



### **BOARD OF DIRECTORS**

Sh. Gopal Krishan Gupta  
Sh. T.N. Goel  
Sh. M.L. Kansal  
Sh. R.S. Malik  
Sh. Anurag Gupta  
Sh. Rajesh Gupta  
Sh. Vikas Gupta  
Sh. Sudarshan Kumar Duggal

### **AUDITORS**

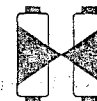
Jain & Anil Sood  
Chartered Accountants  
SCO 12, Basement,  
Feroze Gandhi Market,  
Ludiana - 141 001

### **BANKERS**

Punjab National Bank  
Main Branch, Hisar - 125 001

### **REGISTERED OFFICE & WORKS**

9th KM Stone, Hisar Bhiwani Road,  
V.P.O. Dabra (Hisar)  
(Haryana) 125 005



## HISAR SPINNING MILLS LIMITED

### NOTICE

Notice is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Shareholders of HISAR SPINNING MILLS LIMITED, will be held on Saturday the 29th September, 2007 at 11.00 A.M. at Regd. Office at 9th K.M. Stone, Hisar Bhiwani Road, V.P.O. Dabra (Hisar) to transact the following business :

### ORDINARY BUSINESS

1. To review, consider and adopt the Balance Sheet as at 31st March, 2007 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 reappointment.
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.

### SPECIAL BUSINESS

5. To consider & if thought fit to pass with or without modification the following resolution as Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 269 & other applicable provisions of the Companies Act, 1956 Sh. Gopal Krishan Gupta be & is hereby appointed as Managing Director of the company for a period of the Five Years w.e.f. 01/02/2007.

"FURTHER Resolved that Sh. Gopal Krishan Gupta shall not withdraw any remuneration from the company."

6. To consider & if thought fit to pass with or without modification the following resolution as Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 269 & other applicable provisions of the Companies Act, 1956 Sh. Anurag Gupta be & is hereby appointed as Executive Director of the Company for a period of the Five Years w.e.f. 01/02/2007."

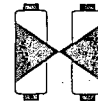
"FURTHER Resolved that subject to the approval of Shareholders in General Meeting Sh. Anurag Gupta shall be paid a consolidated monthly remuneration of Rs. 30,000/- (Thirty Thousand only) w.e.f. 01/02/2007."

Place : Chandigarh

Dated : 31.08.2007

For and on Behalf of the Board

(Gopal Krishan Gupta)  
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 will remain closed from **Tuesday the 25th September, 2007 to Saturday the 29th September, 2007 (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. 5

Sh. Gopal Krishan Gupta was appointed as Managing Director of the Company w.e.f. 01/02/2007 pursuant to Section 269 of Companies Act, 1956. Sh. Gopal Krishan Gupta is a renowned Industrialist having more than 35 years experience in service & industry. The Company shall be benefitted by his presence in the Board in managing capacity & accordingly the resolution is commended for your acceptance.

None of the director other than Sh. Gopal Krishan Gupta & Sh. Anurag Gupta to the extent of his appointment as director is directly or indirectly interested in the resolution.

#### ITEM NO. 6

Sh. Anurag Gupta was appointed as Executive Director of the Company w.e.f. 01/02/2007 pursuant to Section 269 of Companies Act, 1956. Sh. Anurag Gupta being a qualified B-Tech (Mechanical) is young, energetic & charming personality who has inherited the business skill within the family. The Company will be benefitted by his presence in the Board in the managing capacity & accordingly the Resolution is commended for your acceptance.

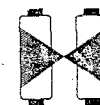
None of the director other than Sh. Anurag Gupta & Sh. Gopal Krishan Gupta to the extent of his appointment as director is directly or indirectly interested in the resolution.

Place : Chandigarh

Dated : 31.08.2007

For and on Behalf of the Board

(Gopal Krishan Gupta)  
Director



## HISAR SPINNING MILLS LIMITED

### DIRECTOR'S REPORT

#### To the Members

Your Directors have great pleasure in presenting the 15th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2007.

#### FINANCIAL RESULTS :

	Current Year (2006-2007)	(Rs. in Lacs) Previous Year (2005-2006)
Sales & Other Income	1698.52	1418.91
Profit Before Intt. & Depreciation	70.42	75.79
Less Interest & Financial Exp.	10.25	17.73
Less Depreciation	13.59	10.77
Profit Before Tax	46.58	47.29
Prov. For Income Tax	5.39	---
Prov. For FBT	0.33	0.34
Profit After Tax	40.86	46.95

#### PAST PERFORMANCE

Your Company has achieved the growth in Sales by 20%. However, the profit before Intt. & Depreciation is less by 7%, the fall in profit is due to fluctuation in rates of raw material during the 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 which has generated further demand of the product in International as well as National Market, which will certainly improve the profitability of company.

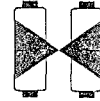
The main Raw Material is cotton, which is based on Agricultural production of Cotton. The production is dependent on Monsoon. In Indian climatic condition the monsoon is always an unpredictable factor. Sometimes there is heavy rainfall & sometime the drought situation is created, which affects the production 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 Companies 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.



## HISAR SPINNING MILLS LIMITED

### 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 is listed on Stock Exchange at Mumbai. The Listing Fees have been paid up to 31.03.2007.

### 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 annexed 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 reappointment.

### 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 :

Yours Directors express their sincere appreciation for all around assistance, cooperation and guidance from the Banker Punjab National Bank and State & Central Govt. Authorities.

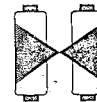
Place : Chandigarh

Dated : 31.08.2007

For and On Behalf of the Board

(T.N. Goel)  
Director

(Gopal Krishan Gupta)  
Director



## 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(1) (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 :

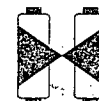
Foreign Exchange used : NIL  
 Foreign Exchange earned : NIL

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 FORM - A

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year (2006-2007)	Previous Year (2005-2006)
A) Power & Fuel Consumption :		
1. Power		
a. Purchased		
i) Units (KWH)	2516519	2217425
ii) Total Amount (Rs.)	10481684	9112683
iii) Rate/Unit Rs. KWH	4.17	4.11
b. Through Diesel Generator		
i) Units (KWH)	295883	392567
ii) Total Amount	2699225	3260108
iii) Cost/Unit	9.12	8.30





## HISAR SPINNING MILLS LIMITED

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.	866 Units	909 Units
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## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2006-2007.

### 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.

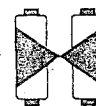
### 2. Board of Directors :

The Board of Hisar Spinning Mills Limited consists of Eight Directors during the financial year 2006-07. Sh. Gopal Krishan Gupta is Executive Chairman of the Company. As per listing Agreement the Company should have at least one half independent Directors.

The detail of Composition and Categories of Directors are given in table below :-

Sr.No.	Name of the Director	Category
1.	Sh. Gopal Krishan Gupta	Chairman Cum Managing Director
2.	Sh. T.N. Goel	Independent and Non-Executive Director
3.	Sh. M.L. Kansal	Non-Executive Director
4.	Sh. R.S. Malik	Independent and Non-Executive Director
5.	Sh. Anurag Gupta	Executive Director
6.	Sh. Vikas Gupta	Independent and Non-Executive Director
7.	Sh. Rajesh Gupta	Independent and Non-Executive Director
8.	Sh. Sudarshan Kumar Duggal	Independent and Non-Executive Director





## HISAR SPINNING MILLS LIMITED

### BOARD PROCEDURE :

The details of the meetings of the Board and Audit Committee held during the financial year 2006-2007 are given in Table below :-

#### (i) Board of Directors Meeting :

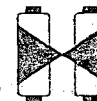
Date of Meeting	Total Members	Attendance by No. of Members
27.04.2006	8	4
03.07.2006	8	3
28.07.2006	8	4
31.08.2006	8	7
27.10.2006	8	4
29.01.2007	8	7

#### (ii) Audit Committee Meetings :

30.05.2006	3	3
11.08.2006	3	3
08.11.2006	3	3
08.03.2007	3	3

The details of attendance of each Director at the Board and Audit Committee Meetings held during the Financial Year 2006-2007 and details of number of outside directorship held by each of the Directors are given in Table below :-

Sr. No.	Name of Director	Attendance at Board Meetings	Attendance at Audit Committee Meeting	Attendance at Last AGM	Outside Directorship
1.	Sh. Gopal Krishan Gupta	6	4	Yes	1
2.	Sh. T.N. Goel	2	-	Yes	4
3.	Sh. M.L. Kansal	6	-	Yes	-
4.	Sh. R.S. Malik	-	-	No	4
5.	Sh. Anurag Gupta	6	-	Yes	-
6.	Sh. Vikas Gupta	2	4	No	-
7.	Sh. Rajesh Gupta	2	-	No	1
8.	Sh. Sudarshan Kumar Duggal	5	4	No	10



## HISAR SPINNING MILLS LIMITED

### 3. AUDIT COMMITTEE

The current Audit Committee has three members viz. Sh. Vikas Gupta as Chairman, Sh. Gopal Krishan Gupta as Member & Sh. Sudarshan Kumar Duggal 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 292 A of the Companies Act, 1956.

### 4. REMUNERATION COMMITTEE

The Remuneration Committee has three members viz. Sh. T.N. Goel, as Chairman, Sh. Rajesh Gupta, as Member & Sh. Vikas Gupta, as Member. Details of the remuneration paid to Executive Director during the financial year ending 31st March 2007 is given below :

	<u>Salary Paid</u>	<u>Service Tenure</u>
1. Sh. Anurag Gupta	60000	up to 31.01.2012

The Company does not have any Stock Option Scheme.

### 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 - 110015. The Committee under consideration comprises of Sh. Anurag Gupta as Chairman, Sh. Vikas Gupta as Member & Sh. Rajesh Gupta 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 2006-2007 were 4 and no complaint was outstanding as on 31st March, 2007.

### 6. GENERAL BODY MEETINGS :

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

Year	Location	Date	Time
2003-2004	9th K.M. Stone, Hisar Bhiwani Road, VPO Dabra (Hisar-125 005) Hry.	Thursday 30.09.2004	11.00 A.M.
2004-2005	9th K.M. Stone, Hisar Bhiwani Road, VPO Dabra (Hisar-125 005) Hry.	Friday 30.09.2005	11.00 A.M.