

NOTICE

Notice is hereby given that the NINETEENTH ANNUAL GENERAL MEETING of the Shareholders of HISAR SPINNING MILLS LIMITED, will be held on Friday the 30th September, 2011 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, 2011 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. Vikas Gupta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sh.M.L. Kansal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Place : Chandigarh
Dated : 31.08.2011

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, 2011 to Friday the 30th September, 2011 (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.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 a Director in one Company.
- As on 31/03/2011 he holds NIL Equity Shares in the Company.

b) Brief Particulars of Sh. M.L.Kansal proposed for re-appointment as Director.

Sh.M.L.Kansal retires by rotation at the Annual General Meeting & being eligible offers himself for re-appointment.

- He has joined the Board of Directors as a Promoter director in the year 2000.
- He is BVSC & Ph.d in Animal Science.
- He had earlier worked as Head of Deptt. Of Animal Science in Punjab Agricultural University, Ludhiana.
- He has rich experience of Textile Industry. He is associated with the company for the last Nine Years.
- The re-appointment of Sh.M.L.Kansal would be beneficial to the Company.
- He is not a Director in any other Company.
- As on 31/03/2011 he holds 1,63,867 Equity Shares in the Company.

Place : Chandigarh
Dated : 31.08.2011

For and on Behalf of the Board

(Gopal Krishan Gupta)
Managing Director

DIRECTOR'S REPORT**To the Members**

Your Directors have great pleasure in presenting the 19th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2011.

FINANCIAL RESULTS :

(Rs. in Lacs)

	Current Year (2010-2011)	Previous Year (2009-2010)
Sales & Other Income	1311.84	1171.92
Profit Before Intt. & Depreciation	124.92	107.02
Less Interest & Financial Exp.	16.78	22.14
Less Depreciation	43.49	53.44
Profit Before Tax	64.65	31.44
Prov. For Income Tax/ FBT	12.19	4.87
Profit After Tax	52.46	26.57

PAST PERFORMANCE

The Turnover of the Company has increased by 12% as compared to previous year. The profit before tax has taken a quantum jump by 106% the previous year. This has been possible due to favorable market condition. 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 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.

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 31.03.2011.

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.Vikas Gupta & Sh.M.L.Kansal 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.

- (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 judgment 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 : 31.08.2011

For and On Behalf of the Board

(T.N. Goel)
Director

(Gopal Krishan Gupta)
Managing Director

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 : 16,02,190
Foreign Exchange earned : NIL

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year (2010-2011)	Previous Year (2009-2010)
A) Power & Fuel Consumption :		
1. Power		
a. Purchased		
i) Units (KWH)	2958770	2870054
ii) Total Amount (Rs.)	14957936	12917996
iii) Rate/Unit Rs. KWH	5.06	4.50
b. Through Diesel Generator		
i) Units (KWH)	143500	235550
ii) Total Amount	1448223	2041766
iii) Cost/Unit	10.09	8.67
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.	1342 Units	1287 Units

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-2011

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 2010-11. 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. Anurag Gupta	Executive Director
5.	Sh. Vikas Gupta	Independent and Non-Executive Director
6.	Sh. Rajesh Gupta	Independent and Non-Executive Director

BOARD PROCEDURE :

The details of the meetings of the Board and Audit Committee held during the financial year 2010-2011 are given in Table below :-

(i) Board of Directors Meeting :

Date of Meeting	Total Members	Attendance by No. of Members
29.04.2010	6	3
30.07.2010	6	3
03.09.2010	6	5
30.10.2010	6	3
29.01.2011	6	3

(ii) Audit Committee Meetings :

29.06.2010	3	3
26.08.2010	3	3
06.11.2010	3	3
15.02.2011	3	3

The details of attendance of each Director at the Board and Audit Committee Meetings held during the Financial Year 2010-11 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	1	-	Yes	4
3.	Sh. M.L. Kansal	5	-	Yes	-
4.	Sh. Anurag Gupta	5	-	-	No
5.	Sh. Vikas Gupta	1	4	No	1
6.	Sh. Rajesh Gupta	-	4	No	1

3. AUDIT COMMITTEE

The current Audit Committee has following members viz. Sh. Vikas Gupta as Chairman, Sh. Gopal Krishan Gupta And Sh. Rajesh Gupta as Members. 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 2011 is given below :

	Salary Paid	Service Tenure
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 2010-2011 were 4 and no complaint was outstanding as on 31st March, 2011.

6. GENERAL BODY MEETINGS :

Last Three Annual General Meeting of the Company were held at the Registered Office of the Company at 9th KM Stone, Hisar Bhiwani Road, V.P.O. Dabra (Hisar) – 125 005 (Haryana) as detailed below :-

Year	Date	Time	Details of Special Resolution
2007-08	Monday 29/09/2008	11.00 A.M.	Nil
2008-09	Wednesday 30/09/2009	11.00 A.M.	Nil
2009-10	Thursday 30/09/2010	11.00 A.M.	Nil

No Special Resolution was put through postal ballot last year.

7. DISCLOSURES :

(a) Disclosures regarding materially significant related party transactions

None of the transaction 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 no penalties or strictures have been imposed on the Company by the stock exchanges or SEBI or any other statutory authorities relating to the above.

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, 2011
Time : 11.00 A.M.
Venue : 9th K.M. Stone, Hisar Bhiwani Road, VPO Dabra (Hisar) 125 005.

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, 2011 to 30th September, 2011 (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:

Name of the Stock Exchange	Stock code
Bombay Stock Exchange Limited, Mumbai	521068

e) Share Transfer System :

The company's shares are traded in Stock Exchange compulsorily in demat mode. The Company has Transferred 2,44,782 shares in F.Y. 2010-2011 and no shares are pending for transfer.

f) Distribution of Shareholding :

The Distribution of Shareholding as on 31st March, 2011 given in table below :-

No. of equity shares held	Total Holders	% of share holder	No. of share held	% of share holding
Up to 5000	10495	99.64	2234420	59.82
5001 to 10000	7	0.07	56700	1.52
10001 to 20000	6	0.06	105218	2.82
20001 to 30000	10	0.09	264430	7.08
30001 to 40000	4	0.04	145350	3.89
40001 to 50000	2	0.02	93900	2.51
50001 to 100000	7	0.07	556115	14.89
100000 and above	2	0.01	278867	7.47
TOTAL	10533	100.00	3735000	100.00

Categories of Shareholders as on 31st March, 2011 given in table below :-

Category	No. of share	% of Shareholdings
Indian Promoters	1797700	48.13
Private Corporate Bodies	112500	3.01
Indian Public	1824800	48.86
Others	—	—
TOTAL	3735000	100.00

g) 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 6,71,190 Shares are in Electronic Form and 30,63,810 Shares are in Physical Form as on 31.03.2011.

h) Plant Location :

Hisar Unit

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

i) 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.

j) Compliance Officer :

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

k) Compliance :

Compliance certificate obtained from the Auditors is attached to this report.