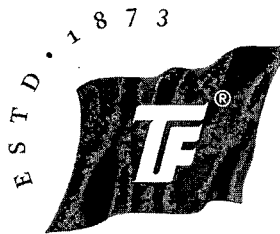


THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

129th Annual Report
OCTOBER 2009 – MARCH 2010



THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

BOARD OF DIRECTORS

SUDHIR THACKERSEY

Chairman

RAOUL S. THACKERSEY

Vice Chairman

ABHIMANYU J. THACKERSEY

Executive Director

CHANDRAHAS K. THACKERSEY

M.R.B. PUNJA (upto 22.7.2010)

D.M. POPAT

R.N. BANSAL

P.B. DESAI

SUJAL A. SHAH

BHAVESH V. PANJUANI (appointed on 22.7.2010)

CONTENTS

PAGE NOS.

Notice.....	2-4
Directors' Report	5-10
Corporate Governance	11-17
Management Discussion and Analysis.....	18
Auditors' Report	19-21
Balance Sheet.....	22
Profit & Loss Account.....	23
Cash Flow Statement	24-25
Schedules "1" to "17".....	26-47
Proxy Form &. Attendance Slip	

SOLICITORS

- 1) MULLA & MULLA AND
CRAIGIE BLUNT & CAROE
- 2) FEDERAL & RASHMIKANT
- 3) HARIANI & CO.

AUDITORS

M.A. PARIKH & CO.
Chartered Accountants

BANKERS

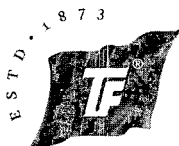
HDFC BANK LTD.
UCO BANK

REGISTERED OFFICE

SIR VITHALDAS CHAMBERS,
16, MUMBAI SAMACHAR MARG,
MUMBAI - 400 001.

129TH ANNUAL GENERAL MEETING ON SATURDAY,
THE 14TH MAY, 2011 AT 10.00 A.M. AT "M.C. GHIA
HALL, BHOGILAL HARGOVINDAS BUILDING,
2ND FLOOR, 18/20, K. DUBASH MARG, KALA GHODA,
MUMBAI-400 001."

Shareholders Are Requested To Bring Their Copies Of The
Annual Report Along With Them At The Annual General
Meeting.



THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

NOTICE

Notice is hereby given that the 129th Annual General Meeting of the Shareholders of the Company will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001, on Saturday, the 14th May, 2011 at 10.00 a.m. to transact the following business:

1. To receive and adopt the six monthly audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the period ended 31st March, 2010 and to consider the Report of the Auditors and the Directors thereon.
2. To appoint a Director in place of Mr. C.K. Thackersey, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R.N. Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Abhimanyu J. Thackersey, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. M.A. Parikh & Co., Chartered Accountants as Auditors of the Company and fix their remuneration.

AS SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification, the following Resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT Mr. Bhavesh V. Panjuani, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board of Directors,
SUDHIR THACKERSEY
Chairman

Registered Office:

Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.
Dated : 11th April, 2011.

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 7th May 2011 to 14th May 2011 (both days inclusive).
3. Members intending to require information about the accounts to be explained at the meeting are requested to write to the Company atleast ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.
4. The shareholders are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, in the prescribed manner.

Pursuant to the provisions of Section 205(A) and 205(C) of the Companies Act, 1956, as amended, all unclaimed dividends for the financial year ended 31st March 1996 and 31st March 1997 have been transferred to the INVESTOR EDUCATION AND PROTECTION FUND of Central Government and shareholders will not be able to claim any dividends so transferred.

5. Members are requested to bring their copies of the Annual Report and Attendance Slip at the Meeting.
6. Since equity shares of the Company are traded compulsorily in Dematerialised Form, the shareholders holding shares in physical form are requested to get their shares dematted early in their own interest.
7. Members holding shares in Electronic Segment are requested to notify the change of address, nomination etc., to the depository participants (DP) with whom they are having client account for effecting necessary corrections. Members holding shares in physical form are requested to notify the change of address, nomination etc., to M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai – 400 023, the Company's Share Transfer Agent.
8. As required in terms of paragraph IV(G) of Clause 49 of the Listing Agreement, details of Directors seeking re-appointment at the ensuing Annual General Meeting are as follows:-

Name of the Director	Mr. C.K. Thackersey	Mr. R.N. Bansal	Mr. A.J. Thackersey
Qualifications	B.Com.	B.Com., M.A., F.C.A., A.C.S., A.C.I.S.	B.A. in Economics from The University of Michigan-Ann Arbor
Date of appointment	06.11.1985	08.02.1995	01.08.2009
Expertise in specific functional areas	Industrialist having rich business experience	Ex-Registrar of Companies & Ex-Member of Company Law Board.	Industrialist having rich business experience
List of Directorship held*	The Sirdar Carbonic Gas Co. Ltd. Delta Investments Ltd. Capricon Realty Ltd. Bhishma Realty Ltd. Art Leather Ltd. Hindoostan Technical Fabrics Ltd.	Chambal Fertilizers and Chemicals Ltd. Essar Shipping Ports & Logistics Ltd. Orient Ceramics and Industries Ltd. Gobind Sugar Mills Ltd. Essar Oilfields Services (I) Ltd. Pushpsons Industries Ltd. Vadinar Oil Terminal Ltd. Essar Logistics Ltd.	Hindoostan Technical Fabrics Ltd.
Chairman / Member of the committees of the Board of the Companies on which he is a Director	<u>Share Transfer Committee</u> The Sirdar Carbonic Gas Co. Ltd. - Member	<u>Audit Committee</u> Pushpsons Industries Ltd.-Chairman Orient Ceramics & Industries Ltd.- Chairman Chambal Fertilizers and Chemicals Ltd.-Member Essar Shipping Ports & Logistics Ltd.-Chairman Gobind Sugar Mills Ltd.-Member Vadinar Oil Terminal Ltd. - Member <u>Shareholders Grievance Committee</u> Chambal Fertilizers and Chemicals Ltd. – Chairman <u>Remuneration Committee</u> Chambal Fertilizers and Chemicals Ltd. – Chairman	—

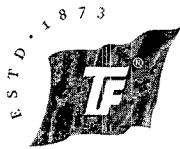
*Directorship of Private Limited Companies not considered

By Order of the Board of Directors,
SUDHIR THACKERSEY
Chairman

Registered Office:

Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 11th April, 2011.



THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No.6

Mr. Bhavesh V. Panjuani has been appointed as an Additional Director of the Company by the Board of Directors with effect from 22nd July, 2010 pursuant to the provisions contained in Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the above Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. Bhavesh V. Panjuani, 44, is an Advocate and Solicitor, Partner of leading Indian Law firm of M/s. Mulla & Mulla and Craigie Blunt & Caroe at Mumbai, India. He is associated with the firm since April, 1991. He is a member of Indian Merchants' Chambers' (IMC's) Experts Committee on "Law: Review, Reform & Retionalisation" since 2002 and IMC Court of Arbitration & Conciliation Committee since 2007. He is a member of Supreme Court Bar Association and Bombay Bar Association. He has rich experience in Commercial and Corporate Law, Litigation (Court & Arbitration) and general civil practice – with special focus on commercial disputes, contract documentation, negotiation, claims and litigation and arbitrations – domestic/international and adhoc/institutional (international Court of Arbitration of ICC, Paris and UNCITRAL).

The Board recommends the resolution under Item No.6 for your approval.

None of the Directors except Mr. Bhavesh V. Panjuani, is interested in this Resolution.

By Order of the Board of Directors,

SUDHIR THACKERSEY

Chairman

Registered Office:

Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 11th April, 2011.

DIRECTORS' REPORT

TO
THE MEMBERS,

Your Directors present the 129th Annual Report together with the audited statements of accounts for the 6 months period ended 31st March, 2010.

SUMMARISED FINANCIAL RESULTS

	Current Period ended 31.03.2010 (6 months) Rs. in lakhs	Previous Year ended 30.09.2009 (12 months) Rs. in lakhs
Gross (Loss) / Profit before interest, depreciation and tax	(34.81)	298.58
Less: Interest	3.54	5.99
Gross (Loss) / Profit after interest but before depreciation	(38.35)	292.59
Less: Depreciation	33.57	67.45
(Loss) / Profit before taxation	(71.92)	225.14
Less: - Provision for Taxation	(33.00)	—
- Provision for Wealth Tax	(0.28)	(0.41)
- Fringe Benefit Tax	—	(1.56)
(Loss) / Profit after tax	(105.20)	223.17
Profit / (Loss) as per Profit & Loss Account brought forward from last year	149.85	(73.32)
Balance carried to Balance Sheet	44.65	149.85

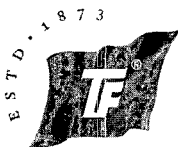
CHANGE IN FINANCIAL YEAR

The Board of Directors of the Company at their meeting held on 27th October, 2010 considered and recommended the Scheme of Company's Amalgamation with The Sirdar Carbonic Gas Co. Ltd., with its entire undertaking and business together with all assets and liabilities as per the provisions of Section 391 to 394 of the Companies Act, 1956. The said Scheme of Amalgamation has been approved by the Shareholders at the Extra Ordinary General Meeting held on 15th January, 2011.

The certified copy of the order of the Hon'ble Bombay High Court, sanctioning the Scheme, is awaited. At the previous (128th) Annual General Meeting held in March 2010, the financial statements for the year ended 30th September 2009 had been approved and adopted. Pursuant to the Scheme of Amalgamation, the Scheme would be effective from 1st April, 2010 and therefore it has become necessary to prepare financial statements for the period of six months i.e., from 1st October, 2009 to 31st March, 2010.

DIVIDEND

In order to strengthen the finance base of the Company with the funds, the directors regret their inability to declare any dividend for the period ended 31st March, 2010.



THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

WORKING RESULTS

Sales turnover for the period is Rs.35 crores as compared to that of Rs.53 crores for the 12 months period ended on September 2009. The performance and overall view of textile business has been covered in the Management Discussions and Analysis which forms part of this Directors' Report.

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

Your Company has been making continuous efforts to conserve energy and upgrade/absorb technology. A statement containing information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is enclosed herewith as Annexure - I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd., a separate report on Corporate Governance is enclosed herewith as Annexure - II together with a certificate from the company's Auditors confirming compliance of conditions on Corporate Governance.

INSURANCE

Adequate insurance cover has been taken for all the properties and insurable interests of the Company.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the period under report. There are no outstanding deposits remaining unpaid / unclaimed as on 31.03.2010.

PARTICULARS OF EMPLOYEES

There were no employees during the year covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Bombay Stock Exchange Ltd., the cash flow statement for the period ended March 31, 2010 is annexed to the accounts.

DIRECTORS

Mr. M.R.B. Punja was on the Board from July 1, 1987 till July 22, 2010. He was associated with the Company for 23 years. The Board places on record its appreciation for the guidance and valuable contribution provided by him during his tenure as member of the Board and its Committees.

On July 22, 2010, Mr. Bhavesh Panjuani was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956. He holds Office upto the conclusion of ensuing Annual General Meeting and being eligible, offers himself as a Director liable to retire by rotation. Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing to designate Mr. Bhavesh Panjuani for the Office of the Director of the Company.

In accordance with Article 139 of the Articles of Association of the Company, Mr. C.K. Thackersey, Mr. R. N. Bansal and Mr. Abhimanyu Thackersey retire by rotation and they, being eligible, offer themselves for re-appointment.

SUBSIDIARY

The Company has incorporated a wholly owned subsidiary Hindoostan Technical Fabrics Limited on July 8, 2010. The Company holds 100% shareholding in the subsidiary. The First financial year of the subsidiary company was for a period from July 8, 2010 till March 31, 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as "the Act"), your Directors confirm that:-

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) they 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 as at 31st March, 2010 and of the profit for the period ended 31st March, 2010;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a "going concern" basis.

AUDITORS

Auditors' observations in the Auditors Report read with the notes forming part of the accounts are self-explanatory. The provision for Gratuity and Leave Encashment for the period from 1.10.2009 to 31.3.2010 has been made on actual basis.

The retiring Auditors, M/s. M.A. Parikh & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. You are requested to appoint the Auditors to hold office from the conclusion of the meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

APPRECIATION

Your Directors place on record their appreciation for continued support extended to the company by Shareholders during the period under review. The Board also thanks the employees for their dedicated and sincere service at all levels.

For and on behalf of the Board of Directors,
SUDHIR THACKERSEY
Chairman

Place : Mumbai

Dated : April 11, 2011

ANNEXURE – I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE 6 MONTHS PERIOD ENDED 31ST MARCH, 2010.

A. CONSERVATION OF ENERGY

The company has been making continuous efforts to conserve energy. A few major steps taken during the period are as follows: -

(a) Energy Conservation Measures Taken

- (i) Structure of Energy Conservation Cell is strengthened by participating each and every functional department.
- (ii) Running electric motors were audited for its power consumption and wherever possible optimization was done.
- (iii) In addition to existing transparent roof sheets we have increased its number so as to utilize more and more natural light atleast in day session.
- (iv) Re-use of ETP water for gardening was started to save water.
- (v) With the help of Energy Conservation Cell and continuous meetings with all concerned, awareness developed amongst staff and workers.

(b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy

- (i) Installation of Solar Water Heating systems over roof of colony.
- (ii) Replacement of present fans of LUWA with FRP fans.

(c) Impact

- i) Installation of Solar Water Heating system will help to reduce power consumption substantially.
- ii) Replacement of present fans of LUWA with FRP fans will save considerable amount of electricity.

FORM - A

Form for disclosure of particulars with respect to conservation of energy

	Current period 31.3.2010 (6 months)	Previous Year 30.9.2009 (12 months)
A. Power & Fuel Consumption		
1. Electricity:		
(a) Purchased Units ('000 KWH)	4781	7725
Total Amount ('000 Rs.)	18833	27863
Rate/Unit (Rs. per KWH)	3.94	3.60
(b) Own Generation		
Through Diesel Generator Units ('000 KWH)	16	199
Units per Ltr. of diesel oil	2.10	2.54
Cost/Unit (Rs. per KWH)	19.38	16.83

2. **Furnace Oil:**

Quantity (K.Ltrs.)	20	47
Total Amount ('000 Rs.)	613	1451
Average Rate (Rs. per K.Ltr.)	30841	31209

3. **Coal:**

Quantity (Tons)	73	146
Total Amount ('000 Rs.)	434	675
Average Rate (Rs. per M.T.)	5960	4635

4. **Bagasse:**

Quantity (Tons)	--	1807
Total Amount ('000 Rs.)	--	1681
Average Rate (Rs. per M.T.)	--	930

5. **Firewood:**

Quantity (Tons)	2283	2659
Total Amount ('000 Rs.)	4167	4451
Average Rate (Rs. per M.T.)	1826	1674

B. Consumption per Unit of Production

Product-Grey & Finished Cotton & Blended Textiles.

1. **Electricity:**

(Purchased & Own Generation)

KWH/Metre of Grey Production	0.762	0.733
KWH/Sq.mtr. of Grey Production	0.500	0.476

2. **Furnace Oil:**

Kgs./Mtr. of Grey Production	0.003	0.0004
Kgs./Sq. Mtr. of Grey Production	0.002	0.0003

3. **Coal:**

Kgs./Mtr. of Grey production	0.012	0.013
Kgs./Sq.Mtr. of Grey Production	0.008	0.009

4. **Bagasse:**

Kgs./Mtr. of Grey Production	--	0.167
Kgs./Sq.Mtr. of Grey Production	--	0.108

5. **Firewood:**

Kgs./Mtr. of Grey Production	0.363	0.246
Kgs./Sq.Mtr. of Grey Production	0.238	0.160