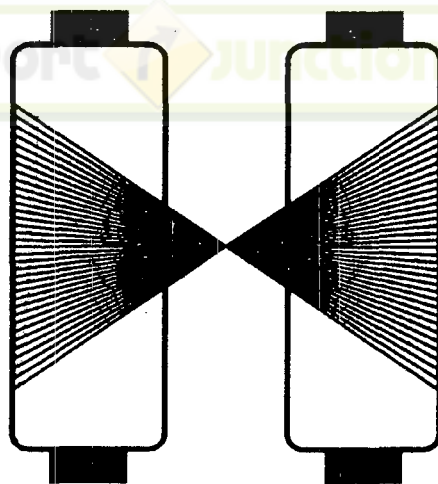


16th

ANNUAL REPORT

2007-2008



For Hisar Spinning Mills Ltd.
H S M L

Signature
Director

HISAR SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sh. Gopal Krishan Gupta (M.D.)

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



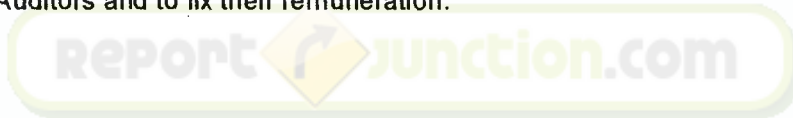
HISAR SPINNING MILLS LIMITED

NOTICE

Notice is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the Shareholders of HISAR SPINNING MILLS LIMITED, will be held on Monday the 29th September, 2008 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, 2008 and Profit and loss Account for the Year ended on that date along with the report of Auditors and Directors thereon.
2. To appoint a Director in place of Sh.Rajesh Gupta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sh.Vikas Gupta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh.Sudarshan Kumar Duggal who retires by rotation and being eligible offers himself for re-appointment
5. To appoint Auditors and to fix their remuneration.



Place : Chandigarh
Dated : 29.08.2008

For and on Behalf of the Board

(Gopal Krishan Gupta)
Managing Director

For Hisar Spinning Mills Ltd.
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 **Monday the 29th September, 2008 to Tuesday the 30th September, 2008 (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 Information as required under Clause 49 of the Listing Agreement with respect to the Directors seeking appointment/ re-appointment is as under :-

a) Brief Particulars of Sh.Rajesh Gupta proposed for re-appointment as Director.

Sh.Rajesh Gupta retires by rotation at the Annual General Meeting & being eligible offers himself for re-appointment.

He has joined the Board of Directors as an independent director in the year 2005.

He is an experienced businessman having good knowledge of accounts & management.

The re-appointment of Sh.Rajesh Gupta would be beneficial to the Company.

He is a Director in One Company.

As on 31/03/2008 he holds NIL Equity Shares in the Company.

b) Brief Particulars of Sh.Vikas Gupta proposed for re-appointment as Director.

Sh Vikas Gupta retires by rotation at the Annual General Meeting & being eligible offers himself for re-appointment.

He has joined the Board of Directors as an independent director in the year 2005.

He is a Practicing Chartered Accountants having more than 17 years experience in Finance & Accounts.

The re-appointment of Sh.Vikas Gupta would be beneficial to the Company.

He is not a Director in any other Company.

As on 31/03/2008 he holds NIL Equity Shares in the Company.



HISAR SPINNING MILLS LIMITED

c) Brief Particulars of Sh.Sudarshan Kumar Duggal proposed for re-appointment as Director.

Sh.Sudarshan Kumar Duggal retires by rotation at the Annual General Meeting & being eligible offers himself for re-appointment.

He has joined the Board of Directors as an independent director in the year 2005.

He, being a Textile Engineer is very much energetic. He is considered as a Master of Textile Industries. He possesses around 32 years of experience.

The re-appointment of Sh.Sudarshan Kumar Duggal would be beneficial to the Company.

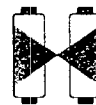
He is a Director in Ten Companies.

As on 31/03/2008 he holds NIL Equity Shares in the Company.

Place : Chandigarh
Dated : 29.08.2008

For and on Behalf of the Board

(Gopal Krishan Gupta)
Mg. Director



HISAR SPINNING MILLS LIMITED

DIRECTOR'S REPORT

To the Members

Your Directors have great pleasure in presenting the 16th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2008.

FINANCIAL RESULTS :

	Current Year (2007-2008)	(Rs. in Lacs) Previous Year (2006-2007)
Sales & Other Income	1524.67	1698.52
Profit Before Intt. & Depreciation	58.31	70.42
Less Interest & Financial Exp.	10.16	10.25
Less Depreciation	12.37	13.59
Profit Before Tax	35.78	46.58
Prov. For Income Tax	3.67	5.39
Prov. For FBT	0.31	0.33
Profit After Tax	31.80	40.86

PAST PERFORMANCE

The Sales & Profit after Tax have declined during the year as compared to previous year due to adverse market situation & fluctuation in rate of raw material.

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 31.03.2008.

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. Rajesh Gupta, Sh. Vikas Gupta & Sh. Sudarshan Kumar Duggal 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 : 29.08.2008

For and On Behalf of the Board

(T.N. Goel)
Director

(Gopal Krishan Gupta)
Mg. 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 : (Rs.) 2167556

Foreign Exchange earned : NIL

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year (2007-2008)	Previous Year (2006-2007)
A) Power & Fuel Consumption :		
1. Power		
a. Purchased		
i) Units (KWH)	2431205	2516519
ii) Total Amount (Rs.)	10742529	10481684
iii) Rate/Unit Rs. KWH	4.42	4.17
b. Through Diesel Generator		
i) Units (KWH)	199500	295883
ii) Total Amount	1729151	2699225
iii) Cost/Unit	8.67	9.12



HISAR SPINNING MILLS LIMITED

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2007-2008

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 2007-08. 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

BOARD PROCEDURE :

The details of the meetings of the Board and Audit Committee held during the financial year 2007-2008 are given in Table below :-

(i) Board of Directors Meeting :

Date of Meeting	Total Members	Attendance by No. of Members
28.04.2007	8	5
28.07.2007	8	4
31.08.2007	8	7
30.10.2007	8	4
29.01.2008	8	6

(ii) Audit Committee Meetings :

30.05.2007	3	3
10.08.2007	3	3
06.11.2007	3	3



HISAR SPINNING MILLS LIMITED

10.03.2008

3

3

The details of attendance of each Director at the Board and Audit Committee Meetings held during the Financial Year 2007-08 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	5	4	Yes	1
2.	Sh. T.N. Goel	2	-	Yes	4
3.	Sh. M.L. Kansal	5	-	Yes	-
4.	Sh. R.S. Malik	-	-	No	4
5.	Sh. Anurag Gupta	5	-	Yes	-
6.	Sh. Vikas Gupta	2	4	No	-
7.	Sh. Rajesh Gupta	2	-	No	1
8.	Sh. Sudarshan Kumar Duggal	5	4	No	10

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 2008 is given below :

	<u>Salary Paid</u>	<u>Service Tenure</u>
1. Sh. Anurag Gupta	360000	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 2007-2008 were 4 and no complaint was outstanding as on 31st March, 2008.