, M/s Salarpuria Jajodia & Co., Chartered Accountants, Kolkata (Firm Registration No. 302111E) were re-appointed as Statutory Auditors of the Company for the second term of 5 consecutive years, i.e., to hold office from the conclusion of 75<sup>th</sup> Annual General Meeting (AGM) till the conclusion of 80<sup>th</sup> AGM of the Company to be held in the calendar year 2024.

Further, the report of the Statutory Auditors along with notes to Financial Statement are enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments from the Board u/s 134 (3) (f) of the Act. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### **SECRETARIAL AUDITORS AND THEIR REPORT**

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, M/s K. Arun & Co., Practicing Company Secretaries was re-appointed as the Secretarial Auditors of the Company. The report of the Secretarial Auditors is self-explanatory and do not call for any further comments and is annexed to this report as **Annexure – 2**.

### **COST AUDITORS AND THEIR REPORT**

During the year under review, the Company was not required to conduct Cost Audit, as the provisions of Section 148 of the Companies Act, 2013 are not applicable to the Company.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

During the year under review, the Company has duly complied with the applicable provisions of the Secretarial Standards on Meetings of the Board of Directors and General Meetings issued by The Institute of Company Secretaries of India.

### **HUMAN RESOURCE**

Your Company treats its "human resource" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. Your Company's thrust is on the promotion of talent internally through job enlargement and individual development.

### **ANNUAL RETURN**

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the Financial Year ended 31<sup>st</sup> March, 2023 is uploaded on the website of the Company and can be accessed at <https://hgiil.com/downloadreport.php>.

### **CORPORATE GOVERNANCE**

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

## Board's Report

We, at HGI Industries Limited, are committed to the adoption of best governance practices and its adherence in true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system.

As the requirement under Regulation 34 of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, regarding disclosures pertaining to attaching "Report on Corporate Governance" as an addition to Boards' Report is not applicable on the Company, hence, the same is not annexed hereto.

### **DISCLOSURE ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has in place a policy against Sexual Harassment of Women at Workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013. No case or complaint was reported during the year under review.

### **ACKNOWLEDGEMENT**

Your Directors placed on record their appreciation for the employees of the Company.

Your Directors also thank the vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Governments and other statutory authorities for their continued support.

For and on behalf of the Board

Place : Kolkata  
Date : 24<sup>th</sup> May, 2023

**Jyoti Prakash Kanoria**  
*Director*  
DIN : 00225761

**Yashwant Kumar Daga**  
*Director*  
DIN : 00040632

# Board's Report

## Annexure 1

### HGI Industries Limited

Registered Office: Industry House, 18<sup>th</sup> Floor, 10, Camac Street, Kolkata - 700 017

#### INFORMATION U/S 197(12) OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2023

S. No.	Name	Designation	Remuneration (₹)	Date of Birth (DD-MM-YYYY)	Qualifications	Age (Years)	Nature of Employment Whether Contractual or Otherwise	Experience (Years)	No. of Equity Shares, if Any, held in the Company	Date of Commencement (DD-MM-YYYY)	Details of Previous Employment		
											Name of Employer	Designation	Experience
<b>I. Top 10 employees in terms of remuneration drawn during the year.</b>													
1	Rakesh Sharma	Company Secretary & Compliance Officer	11,71,224	04-04-1986	B.Com, ACS	37	Full Time	8.5	NIL	23-05-2018	Worldwide Safety Private Limited	Company Secretary	3
2	Kamal Kishor Agarwal	Chief Financial Officer	1,20,000	02-04-1951	B.Com	72	Full Time	45	NIL	09-02-2016	Essel Mining & Industries Limited	Deputy Manager	17

#### Note :

- 1) None of the above employee is relative of any Director of the Company.

For and on behalf of the Board

**Jyoti Prakash Kanoria**  
Director  
DIN : 00225761

**Yashwant Kumar Daga**  
Director  
DIN : 00040632

Place : Kolkata  
Date : 24<sup>th</sup> May, 2023

## Board's Report

### Annexure 2

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DAY OF MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
**The Members**  
**H G I Industries Limited**  
**CIN: L40200WB1944PLC011754**

We have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HGI Industries Limited (hereinafter called "the Company")**. The Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, and authorized representatives during the conduct of **Secretarial Audit**, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended **31<sup>st</sup> March, 2023** has 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31<sup>st</sup> March, 2023** according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- III. The Depositories Act, 1996 alongwith SEBI Depositories and Participants Regulations, 2018 and the Regulations and Bye-laws framed thereunder;
- IV. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992: -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- V. We in consultation with the Company came to a conclusion that **no specific laws** were directly applicable with regard to business activities of the Company during the period under review.

We have also examined the compliances made by the company in relation to the following statutory provisions/standards/regulations:

- a. The Agreement entered into by the Company with The Calcutta Stock Exchange Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b. The Secretarial Standards (SS - 1 and SS – 2) issued by the Institute of Company Secretaries of India.

## Board's Report

**We further report that:**

The Board of Directors of the Company **is duly constituted with proper balance of Non-Executive Directors, Independent Directors and a Woman Director**. There has been no change in the composition of the Board of Directors during the period under review.

Adequate notice along with Agenda and detailed Notes on Agenda were sent to all the Directors to schedule the Board Meetings and to all the members to schedule the Committee Meetings. 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.

Further, during the period under review, the shareholding of promoter/promoter group in the Company has increased from the existing 6,51,730 (17.21%) equity shares to 7,33,440 (19.36%) Equity Shares.

**We 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, rules, regulations and guidelines as also represented by the management.

**We further report that**, during the audit process we have not come across any major events which took place in the Company for the period under review.

Place: Kolkata  
Date: 24.05.2023

**K. Arun & Co.**  
*Company Secretaries*

**Shruti Suman**  
*Partner*

FCS: 63129  
C.P. No.: 23880  
UDIN: A063129E000366883

# Financial Statement

## Independent Auditor's Report

**To The Members of  
HGI Industries Limited  
Report on the Audit of the Financial Statements  
Opinion**

We have audited the accompanying Financial Statements of **HGI Industries Limited ("the Company")**, which comprises the Balance Sheet as at 31<sup>st</sup> March, 2023, and the statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013, as amended ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its Loss (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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

The Company's management is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Financial Statements**

The Company's management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 of the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to

## Independent Auditor's Report (Contd.)

liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure- 'A'** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act 2013, as amended, read with relevant rules.
  - (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2023 taken on

## Independent Auditor's Report (Contd.)

record by the management, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure – B" to this report.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

As per the records of the Company and to the best of our information and explanations given to us, there is no remuneration paid/provided by the company to its directors during the year.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations as at 31.03.2023 which would impact its financial position in its Financial Statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There was no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf

of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has neither declared nor paid any dividend during the financial year. Hence, compliance in accordance with Section 123 of the Companies Act, 2013 is not applicable.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For Salarpuria Jajodia & Co.**  
**Chartered Accountants**  
**Firm ICAI Reg. No. 302111E**

**Siddharth Jhajharia**

Partner

Membership No-058419

Partner

Place : Kolkata

Date : 24.05.2023

UDIN : 23058419BGYOMW2621

## Annexure 'A' To The Independent Auditor's Report

### (Referred to Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report)

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

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (B) The company does not have any intangible asset. So, comment on paragraph 3(i)(a)(B) is not applicable.
- (b) As explained to us, property, plant and equipment have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (d) The Company has not revalued any of its Property, Plant and Equipment during the year. So, comment on this clause is not applicable.
- (e) According to information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Refer Note 35 of the Financial Statements.
- ii. (a) Since there is no inventory hence comment on the clause (ii) (a) of the said order is not applicable.
  - (b) The company has not been sanctioned any working capital loan from banks or financial institutions on the basis of security of current assets so comment on clause (ii) (b) of the said order does not arise.
- iii. According to the information and explanations given to us, the Company has not made investments, provided any guarantee or security or granted any loan or advances in the nature of loan, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties during the year. So, comments on clause 3(iii)(a) to (f) of the said order does not arise. However, the company has made investments in earlier years which are not prejudicial to the Company's interest.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to loans or investments made and guarantees or security provided wherever applicable.
- v. According to the information and explanations given to us, there is no such deposits, taken by the Company, for which directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, are required to be complied with. Hence, comment on clause 3(v) of the said order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- vii. (a) According to the records of the Company and as per the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Duty of Custom, Duty of Excise, Value Added tax, Cess and any other Statutory Dues to the appropriate authorities during the year. According to the information and explanations given to us, no undisputed statutory dues were outstanding as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Duty of Custom, Duty of Excise, Value Added tax, Cess and any other Statutory Dues which have not been deposited with the appropriate authorities on account of any dispute save and except, the following disputed statutory dues given below:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Related Year	Forum (where it is pending)
Maharashtra Sales Tax	Sales Tax	337 (Net of deposit of 300)	1990-1991	Deputy Commissioner of Sales Tax
Employees' State Insurance	Employee Dues	7,729 (Net of Deposit of 66)	1994-1995	Employees' State Insurance Court

## Annexure 'A' To The Independent Auditor's Report (Contd.)

- viii. There were no transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Hence comment on Paragraph 3(viii) of the said Order is not applicable.
- ix. a) As per the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Hence comment on Paragraph 3(ix) of the said Order is not applicable.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or any other lender.
- c) The Company has not taken any term loan during the year, hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- d) On an overall examination of the financial statements of the Company, no funds have been raised on short-term basis so reporting under clause 3(ix)(d) of the said order is not applicable.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. a) According to the information and explanations given to us the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, comment on paragraph (x)(a) of the said order is not applicable.
- b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence comment on paragraph 3(x)(b) of the Order is not applicable.
- xi. a) According to the information and explanations given to us, no fraud by the company and any fraud on the company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- c) As per Section 177(9) of the Companies Act, 2013, there is no whistle blower complaints received by the company during the year, therefore comment on this clause of the said order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence comment on paragraph 3(xii)(a)(b)(c) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports for the period under audit.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under Clause 3(xvi)(a) of the said order is not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities. Hence, reporting under Clause 3(xvi)(b) of the said order is not applicable.
- (c) The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. Hence, reporting under Clause 3(xvi)(c) of the said order is not applicable.
- (d) Based on the information and explanations provided by the management of the company, the Group

## Annexure 'A' To The Independent Auditor's Report (Contd.)

has three Core Investment Companies as part of the Group. We have not however separately evaluated whether the information provided by the management is accurate and complete.

- xvii. According to the information and explanations given to us, the Company has incurred cash losses during the financial year amounting to Rs. 40 (Rs. in hundreds), and NIL in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year. Hence, comment on paragraph 3(xviii) of the said Order is not applicable.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing

at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. In our opinion, section 135 of the Companies Act, 2013 is not applicable to the company. Hence, comments on clause 3(xx) of the said order does not arise.

**For Salarpuria Jajodia & Co.**  
**Chartered Accountants**  
**Firm ICAI Reg. No. 302111E**

**Siddharth Jhajharia**

Partner

Membership No-058419

Partner

UDIN : 23058419BGYOMW2621

Place : Kolkata

Date : 24.05.2023

## Annexure 'B' To The Independent Auditor's Report

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

#### **(Referred to Paragraph 2(f) of Report on Other Legal and Regulatory Requirements of our Report of even date to the members of HGI INDUSTRIES LIMITED for the year ended 31<sup>st</sup> March, 2023)**

We have audited the internal financial controls over financial reporting of HGI INDUSTRIES LIMITED ("the Company") as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting

was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

## Annexure 'B' To The Independent Auditor's Report (Contd.)

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2023, based on the internal control over financial

reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Salarpuria Jajodia & Co.**  
**Chartered Accountants**  
**Firm ICAI Reg. No. 302111E**

**Siddharth Jhajharia**

Partner

Membership No-058419

Partner

UDIN : 23058419BGYOMW2621

Place : Kolkata

Date : 24.05.2023

**Balance Sheet** as at 31<sup>st</sup> March, 2023

CIN : L40200WB1944PLC011754

₹ in Thousands

	Notes	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>I ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) Property, Plant and Equipment	3	537	553
b) Financial Assets			
i) Investments	4	1,10,457	83,572
ii) Other Financial Assets	5	16,931	16,407
c) Other Assets	6	771	771
		<b>1,28,696</b>	<b>1,01,303</b>
<b>2) Current Assets</b>			
a) Financial Assets			
i) Cash and Bank Balances			
- Cash and Cash Equivalents	7 (i)	861	229
- Bank Balances other than 7(i) above	7 (ii)	197	1,310
ii) Other Financial Assets	8	115	86
b) Current Tax Assets (Net)	9	255	229
c) Other Assets	10	220	324
		<b>1,648</b>	<b>2,178</b>
<b>Total Assets</b>		<b>1,30,344</b>	<b>1,03,481</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1) Equity</b>			
a) Equity Share Capital	11	37,877	37,877
b) Other Equity	12	67,328	46,089
<b>Total Equity</b>		<b>1,05,205</b>	<b>83,966</b>
<b>2) Liabilities</b>			
<b>i) Non-Current Liabilities</b>			
a) Financial Liabilities			
- Other Financial Liabilities	13	400	400
b) Provisions	14	89	-
c) Deferred Tax Liability (Net)	15	22,926	17,336
		<b>23,415</b>	<b>17,736</b>
<b>ii) Current Liabilities</b>			
a) Financial Liabilities			
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises	16	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		605	670
b) Other Liabilities	17	1,119	1,109
		<b>1,724</b>	<b>1,779</b>
<b>Total Liabilities</b>		<b>25,139</b>	<b>19,515</b>
<b>Total Equity and Liabilities</b>		<b>1,30,344</b>	<b>1,03,481</b>

Significant Accounting Policies

2

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For **Salarpuria Jajodia & Co.**

Firm Registration Number: 302111E

Chartered Accountants

**Siddharth Jhajharia**

Partner

Membership No. 058419

Date : 24<sup>th</sup> May, 2023**Jyoti Prakash Kanoria**

Director

DIN: 00225761

**Hukam Chand Daga**

Chief Executive Officer

**Rakesh Sharma**

Company Secretary

**Yashwant Kumar Daga**

Director

DIN: 00040632

**Kamal Kishor Agarwal**

Chief Financial Officer

**Statement of Profit and Loss** for the year ended 31<sup>st</sup> March, 2023

CIN : L40200WB1944PLC011754

₹ in Thousands

	Notes	2022-23	2021-22
I Revenue from operations (Gross)		-	-
II Other income	18	2,107	1,867
<b>III Total Revenue (I+II)</b>		<b>2,107</b>	<b>1,867</b>
<b>IV EXPENSES</b>			
Employee Benefit Expenses	19	1,419	1,121
Depreciation & Amortisation Expenses	3	16	16
Other Expenses	20	728	607
<b>Total Expenses</b>		<b>2,163</b>	<b>1,744</b>
<b>V. Profit / (Loss) Before Tax V= (III-IV)</b>		<b>(56)</b>	<b>123</b>
VI. Tax Expense		-	-
<b>VII. Profit / (Loss) for the year (V-VI)</b>		<b>(56)</b>	<b>123</b>
<b>VIII. Other Comprehensive Income (OCI)</b>			
<b>Other Comprehensive Income not to be reclassified to profit/ loss in subsequent periods -</b>			
Net Gain / (Loss) on FVTOCI Investments		26,885	9,472
Income Tax Effect on above		(5,590)	(1,968)
<b>Other Comprehensive Income for the year, net of tax - (VIII)</b>		<b>21,295</b>	<b>7,504</b>
<b>Total Comprehensive Income for the year - [(VII) + (VIII)]</b>		<b>21,239</b>	<b>7,627</b>
Earning per Equity Share (nominal value of Share ₹ 10/-each) - Basic and diluted (in ₹ )	21	<b>(0.01)</b>	0.03

**Significant Accounting Policies**

2

**The accompanying notes are an integral part of the Financial Statements**

As per our report of even date

For **Salarpuria Jajodia & Co.**

Firm Registration Number: 302111E

Chartered Accountants

**Siddharth Jhajharia**

Partner

Membership No. 058419

Date : 24<sup>th</sup> May, 2023**Jyoti Prakash Kanoria**

Director

DIN: 00225761

**Hukam Chand Daga**

Chief Executive Officer

**Rakesh Sharma**

Company Secretary

**Yashwant Kumar Daga**

Director

DIN: 00040632

**Kamal Kishor Agarwal**

Chief Financial Officer

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2023

CIN : L40200WB1944PLC011754

### Accounting Policy

Cash flows are reported using the indirect method as set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 of the Companies Act, 2013, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

₹ in Thousands

	2022-23		2021-22	
<b>A. Cash Flow from Operating Activities :</b>				
Profit/(Loss) before tax		(56)		123
Add: Adjustments for :				
Depreciation	16		16	
Interest Income	(907)		(867)	
		(891)		(851)
Operating Profit/(Loss) before Working Capital changes		(947)		(728)
Increase/(Decrease) in Trade Payables	(65)		126	
Increase/(Decrease) in Other Current Liabilities	10		7	
Increase/(Decrease) in Non- Current Provisions	89		-	
Decrease/(Increase) in Other Current Assets	104		(121)	
		138		12
Cash Generation from / (Used in) operations		(809)		(716)
Direct Tax (Payments) / Refunds		(26)		(1)
<b>Net Cash from / (Used in) Operating Activities</b>		<b>(835)</b>		<b>(717)</b>
<b>B. Cash Flow from Investing Activities :</b>				
Interest received		878		867
Fixed Deposits Matured		1,962		1,241
Fixed Deposits made during the year		(1,373)		(1,472)
<b>Net Cash From/(Used in) Investing Activities</b>		<b>1,467</b>		<b>636</b>
<b>C. Cash Flow from Financing Activities :</b>				
Other Borrowing Costs		-		-
<b>Net Cash from / (Used in) in Financing Activities</b>		<b>-</b>		<b>-</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>		<b>632</b>		<b>(81)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		<b>229</b>		<b>310</b>
<b>Cash and Cash equivalents at the end of the year</b>		<b>861</b>		<b>229</b>

**Cash Flow Statement** for the year ended 31<sup>st</sup> March, 2023 (Contd.)

CIN : L40200WB1944PLC011754

₹ in Thousands

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balances with Banks:</b>		
- On Current Accounts	859	225
Cash on hand	2	4
	<b>861</b>	<b>229</b>

**Significant Accounting Policies**

2

As per our report of even date

For **Salarpuria Jajodia & Co.**

Firm Registration Number: 302111E

Chartered Accountants

**Siddharth Jhajharia***Partner**Membership No. 058419*Date : 24<sup>th</sup> May, 2023**Jyoti Prakash Kanoria**

Director

DIN: 00225761

**Hukam Chand Daga**

Chief Executive Officer

**Rakesh Sharma**

Company Secretary

**Yashwant Kumar Daga**

Director

DIN: 00040632

**Kamal Kishor Agarwal**

Chief Financial Officer

**Statement of Changes in Equity** for the year ended 31<sup>st</sup> March, 2023

CIN : L40200WB1944PLC011754

₹ in Thousands

**A. Equity Share Capital**

	Number	Amount
Equity Shares of ₹ 10/- each issued, subscribed and fully paid		
At 31 <sup>st</sup> March, 2021	37,87,655	37,877
Issued during the year	-	-
<b>At 31<sup>st</sup> March, 2022</b>	<b>37,87,655</b>	<b>37,877</b>
Issued during the year	-	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>37,87,655</b>	<b>37,877</b>

**B. Other Equity**

Particulars	Reserves & Surplus				Items of OCI	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings	Net Gain / (Loss) on FVTOCI Investments	
Balance as on 31 <sup>st</sup> March, 2021	30,922	1,200	1,32,759	(1,85,076)	58,657	38,462
Profit / (Loss) for the year	-	-	-	123	-	123
Net Gain / (Loss) on FVTOCI Investments	-	-	-	-	7,504	7,504
Balance as on 31 <sup>st</sup> March, 2022	30,922	1,200	1,32,759	(1,84,953)	66,161	46,089
Profit / (Loss) for the year	-	-	-	(56)	-	(56)
Net Gain / (Loss) on FVTOCI Investments	-	-	-	-	21,295	21,295
<b>Balance as on 31<sup>st</sup> March, 2023</b>	<b>30,922</b>	<b>1,200</b>	<b>1,32,759</b>	<b>(1,85,009)</b>	<b>87,456</b>	<b>67,328</b>

As per our report of even date

For **Salarpuria Jajodia & Co.**

Firm Registration Number: 302111E

Chartered Accountants

**Siddharth Jhajharia**

Partner

Membership No. 058419

Date : 24<sup>th</sup> May, 2023**Jyoti Prakash Kanoria**

Director

DIN: 00225761

**Hukam Chand Daga**

Chief Executive Officer

**Rakesh Sharma**

Company Secretary

**Yashwant Kumar Daga**

Director

DIN: 00040632

**Kamal Kishor Agarwal**

Chief Financial Officer

# Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023

CIN : L40200WB1944PLC011754

## 1. Corporate Information

HGI Industries Limited (the Company ) having CIN No.-L40200WB1944PLC011754 and its registered office at Industry House 18<sup>th</sup> Floor, 10 Camac Street Kolkata-700017, India is a Public Limited Company incorporated and domiciled in India.

### 2.1. Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (“the Act”), read with the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rule, 2016, other relevant provisions of the Act & other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The financial statements for the year ended 31<sup>st</sup> March, 2023 have been approved by the Directors of the Company in their meeting held on 24<sup>th</sup> May, 2023.

The financial statements have been prepared on a historical cost convention, on accrual basis, except for certain financial assets and liabilities which have been measured at fair value as described in accounting policies regarding financial instruments.

The financial statements of the Company have been presented in Indian Rupee (₹) which is the Company’s functional currency. All financial information presented in INR have been rounded off to ‘Thousands’, unless otherwise stated.

Use of Estimates and Management Judgements while preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates & assumptions that affects reported amount of Assets & Liabilities and the disclosure of Contingent Liabilities as at the date of standalone financial statements and the amount of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period in which the same is determined.

### 2.2. Summary of Significant Accounting Policies

#### i) Basis of classification of Current and non-current

Assets and liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of Schedule III to the Companies Act, 2013.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in the Company’s normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in the Company’s normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has considered its operating cycle to be 12 months.

#### ii) Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

CIN : L40200WB1944PLC011754

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### iii) Revenue Recognition

Revenue, if any, from sale of goods will be recognized upon passage of title to the customers which would generally coincide with delivery thereof. Claims, due to uncertainty in realization, are accounted for on acceptance/cash basis. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income, if any, will be recognized on a time proportion basis taking into account the amount outstanding and rate applicable. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between sale price, carrying value of Investment and other incidental expenses. Rental Income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

### iv) Operating Leases

#### Company as Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Property, Plant & Equipment. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

### v) Retirement Benefits and other employee benefits

- (a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders the related service. There are no obligations other than the contributions payable to the respective trusts / funds.
- (b) Short term Employee Benefits are recognised at the undiscounted amount as expense for the year in which the related service is rendered.

### vi) Borrowing Costs

Borrowing costs (including other ancillary borrowing cost) directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### vii) Taxation

Provision for current Income Tax is made on the taxable income using the applicable tax rules and tax laws. Deferred Tax, if any, arising on account of timing difference and which are capable of reversal in one or more subsequent period is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, if any, subject to consideration of prudence are recognized and carried forward only

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

CIN : L40200WB1944PLC011754

to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### viii) Earnings Per Share

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

### ix) Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

### x) Depreciation on Property, Plant and Equipment

(a) Depreciation on Property, Plant and Equipment is provided on straight line method and manner specified in Schedule II of the Companies Act, 2013.

The Company has used the following useful lives to provide depreciation on its fixed assets.

Class of Assets	Useful lives (years)
Building	60
Computer	3 to 6
Office Equipment	5

(b) Depreciation on Property, Plant and Equipment added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal thereof.

### xi) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit and loss.

### xii) Provisions

#### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

CIN : L40200WB1944PLC011754

obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted at a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### xiii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (A) Financial assets

##### Initial recognition and measurement

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

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- (a) Debt instruments at amortised cost
- (b) Debt instruments, derivatives, equity instruments and mutual fund investments at fair value through profit or loss (FVTPL)
- (c) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### (a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

##### (b) Debt instruments, derivatives, equity instruments and mutual fund investments at fair value through profit or loss (FVTPL)

All derivatives and mutual fund investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

##### (c) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

For all equity instruments other than the ones classified as at FVTPL, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when the rights to receive cash flows from the asset have expired.

### **Impairment of financial assets**

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## **(B) Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, financial guarantee contract payables, or derivative instruments.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### **Subsequent measurement**

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

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **Offsetting of financial instrument**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **xiv) Cash and Cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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### xv) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### xvi) Foreign currency transactions and translation

#### (a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (₹), which is the Company's functional and presentation currency.

#### (b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year - end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### xvii) Standards notified but not yet effective:

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### Ind AS 1, Presentation of Financial Statements-

Companies are now required to disclose material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statement.

#### Ind AS 8, Accounting policies, Change in Accounting Estimates and Errors-

Definition of 'change in account estimate' has been replaced by revised definition of 'accounting estimate. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.

- A company develops an accounting estimate to achieve the objective set out by an accounting policy.
- Accounting estimates include: a) Selection of a measurement technique (estimation or valuation technique) b) Selecting the inputs to be used when applying the chosen measurement technique.

The amendments will help entities to distinguish between accounting policies and accounting estimates. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 12, Income Taxes -

Narrowed the scope of the Initial Recognition Exemption (IRE) (with regard to leases and decommissioning obligations). Now IRE does not apply to transactions that give rise to equal and offsetting temporary differences. Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision. The Company has evaluated the same and there is no impact on its financial statements.

**Notes to the financial statements** as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

**3. Property, Plant and Equipment**

Particulars	Freehold land	Buildings*	Office Equipment	Computer	Total
<b>Cost or Valuation</b>					
At 1 <sup>st</sup> April, 2021	125	509	2	13	649
Additions	-	-	-	-	-
Less: On Disposals	-	-	-	-	-
At 31 <sup>st</sup> March, 2022	125	509	2	13	649
<b>Additions</b>	-	-	-	-	-
Less: On Disposals	-	-	-	-	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>125</b>	<b>509</b>	<b>2</b>	<b>13</b>	<b>649</b>
<b>Depreciation</b>					
At 1 <sup>st</sup> April, 2021	-	80	-	-	80
Charge for the year	-	16	-	-	16
Less: On Disposals	-	-	-	-	-
At 31 <sup>st</sup> March, 2022	-	96	-	-	96
<b>Charge for the year</b>	-	16	-	-	16
Less: On Disposals	-	-	-	-	-
<b>At 31<sup>st</sup> March, 2023</b>	-	<b>112</b>	-	-	<b>112</b>
<b>Net Block</b>					
At 31 <sup>st</sup> March, 2022	125	413	2	13	553
<b>At 31<sup>st</sup> March, 2023</b>	<b>125</b>	<b>397</b>	<b>2</b>	<b>13</b>	<b>537</b>

\*Includes cost of shares of ₹ 0.50 thousand (31<sup>st</sup> March, 2022: ₹ 0.50 thousand) in the Housing Co-operative Society.

**Notes :**

- The Company do not have any Immovable Property whose title deeds are not held in the name of the Company during the period ending 31<sup>st</sup> March, 2023 and also as on 31<sup>st</sup> March, 2022.
- Company has not revalued its Property, Plant Equipment during the year.

**4. Non Current Investments**

	Face Value	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Investments at fair value through OCI (FVTOCI)</b>			
<b>Unquoted:</b>			
<b>Equity Shares ( Fully paid )</b>			
7,000 (31 <sup>st</sup> March, 2022: 7,000) Equity Shares of Birla Management Centre Services Private Ltd. (Previously known as Birla Management Centre Services Ltd.)	10	1,10,456	83,571
500 (31 <sup>st</sup> March, 2022: 500) Equity Shares of Mohan Machines Ltd.	10	1	1
		<b>1,10,457</b>	83,572
Aggregate Amount of Investments			
- Quoted		-	-
- Unquoted		1,10,457	83,572
		<b>1,10,457</b>	83,572

**Notes to the financial statements** as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

**5. Other Non-Current Financial Assets**

	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>At Amortised Cost</b> <b>(Unsecured, considered good, unless stated otherwise)</b>		
Bank deposits with original maturity for more than 12 months	16,898	16,374
Security Deposits	33	33
	<b>16,931</b>	<b>16,407</b>

**6. Other Non-Current Assets**

<b>(Unsecured, considered good, unless stated otherwise)</b>		
Deposits against demands under dispute	366	366
Advances recoverable in cash or in kind or for value to be received		
Considered good	405	405
Doubtful	-	-
	<b>405</b>	<b>405</b>
Less: Provision for Doubtful Advances	-	-
	<b>405</b>	<b>405</b>
	<b>771</b>	<b>771</b>

**7. Cash and Bank Balances****7.(i) Cash and Cash Equivalents**

Balances with Banks:		
- On Current Accounts	859	225
Cash on hand	2	4
	<b>861</b>	<b>229</b>

**7.(ii) Other Bank Balances :**

Deposits with maturity for more than 3 months but less than 12 months *	197	1,310
	197	1,310
	<b>1,058</b>	<b>1,539</b>

\* ₹ Nil ( 31<sup>st</sup> March, 2022: ₹ 944 Thousands) has been pledged against bank guarantee.**8. Other Current Financial Assets**

<b>Interest Accrued on:</b>		
- Fixed Deposits	115	86
	<b>115</b>	<b>86</b>

**9. Current Tax Assets (Net)**

Advance Payment of Income Tax & Tax Deducted at Source [net of Provisions of ₹ Nil (31 <sup>st</sup> March, 2022: ₹ Nil)]	255	229
	<b>255</b>	<b>229</b>

**10. Other Current Assets**

<b>(Unsecured, considered good, unless stated otherwise)</b>		
Advances recoverable in cash or in kind or for value to be received	208	312
Pre-paid Expenses	12	12
	<b>220</b>	<b>324</b>

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

### 11. Share Capital

	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number	₹ In Thousands	Number	₹ In Thousands
<b>Authorised</b>				
95,00,000 (31 <sup>st</sup> March, 2022: 95,00,000) Equity Shares of ₹ 10 each	95,000		95,000	
50,000 (31 <sup>st</sup> March, 2022: 50,000) Preference Shares of ₹ 100 each	5,000	1,00,000	5,000	1,00,000
<b>Issued, Subscribed &amp; Paid-up</b>				
37,87,655 (31 <sup>st</sup> March, 2022: 37,87,655) Equity Shares of ₹ 10 each fully paid up		37,877		37,877

#### (a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number	₹ In Thousands	Number	₹ In Thousands
<b>Equity Share</b>				
At the beginning of the year	37,87,655	37,877	37,87,655	37,877
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>37,87,655</b>	<b>37,877</b>	<b>37,87,655</b>	<b>37,877</b>

#### (b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

#### (c) Details of shareholders holding more than 5% shares in the Company

	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
Equity Share of ₹ 10 each fully paid				
Life Insurance Corporation of India	9,57,896	25.29	9,57,896	25.29
Kesoram Industries Limited	4,96,100	13.10	4,96,100	13.10
Birla Group Holdings Private Limited	4,22,322	11.15	4,22,322	11.15
Administrator of The Specified Undertaking of the Unit Trust of India	2,16,269	5.71	2,16,269	5.71

As per records of the Company, the above shareholding represents legal ownership of shares.

**Notes to the financial statements** as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

**Shares held by promoters at the end of the year**

	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Number	% of Total Shares	% Change during the year	Number	% of Total Shares	% Change during the year
Equity Share of ₹ 10 each fully paid						
Birla Group Holdings Private Limited	4,22,322	11.15%	-	4,22,322	11.15%	-
Umang Commercial Company Pvt. Limited	96,715	2.55%	0.35%	83,304	2.20%	-
Kumar Mangalam Birla	69,000	1.82%	-	69,000	1.82%	-
Rajashree Birla	63,604	1.68%	-	63,604	1.68%	-
Neerja Birla	13,500	0.36%	-	13,500	0.36%	-
Padmavati Investment Private Limited	68,299	1.80%	1.80%	-	-	-

**12. Other Equity**

	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>i) Capital Reserve</b>		
Balance as per last Financial Statements	30,922	30,922
<b>ii) Capital Redemption Reserve</b>		
Balance as per last Financial Statements	1,200	1,200
<b>iii) Securities Premium</b>		
Balance as per last Financial Statements	1,32,759	1,32,759
<b>iv) Retained Earnings</b>		
Balance as per last Financial Statements	(1,84,953)	(1,85,076)
Profit / (Loss) for the year	(56)	123
<b>Net Surplus/(Deficit) in the statement of Profit &amp; Loss</b>	<b>(1,85,009)</b>	<b>(1,84,953)</b>
<b>v) FVTOCI Reserve</b>		
Balance as per last Financial Statements	66,161	58,657
Net Gain / (Loss) on FVTOCI Investments	21,295	7,504
	<b>87,456</b>	<b>66,161</b>
<b>Total</b>	<b>67,328</b>	<b>46,089</b>

**Nature and Purpose of Reserve****i) Capital Reserve**

Capital Reserve have arised on the account of demerger.

**ii) Capital Redemption Reserve**

The Company has created Capital Redemption Reserve for the redemption of preference shares.

**iii) Securities Premium**

Securities Premium is the premium on issue of equity shares. The reserve will be utilised in accordance with the provision of the Act.

**iv) Retained Earnings**

Retained Earnings is the present accumulated profits/(losses) earned the Company and remaining undistributed as on date.

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

### v) FVTOCI Reserve

The Company has elected to recognise changes in the fair value of investments in equity instruments through other comprehensive income. This changes are accumulated within the FVTOCI Reserve.

The company transfers amount from this reserve to Retained Earnings when the relevant equity instruments are derecognised.

### 13. Other Non-Current Financial Liabilities

	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Deposits	400	400
	400	400

### 14. Provisions

Provision for Gratuity	89	-
	89	-

### 15. Deferred Tax and Income Tax

<b>Deferred Tax</b>		
<b>Deferred Tax relates to the following:</b>		
<b>Deferred Tax Liabilities</b>		
Unrealised gain on Fair valuation of FVTOCI investments	22,929	17,339
<b>Gross Deferred Tax Liabilities</b>	<b>22,929</b>	<b>17,339</b>
<b>Deferred Tax Assets</b>		
Unrealised loss on Fair valuation of FVTOCI investments	3	3
<b>Gross Deferred Tax Assets</b>	<b>3</b>	<b>3</b>
<b>Net Deferred Tax Liability</b>	<b>22,926</b>	<b>17,336</b>

### Income Tax

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022:

	2022-23	2021-22
<b>Accounting Profit before Income Tax</b>	<b>(56)</b>	<b>123</b>
At India's statutory income tax rate of 26.00% (31 <sup>st</sup> March, 2022: 26.00%)	-	-
Utilisation of brought forward depreciation	-	123
<b>Total Tax Expense / (Income) recognised in the Statement of Profit &amp; Loss</b>	<b>-</b>	<b>-</b>

### Current Liabilities

#### 16. Current Trade Payables

	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
-Total outstanding dues of micro enterprises and small enterprises (Refer Note 23)	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	605	670
	605	670

**Notes to the financial statements** as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

**The ageing analysis of the Trade Payables :**

Particulars	Outstanding as at 31 <sup>st</sup> March, 2023 from due date of payment						Total
	Unbilled Due	Not Due	Upto 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	379	-	226	-	-	-	605
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>379</b>	<b>-</b>	<b>226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>605</b>

**The ageing analysis of the Trade Payables :**

Particulars	Outstanding as at 31 <sup>st</sup> March, 2022 from due date of payment						Total
	Unbilled Due	Not Due	Upto 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	368	-	302	-	-	-	670
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>368</b>	<b>-</b>	<b>302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>670</b>

**17. Other Current Liabilities**

	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Statutory dues Payable	1,119	1,109
	<b>1,119</b>	<b>1,109</b>

**18. Other Income**

	2022-23	2021-22
Rent	1,200	1,000
Interest income on :		
Fixed Deposits	900	856
Tax Refunds	7	11
	<b>2,107</b>	<b>1,867</b>

**Notes to the financial statements** as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

**19. Employee Benefits Expenses**

	2022-23	2021-22
Salaries, Wages & Bonus	1,248	1,059
Contribution to Provident & other Funds (Including Administrative Charges)	49	41
Gratuity	89	-
Employees' Welfare Expenses	33	21
	<b>1,419</b>	<b>1,121</b>

**20. Other Expenses**

	2022-23	2021-22
Rates & Taxes	97	93
Repairs & Maintenance	70	72
Insurance	8	10
Subscription	58	40
Printing & Stationery	12	18
Software Expenses	11	11
Payment to Auditors (Refer details below)	129	127
Legal & Professional Charges	178	102
Directors' Sitting Fees	112	92
General Charges	20	15
Miscellaneous Expenses	33	27
	<b>728</b>	<b>607</b>
<b>Payment to Auditors:</b>		
<b>As Auditor:</b>		
- Audit Fees	127	127
<b>In Other Capacity:</b>		
- For Re-imbusement of Expenses	2	-
	<b>129</b>	<b>127</b>

**21. Earnings Per Share (EPS)**

The following reflects profit &amp; share data used in the Basic and Diluted EPS computation.

	₹ in Thousands		
Profit After Tax		(56)	123
Weighted Average number of Equity Shares	Nos.	37,87,655	37,87,655
Nominal value of Equity Shares	₹	10	10
Basic & Diluted Earning Per Share	₹	(0.01)	0.03

**22. Contingent Liabilities not provided for in respect of :**

	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
a) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company :-		
i) Sales Tax	637	637
ii) Claims from ex- employees	3,608	3,608
iii) ESI Matters (Net of provision)	6,707	6,512
	<b>10,952</b>	<b>10,757</b>
Against the above, payment has been made under protest.	366	366
b) Unredeemed Bank Guarantees	-	838

**Notes to the financial statements** as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

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₹ in Thousands

**23. There are no Micro, Small and Medium Enterprises to which the Company owes dues.****Details of dues to Micro, Small and Medium Enterprises Development Act, 2006 :**

		As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
i)	The principal amount remaining unpaid to any supplier at the end of each accounting year.	-	-
ii)	The interest due thereon remaining unpaid to any supplier at the end of accounting year.	-	-
iii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
v)	The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-

24. In terms of Ind AS - 12 "Accounting for Taxes on Income", Deferred Tax Asset has not been recognised in respect of carry forward losses and depreciation in the accounts, in the absence of convincing evidence that sufficient taxable profits will be available in future against which the aforesaid deferred tax asset may be realised.

25. Since the Company has currently no reportable business segment and the company operates in a single geographical segment, there are no additional disclosures to be provided under Ind AS 108 'Segment Reporting'.

**26. Fair values**

The following table provides fair value measurement hierarchy of the Company's financial assets and liabilities:

	Fair Value Measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Quantitative disclosures fair value measurement hierarchy for assets as at 31<sup>st</sup> March, 2023:</b>			
<b>Assets measured at Fair value</b>			
Unquoted Equity Shares	-	-	1,10,457
<b>Quantitative disclosures fair value measurement hierarchy for assets as at 31<sup>st</sup> March, 2022:</b>			
<b>Assets measured at Fair value</b>			
Unquoted Equity Shares	-	-	83,572

The management assessed that cash and cash equivalents, security deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

CIN : L40200WB1944PLC011754

₹ in Thousands

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The method and assumption used to estimate the fair values of the unquoted equity shares is Net Asset Value (NAV).

### 27.

Ratio	Numerator	Denominator	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	Variation (%)	Reasons
Current ratio	Current Assets	Current Liabilities	0.956	1.224	-22%	
Return on equity ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	(0.001)	0.002	-139%	Mainly on account of decrease in Profit
Trade payables turnover ratio	Total Purchase for goods & other Expenses	Average Trade Payables = (Opening + Closing balance) / 2	1.142	1.000	14%	
Return on capital employed	Earning before interest and taxes	Capital Employed = Tangible Net Worth plus Total Debt + Deferred Tax Liability	(0.000)	0.001	-136%	Mainly on account of decrease in Profit

### Note:

- 1 Since there is no debt, Debt-Equity ratio and Debt service coverage ratio are not applicable.
- 2 Since there is no sales, Inventory Turnover ratio, Trade Receivables Turnover ratio, Net Capital Turnover ratio and Net Profit ratio are not applicable.
- 3 Since there is no realised income on investment, Return on Investment ratio is not applicable.

### 28. Disclosure as per Ind AS 116 Leases

The office premise at Mumbai has been given on operating lease during the year for a period of thirty six months expiring on 14<sup>th</sup> December, 2025.

	₹ in Thousands
Gross Block as on 31 <sup>st</sup> March, 2023	509
Net Block as on 31 <sup>st</sup> March, 2023	397
Lease income during the year 2022-23	1,200
Future minimum lease rentals receivable:	
(i) not later than one year	1,200
(ii) later than one year & not later than 5 years	2,050

**Notes to the financial statements** as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

CIN : L40200WB1944PLC011754

₹ in Thousands

**29. Related Party Disclosures**

As per Ind AS 24, the disclosure of transactions with the related parties are given below:

Name of the Directors	Directors Sitting Fees	
	2022-23	2021-22
Shri Arvind Kumar Newar	26	14
Shri Jyoti Prakash Kanoria	26	26
Shri Ravindra Kastia	26	26
Shri Yashwant Kumar Daga	26	20
Ms. Neha Agrawal	8	6

**30.** The Company has a unfunded defined benefit gratuity plan in India. Every employee who has completed 5 years or more of service is entitled to Gratuity on terms not less favourable than provisions of the “The Payment of Gratuity Act, 1972”.

**31.** Provisions of section 135 of the Companies Act, 2013 are not applicable as the Company does not met any of the eligibility criteria as mentioned in said section.

**32. Loans or advances (repayable on demand or without specifying any terms or period of repayment) to specified persons:**

The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year ending 31<sup>st</sup> March, 2023 and previous year ending 31<sup>st</sup> March, 2022.

**33. Relationship with Struck off Companies :**

The Company do not have any transactions with company’s struck off during the period ending 31<sup>st</sup> March, 2023 and also for the period ending 31<sup>st</sup> March, 2022.

**34. Disclosure in relation to undisclosed income :**

The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the current year and previous year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**35. Details of Benami Property held :**

The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company , during the current & previous year , for holding any Benami property.

**36. Details of Crypto Currency or Virtual Currency :**

The Company has not traded or invested in Crypto currency or Virtual Currency during the current year and previous year .

**37. Utilisation of Borrowed Fund & Share Premium :**

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

## Notes to the financial statements as at and for the year ended 31<sup>st</sup> March, 2023 (Contd.)

CIN : L40200WB1944PLC011754

₹ in Thousands

### 38. Registration of charges or satisfaction with Registrar of Companies (ROC) :

The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period, for the current and previous year.

39. The Company has not been declared wilful defaulter by any bank, financial institution or any other entity.

40. The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

### 41. Financial risk management objectives and policies

The Company's principal financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to finance the Company's activities. The Company's principal financial assets include investment, receivables, and cash and cash equivalents that derive directly from its activities.

The Company is exposed to market risk and credit risk. The Company's management oversees the management of these risks. The Company's management provides assurance that the Company's financial risk activities are governed by appropriate policies and principles.

#### A Market risk

Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity price fluctuation. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments .

#### B Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Credit risk comprises of two types of risk: Customer Credit Risk and Credit risk from balances with banks and financial institutions.

42. Previous periods' figures have been regrouped / rearranged wherever necessary to conform to the current periods' classification.

As per our report of even date

For **Salarpuria Jajodia & Co.**

Firm Registration Number: 302111E

Chartered Accountants

**Siddharth Jhajharia**

Partner

Membership No.058419

Date : 24<sup>th</sup> May, 2023

**Jyoti Prakash Kanoria**

Director

DIN: 00225761

**Hukam Chand Daga**

Chief Executive Officer

**Rakesh Sharma**

Company Secretary

**Yashwant Kumar Daga**

Director

DIN: 00040632

**Kamal Kishor Agarwal**

Chief Financial Officer



**HGI INDUSTRIES LIMITED**  
"INDUSTRY HOUSE"  
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