



HISAR SPINNING MILLS LIMITED



BOARD OF DIRECTORS

Sh. Gopal Krishan Gupta
Sh. T.N. Goel
Sh. M.L. Kansal
Sh. R.S. Malik
Sh. Anurag Gupta
Sh. Gulshan Kumar

Managing Director

(Nominee, HSIDC)

AUDITORS

JAIN & ANIL SOOD
Chartered Accountants
SCO 12, Basement,
Feroze Gandhi Market,
Ludhiana-141 001

BANKERS

Punjab National Bank
Main Branch, Hisar-125 001

REGISTERED OFFICE & WORKS

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



HISAR SPINNING MILLS LIMITED

NOTICE

Notice is hereby given that the 10th ANNUAL GENERAL MEETING of the Shareholders of HISAR SPINNING MILLS LIMITED, will be held on Monday the 30th September, 2002 at 11.00 A.M. at Regd. Office at 9th K.M. Stone, Hisar Bhiwani Road, VPO Dabra (Hisar) to transact the following business:

ORDINARY BUSINESS

1. To review, consider and adopt the Balance Sheet as at 31st March, 2002 and Profit and loss Account for the Year ended on that date alongwith the report of Auditors and Directors thereon.
2. To appoint a Director in place of Sh. Gopal Krishan Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Randhir Singh Malik who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

For and on behalf of the Board

(Gopal Krishan Gupta)
Managing Director

Place: Panchkula

Dated: 05.09.2002

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy and vote instead of him/herself and such proxy need not be a member of the company. A Proxy form is attached herewith.
2. The proxy form(s) duly completed and signed should reach the company's registered office at 9th K.M. Stone, Hisar Bhiwani Road, V.P.O. Dabra (Hisar) at least 48 hours before the time fixed for the meeting.
3. The Register of members and share transfer book of the company shall remain closed from **Wednesday the 25th September, 2002 to Monday the 30th September, 2002** (Both days inclusive)
4. Members are requested to intimate to the company, change in their addresses, if any, at the registered office of the company.

**HISAR SPINNING MILLS LIMITED****DIRECTORS' REPORT****To the Members**

Your Directors have great pleasure in presenting the 10th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2002.

FINANCIAL RESULTS:

	Current Year (2001-2002)	(Rs. in Lacs) Previous Year (2000-2001)
Sales & Other Income	1280.96	864.56
Profit Before Intt. Depreciation Amortisation & Investment loss.	62.39	49.45
Less Interest & Financial Exp.	56.25	54.77
Less Depreciation, Amortisation & Investments loss	29.99	34.45
Loss Before Tax	(23.85)	(39.77)
Prov. for Income Tax	—	—
Loss After Tax	(23.85)	(39.77)

PAST PERFORMANCE

During the year the Company has achieved turnover of Rs. 1280.96 Lacs against Rs. 864.56 lacs during the previous year, which shows an impressive growth in turnover by 48%. The company has also earned cash profit of Rs. 6.14 Lacs against loss of Rs. 5.32 lacs during the previous year which proves a good turn around in the company. Keeping in view of the overall scenario of the Cotton Yarn Industry the performance of the company may be termed as satisfactory.

PARTICULARS OF EMPLOYEES

During the year there was no employee in respect of whom information as per section 217(2A) of the Company Act, 1956 is required to be given in the Director's Report.

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

As required by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earning and outgo are given in annexure forming part of this report.

FIXED DEPOSIT

The Company has not accepted any deposit within the meaning of section 58-A of the companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

LISTING OF SECURITIES

The Securities of the Company are listed on Stock Exchanges at Delhi, Calcutta, Mumbai, Ahmedabad & Jaipur. The Listing Fees of Ahmedabad Stock Exchange is pending.



HISAR SPINNING MILLS LIMITED

INSURANCE

All the properties and insurable interests of the company including Building, Plant & Machinery and Stock wherever necessary and to the extent required have been properly insured.

AUDITORS REPORT

The points stated in the Auditors Report are self explanatory & needs no comments.

DIRECTORS

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company Sh. Gopal Krishan Gupta & Sh. Randhir Singh Malik retires by rotation and being eligible offer themselves for re-appointment.

AUDITORS

The term of present Auditors of the company M/s Jain & Anil Sood, Chartered Accountants, Ludhiana expires at the conclusion of the ensuing Annual General Meeting and they are eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

- i. That in the preparation of the annual accounts, the applicable accounting standards had been followed.
- ii. That the directors had selected such accounting policies and applied them consistently and made judgement 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 loss of the company for that year;
- iii. That the directors had 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;
- iv. That the directors had prepared the annual accounts on a going concern basis.

Acknowledgement:

Your Directors express their sincere appreciation for all around assistance, cooperation and guidance from the Financial Institution Haryana State Industrial Development Corporation & Banker Punjab National Bank and State & Central Govt. Authorities.

For and on behalf of the Board

(T.N. Goel)
Director

(Gopal Krishan Gupta)
Managing Director

Place: Panchkula
Dated: 05.09.2002

**HISAR SPINNING MILLS LIMITED****ANNEXURE TO THE DIRECTORS' REPORT**

The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 under Section 217 (i) (e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY:

- i. Power factor has been maintained above 0.9 by proper choice of capacitors as per the requirement of load.
- ii. Motors have been installed of optimum capacity.
- iii. Power load is distributed on D.G. Sets at optimum level.

B. TECHNOLOGY ABSORPTION: NIL**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange used : 5622877

Foreign Exchange earned : NIL

FORM A**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	Current Year (2001-2002)	Previous Year (2000-2001)
A. Power & Fuel Consumption:		
1. Power		
a. Purchased		
i. Units (KWH)	1016224	945796
ii. Total Amount (Rs.)	4213571	4005689
iii. Rate/Unit Rs. KWH	4.15	4.24
b. Through Diesel Generator		
i. Units (KWH)	1555506	946215
ii. Total Amount	8166407	4825694
iii. Cost/Unit	5.25	5.10
Steam Coal	Nil	Nil
Furnace Oil	Nil	Nil
Others/Internal Generators	Nil	Nil
2. Fuel	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION		
Cotton Yarn/M.T.	944 Units	1038 Units

HISAR SPINNING MILLS LIMITED**AUDITORS' REPORT**

To
The Shareholders,
Hisar Spinning Mills Limited

We have audited the attached Balance Sheet of Hisar Spinning Mills Limited as at 31st March, 2002 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India in term of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- iv. In our opinion, Profit & Loss Account and Balance Sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the directors other than Sh. Gulshan Kumar (HSIDC nominee) as on 31st March, 2002, and taken on record by the board of Directors, we report that none of the said directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956. We are unable to comment about the disqualification of Sh. Gulshan Kumar (HSIDC nominee) in the absence of required information.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - ii. in the case of the Profit & Loss Account, of the Loss for the year ended on that date.

for JAIN & ANIL SOOD
Chartered Accountants

(RAJESH KUMAR JAIN)
Partner

Place: Panchkula
Date: 05.09.2002

**HISAR SPINNING MILLS LIMITED****ANNEXURE TO THE AUDITORS' REPORT**

(referred to in our report of even date to the shareholders of HISAR SPINNING MILLS LIMITED on accounts for the year ended 31st March, 2002.)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. As per information and explanations given to us, the fixed assets have been physically verified by the Management during the year and we are informed that no discrepancies between the book records and physical verification were noticed. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its business.
2. None of the fixed assets of the Company has been revalued during the year.
3. The stocks of finished goods, stores & spare parts and raw materials have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
4. According to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt within the books of account.
6. On the basis of our examination of the stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. According to the information and explanations given to us, the terms and conditions on which loans have been taken by the Company from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from the companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956 are not prima-facie prejudicial to the interests of the Company.
8. According to the information and explanations given to us, the terms and conditions on which loans have been granted by the Company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or to the companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956 are not prima-facie prejudicial to the interests of the Company.
9. There are no outstanding loans or advances in the nature of loans as on the balance sheet date. For loans and advances in the nature of loans given by the Company during the year, we are informed by the management that these loans were repayable on demand and the principal amounts were realised as and when funds were demanded by the Company.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials, plant and machinery, components,

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equipments and other assets and with regard to the sale of goods.

11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods, materials and services and also for the sale of such goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. As explained to us, unserviceable or damaged stores, raw materials and finished goods have been determined by the Company during the course of physical verification. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits from the public during the year under review under the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
14. In our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable by products.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. The Company has maintained proper cost accounts and records as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
17. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities. The provisions of Employees State Insurance Act are not applicable to the Company during the year under review.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31.3.2002, for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

for JAIN & ANIL SOOD
Chartered Accountants

Place: Panchkula
Date: 05.09.2002

(RAJESH KUMAR JAIN)
Partner