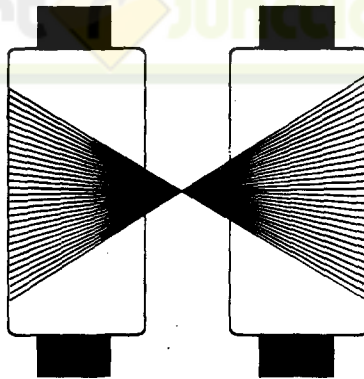


13TH

ANNUAL REPORT

2004-2005

Report Junction.com



H S M L
For Hisar Spinning Mills Ltd.

[Signature]
Director

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

Managing Director

AUDITORS

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

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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 13th ANNUAL GENERAL MEETING of the Shareholders of HISAR SPINNING MILLS LIMITED, will be held on Thursday the 30th September, 2005 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, 2005 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. R.S. Malik who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Place: Chandigarh

Dated: 13.08.2005

For and on Behalf of the Board

(Gopal Krishan Gupta)
Managing Director

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 will remain closed from **Thursday the 29th September, 2005 to Friday the 30th September, 2005** (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 13th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2005.

FINANCIAL RESULTS:

	Current Year (2004-2005)	(Rs. in Lacs) Previous Year (2003-2004)
Sales & Other Income	1226.55	977.54
Profit Before Intt. Depreciation & Amortisation Exp.	96.23	43.50
Less Interest & Financial Exp.	20.49	29.86
Less Depreciation & Amortisation Exp.	12.00	13.88
Profit/(Loss) Before Tax	63.74	(0.24)
Prov. for Income Tax	—	—
Profit/(Loss) After Tax	(63.74)	(0.24)

PAST PERFORMANCE

This year has shown a tremendous growth in Net Profit at Rs. 63.74 Lacs against a net loss of Rs. 0.24 Lacs in the previous year. The sales were also higher by 25%. The company expects even better results in the ensuing year.

MANAGEMENT DISCUSSION & ANALYSIS

The Spinning Yarn Industry is a lifeline in Textile Business of India. The majority of employment in India is absorbed by Textile Industry. Keeping in view of its importance the Govt. has constituted a separate Department under Textile Ministry. The Govt. has also constituted a Technology upgradation Fund (TUF) by which concessional Loan/subsidy is granted by Govt. through its various nodal agencies for upgradation in technology. The Govt. of India has abolished the Quota Regime in Textile Sector w.e.f. January, 2005, which has created hopes for further demand of the product in International as well as National Market. Which will certainly improve the profitability of company.

The main Raw Material is cotton, which is based on Agricultural Production of Cotton. The production is dependent on Moonsoon. In Indian Climatic condition the moonsoon is always an unpredictable factor. Sometimes there is heavy rainfall & sometime the drought situation is created, which affects the production of cotton to a great extent creating heavy fluctuation in raw material prices. However, the company could maintain the balance in such a situation & earned profit during the 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 Calcutta, Mumbai, Ahmedabad & Jaipur. The



HISAR SPINNING MILLS LIMITED

Listing Fees of Ahmedabad, Jaipur, Calcutta Stock Exchange is pending.

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. R.S. Malik retires by rotation and being eligible offer themselves for re-appointment.

CORPORATE GOVERNANCE:

The Corporate Governance Report is annexd herewith alongwith Auditor's Certificate.

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: Chandigarh

Dated: 13.08.2005

**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 : 717889

Foreign Exchange earned : NIL

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

	Current Year (2004-2005)	Previous Year (2003-2004)
A. Power & Fuel Consumption:		
1. Power		
a. Purchased		
i. Units (KWH)	1333937	777243
ii. Total Amount (Rs.)	5533249	3192908
iii. Rate/Unit Rs. KWH	4.15	4.11
b. Through Diesel Generator		
i. Units (KWH)	667087	910652
ii. Total Amount	4266730	4532729
iii. Cost/Unit	6.40	4.68
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.	846 Units	857 Units



HISAR SPINNING MILLS LIMITED

Corporate Governance Report for the Financial Year 2004-2005

1. Company's Philosophy on code of Corporate Governance:

Your Company's philosophy on corporate governance envisages the alignment of the highest levels of transparency, accountability and equity, in all facts of its operations and in all its interactions with its stakeholders including shareholders, employees, government and lenders. The company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value, over a sustained period of time.

2. Board of Directors:

The Board of Hisar Spinning Mills Limited consists of Six Directors during the financial year 2004-05. Sh Gopal Krishan Gupta being Chairman & Managing Director, as per Listing Agreement the Company should have at least one half independent Directors. There is one institutional nominee Director on the Board viz. Sh. Gulshan Kumar on behalf of HSIDC.

The detail of Composition and categories of Directors are given in Table below:-

<u>Sr.No.</u>	<u>Name of the Director</u>	<u>Category</u>
1.	Sh Gopal Krishan Gupta	Managing Director, Chairman
2.	Sh. T.N. Goel	Independent and Non-Executive Director
3.	Sh. M.L. Kansal	Independent and Non-Executive Director
4.	Sh. R.S. Malik	Independent and Non-Executive Director
5.	Sh. Anurag Gupta	Non-Executive Director
6.	Sh. Gulshan Kumar	Nominee Director, HSIDC

Board Procedure:

During the financial year 2004-2005 the Board of Directors met 6 times on: 27th April, 2004, 28th July, 2004, 2nd September, 2004, 29th October, 2004 and 28th January, 2005 and 28th February, 2005.

The details of the meetings of the Board and Audit Committee held during the financial year 2004-2005 are given in Table below:-

(i) Board of Director Meeting:-

<u>Date of Meeting</u>	<u>Total Members</u>	<u>Attendance by No. of Members</u>
27.04.2004	6	4
28.07.2004	6	3
02.09.2004	6	4
29.10.2004	6	3
28.01.2005	6	3
28.02.2005	6	4

(ii) Audit Committee Meetings:

28.07.2004	3	3
15.11.2004	3	3
14.03.2005	3	3

The details of attendance of each Director at the Board and Audit Committee Meetings held during the Financial year 2004-2005 and details of number of outside directorship held by each of the Directors are given in Table below:-

**HISAR SPINNING MILLS LIMITED**

Sr. No.	Name of Director	Attendance at at Board meetings	Attendance at Audit Committee meeting	Attendance at last AGM	Outside Directorship
1.	Sh. Gopal Krishan Gupta	5	-	yes	1
2.	Sh. T.N. Goel	4	3	yes	2
3.	Sh. M.L. Kansal	3	3	yes	-
4.	Sh. R.S. Malik	4	-	No	2
5.	Sh. Anurag Gupta	5	3	yes	-
6.	Sh. Gulshan Kumar	-	-	No	-

3. Audit Committee:

The current Audit Committee has three members viz. Sh. Anurag Gupta as Chairman, Sh. T.N. Goel as Member & Sh. M.L. Kansal as Member. The terms of reference of the Audit Committee, covers the area mentioned in clause 49 of the Listing Agreement of the Stock Exchange and Section 292A of the Companies Act. 1956.

4. Remuneration Committee:

The Company has not constituted the Remuneration Committee because no remuneration is being paid to any director of the company.

5. Share Transfer & Shareholders/Investors Grievances Committee:

The Board of Directors has delegated the power of approving transfer of securities and other related formalities to the Registrar & share Transfer Agent M/s Indus Portfolio Private Limited, G-65, Bali Nagar, New Delhi-110 015. The Committee under consideration comprises of Sh. Anurag Gupta as Chairman. Sh. T.N. Goel as Member & Sh. M.L. Kansal as Member. The committee looks into the grievances of the shareholders concerning transfer of shares and non receipt of annual report and recommend measure for expeditious and effective investor services. The total number of letters received and replied to the shareholders during the year 2004-2005 were 12 and no complaint was outstanding as on 31st March, 2005.

6. General Body Meetings:

The details of the location and time for last Three Annual General Meetings were held given in Table below:-

Year	Location	Date	Time
2001-2002	9th K.M. Stone, Hisar Bhiwani road, VPO, Dabra (Hisar-125 005) Hry.	Monday 30.09.2002	11.00 A.M.
2002-2003	9th K.M. Stone, Hisar Bhiwani road, VPO, Dabra (Hisar-125 005) Hry.	Tuesday 30.09.2003	11.00 A.M.
2003-2004	9th K.M. Stone, Hisar Bhiwani road, VPO, Dabra (Hisar-125 005) Hry.	Thursday 30.09.2004	11.00 A.M.

No Special Resolution was put through postal ballot last year.



HISAR SPINNING MILLS LIMITED

7. Disclosures:

a. Disclosures regarding materially significant related party transactions

None of the transactions with any of the related parties were in conflict with the interest of the company.

b. Disclosures of non-compliance by the Company.

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets. During the last three years the company has paid the one time reinstatement fees amounting to Rs. 40000/- to Bombay Stock Exchange in June, 2002 for regularising certain lapses of past years.

8. Means of Communication:

The quarterly results of the company were published during the year under review in National Newspaper in English & Hindi Language. Management Discussion and Analysis Report forms part of this Annual Report.

9. General Shareholder Information:

a. Annual General Meeting

Date : Friday September 30, 2005

Time : 11.00 A.M.

Venue : 9th K.M. Stone, Hisar Bhiwani Road, VPO, Dabra (Hisar) 125005

b. Financial Year:

The financial year of the company is 1st April to 31st March.

c. Book Closure:

The Dates of Book Closure is from 29th September, 2005 to 30th September, 2005 (Both days inclusive)

d. Listing on Stock Exchanges & Stock Code:

The Securities of the company are listed on under mentioned Stock Exchanges given in table below:-

e. Name of the Stock Exchange

Stock Code

The Stock Exchange, Mumbai

521068

The Calcutta Stock Exchange Association Ltd., Calcutta

—

Jaipur Stock Exchange, Jaipur

—

Ahmedabad Stock Exchange, Ahmedabad

—

f. Share Transfer System:

The company's shares are traded in Stock Exchange compulsorily in demat mode. The Company has Transferred 7,33,100 shares in F.Y. 2004-2005 and no shares are pending for transfer.

g. Distribution of Shareholding:

The Distribution of Shareholding as on 31st March, 2005 given in table below:-

**HISAR SPINNING MILLS LIMITED**

No. of equity Shares held	Total Holders	% of share holder	No. of share held	% of share holding
Up to 5000	11212	97.60	1618930.00	43.34
5001 to 10000	145	1.26	117600.00	3.15
10001 to 20000	54	0.47	85000.00	2.28
20001 to 30000	11	0.10	27494.00	0.74
30001 to 40000	2	0.02	6600.00	0.18
40001 to 50000	1	0.01	4500.00	0.12
50001 to 100000	11	0.10	84194.00	2.25
100000 & above	50	0.44	1790682.00	47.94
Total	11486	100.00	3735000.00	100.00

Categories of Shareholders as on 31st March, 2005 given in table below:-

Category	No. of share	% of Shareholdings
Indian Promoters	1691600	45.30
Private Corporate Bodies	46200	1.23
Indian Public	1997200	53.47
Others	—	—
Total	3735000	100.00

h. Dematerialisation of Shares and Liquidity:

The company's shares are traded in Stock Exchange compulsorily in demat mode. CDSL have allotted ISIN No. INE689E01014 for Dematerialisation of shares. Total 33,400 shares are in Electronic Form and 37,01,600 Share are in Physical Form as on 31.03.2005

i. Plant Location:**Hisar Unit**

9th K.M. Stone, Hisar Bhiwani Road, VPO Dabra (Hisar) 125005 (Haryana)

j. Address for Correspondence:

Regd. Office and Works:

Hisar Spinning Mills Limited, 9th K.M. Stone, Hisar Bhiwani Road,
VPO Dabra (Hisar) 125 005 (Haryana)

Registrar and Transfer Agent:

Indus Portfolio Private Limited, G-65, Bali Nagar, New Delhi-110 015.

k. Compliance Officer:

The name and designation of the compliance officer of the Company is Mr. Sharad Goel.

l. Compliance:

Compliance certificate obtained from the Auditor's is attached to this report.