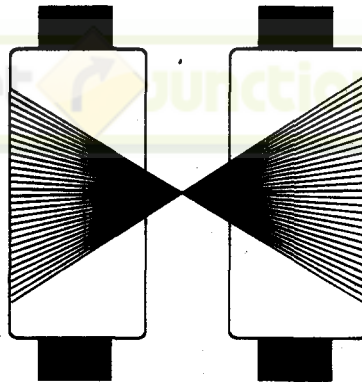


HISAR SPINNING MILLS LIMITED

11TH

ANNUAL REPORT

2002-2003



H S M L

HISAR SPINNING MILLS LIMITED



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

Report  Junction.com

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 11th ANNUAL GENERAL MEETING of the Shareholders of HISAR SPINNING MILLS LIMITED, will be held on Tuesday the 30th September, 2003 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, 2003 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. T.N. Goel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. to consider & if thought fit to pass with or without modification the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956, guidelines, rules framed by SEBI in that behalf and subject to such consents, permissions or sanctions as may be required from any of the statutory authorities, stock exchanges, etc. the Board of Directors of the company be and is hereby authorised to seek voluntary delisting of Company's Equity Shares from Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited, the Ahmedabad Stock Exchange & Jaipur Stock Exchange Limited.

RESOLVED FURTHER THAT the board of Directors be and is hereby authorised to settle all questions, difficulties or doubts as may arise with regard to the aforesaid voluntary delisting of shares and as it may in its absolute discretion deem fit, without being required to seek any further approval of the members or otherwise for this purpose and intent and that the members shall be deemed to have given their approval expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedurai formalities and to further authorise any of its Committee or any of its Directors or officers to do all such acts, deeds or things as may be necessary to give effect to the resolution.

For and on behalf of the Board

Place: Panchkula
Dated: 28.08.2003

(Gopal Krishan Gupta)
Managing Director

Certified True Copy
For Hisar Spinning Mills Ltd.

Amrinder Singh

Director

**HISAR SPINNING MILLS LIMITED****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 29th October, 2003 to Friday the 31st October, 2003 (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.
5. The explanatory statement in respect of Special Business pursuant to Section 173(2) of Companies Act, 1956 is annexed herewith.

ANNEXURE TO THE NOTICE:

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

Item No. 4.

The Equity Shares of your company are presently listed on Bombay Stock Exchange. The Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited, The Ahmedabad Stock Exchange & Jaipur Stock Exchange Limited. The Stock Exchange Mumbai (BSE) has countrywide network for trading of Listed Shares and there are hardly any trading of your company's Share on the remaining Stock Exchanges in the past. It is proposed to delist equity shares of the Company from The Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited, The Ahmedabad Stock Exchange & Jaipur Stock Exchange Limited. The proposed delisting shall not affect the liquidity of shares in view of countrywide network of BSE and listing of your shares on BSE shall continue.

None of the directors of the Company is concerned or interested in the resolution except to the extent of directors' shareholding in the Company.

The Board commends the resolution for your approval.

Place: Panchkula

For and On Behalf of the Board

Dated: 28.08.2003

(Gopal Krishan Gupta)
Managing Director

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

Your Directors have great pleasure in presenting the 11th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2003.

FINANCIAL RESULTS:

	Current Year (2002-2003)	(Rs. in Lacs) Previous Year (2001-2002)
Sales & Other Income	987.97	1280.96
Profit Before Intt. Depreciation Amortisation & Investment loss.	100.51	62.39
Less Interest & Financial Exp.	38.59	56.25
Less Depreciation, Amortisation & Investments loss	22.71	29.99
Profit (Loss) Before Tax	39.21	(23.85)
Prov. for Income Tax	—	—
Profit (Loss) After Tax	39.21	(23.85)

PAST PERFORMANCE

The year under review has resulted in to net profit of Rs. 39.21 Lacs against net loss of Rs. 23.85 Lacs which is good turnaround in the operation of the Company. The performance of the company is likely to be maintained in view of good Moonsoon during the current year.

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, Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited & Calcutta Stock Exchange Association Limited, is pending
certified true copy
For Hisar Spinning Mills Ltd.

Director

**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. T.N. Goel 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 profit 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: 28.08.2003

**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	:	346304
Foreign Exchange earned	:	1318902

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

	Current Year (2002-2003)	Previous Year (2001-2002)
A. Power & Fuel Consumption:		
1. Power		
a. Purchased		
i. Units (KWH)	847958	1016224
ii. Total Amount (Rs.)	3464927	4213571
iii. Rate/Unit Rs. KWH	4.09	4.15
b. Through Diesel Generator		
i. Units (KWH)	1033242	1555506
ii. Total Amount	4752915	8166407
iii. Cost/Unit	4.60	5.25
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.	785 Units	944 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, 2003 and also the Profit & Loss Account and Cash Flow Statement 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement 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, 2003, and taken on record by the board of Directors, we report that none of the said directors is disqualified as on 31st March, 2003 from being appointed as a director in terms

**HISAR SPINNING MILLS LIMITED**

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. The provisions of section 441A of the Companies Act, 1956 regarding the levy and collection of cess on turnover or gross receipts of the companies have not yet been notified by the Central government. Accordingly, we are unable to express our opinion on the compliance of the said section in terms of clause (g) of sub-section (3) of section 227 of the Act.
- vii. 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.
 - a. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2003
 - b. in the case of the Profit & Loss Account, of the Profit for the year ended on that date;and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for JAIN & ANIL SOOD
Chartered Accountants

Place: Panchkula
Date: 28.08.2003

(RAJESH KUMAR JAIN)
Partner

**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, 2003.)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. According to the 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. The fixed assets of the Company have not 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. In our opinion and 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 Company has not granted and loans, secured or unsecured, 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.
9. According to the information and explanations given to us, the Company has not granted any loans or advances in the nature of loans to any party.
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,