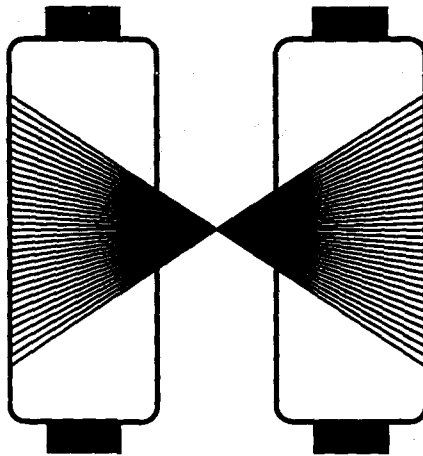




**20th**

**ANNUAL REPORT**

**2011-2012**



**HSML**



**HISAR SPINNING MILLS LIMITED**



## **BOARD OF DIRECTORS**

Sh. Gopal Krishan Gupta (M.D.)

Sh. T.N. Goel

Sh. M.L. Kansal

Sh. Anurag Gupta

Sh. Rajesh Gupta

Sh. Vikas Gupta

## **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



**NOTICE**

Notice is hereby given that the 20<sup>th</sup> **ANNUAL GENERAL MEETING** of the Shareholders of HISAR SPINNING MILLS LIMITED will be held on Saturday the 29th September, 2012 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, 2012 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.T.N.Goel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sh.Anurag Gupta 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. 01/02/2012.

"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. 01/02/2012."

"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. 01/02/2012."

**For and on Behalf of the Board**

**Place : Chandigarh  
Dated : 30.08.2012**

**(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 4th October, 2012 to Friday the 5th October, 2012 (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.T.N.Goel proposed for re-appointment as Director.**

- Sh.T.N.Goel 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 1992.
- He is an experienced businessman having good knowledge of Industry & management. The re-appointment of Sh.T.N.Goel would be beneficial to the Company.
- He is a Director in Four Company.
- As on 31/03/2012 he holds 2,85,890 Equity Shares in the Company.

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

- Sh.Anurag Gupta 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 a qualified B.Tech (Mechanical) . He is young & energetic who has inherited the business skill within the family. The re-appointment of Sh.Anurag Gupta would be beneficial to the Company.
- He is not a Director in any other Company.
- As on 31/03/2012 he holds 96,050 Equity Shares in the Company.

**c) Brief Particulars of Sh.Gopal Krishan Gupta proposed for re-appointment as Managing Director.**

- Sh.Gopal Krishan Gupta 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 has rich experience in Textiles Industry.
- The re-appointment of Sh. Gopal Krishan Gupta would be beneficial to the Company.
- He is a Director in one Company.
- As on 31/03/2012 he holds 1,15,000 Equity Shares in the Company.



**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. 01/02/2012 pursuant to Section 269 of Companies Act, 1956. Sh. Gopal Krishan Gupta is a renowned Industrialist having more than 40 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. 01/02/2012 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 : 30.08.2012**

**For and on Behalf of the Board**

**(Gopal Krishan Gupta)**  
**Managing Director**



## HISAR SPINNING MILLS LIMITED

### DIRECTOR'S REPORT

#### To the Members

Your Directors have great pleasure in presenting the 20th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2012.

#### FINANCIAL RESULTS :

	Current Year (2011-2012)	(Rs. in Lacs) Previous Year (2010-2011)
Sales & Other Income	1505.14	1311.11
Profit Before Interest & Depreciation	158.71	124.54
Less Interest & Financial Exp.	33.90	16.61
Less Depreciation	79.87	43.49
Profit Before Exceptional & Prior Period Items	44.94	64.44
Exceptional Items	7.39	--
Prior Period Items	0.90	--
Profit Before Tax	53.23	64.44
Provision for Tax	10.14	11.99
Profit After Tax	43.09	52.45

#### PAST PERFORMANCE

The Turnover of the Company has increased by 14% as compared to previous year. The profit before tax is however less by 18%. It is due to heavy Interest & Depreciation. 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/cotton waste, 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.

In a high competitive market any company may compete by improving the quality of the material it sold and by lowering the cost so to achieve this target the company has changed its new preparatory machine e.g. Blowroom & Cards to improve the quality of yarn. Also the company has installed machine for Regeneration of cotton waste to lower the cost of raw material. The management is assured that by taking these steps all the shareholders will definitely gain in future.

#### 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.



## HISAR SPINNING MILLS LIMITED

### 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 31.03.2012.

### 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 & Sh.Anurag Gupta retires by rotation and being eligible offer themselves for re-appointment.

### CORPORATE GOVERNANCE

The Corporate Governance Report is annexed herewith along with 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 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 Lenders Punjab National Bank, Small Industries Development Bank of India (SIDBI) and State & Central Govt. Authorities.

Place : Chandigarh  
Dated : 30.08.2012

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	: 12754482
Foreign Exchange earned	: 3169512

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

	<b>Current Year (2011-2012)</b>	<b>Previous Year (2010-2011)</b>
<b>A) Power &amp; Fuel Consumption :</b>		
<b>1. Power</b>		
<b>a. Purchased</b>		
i) Units (KWH)	2718018	2958770
ii) Total Amount (Rs.)	14086016	14957936
iii) Rate/Unit Rs. KWH	5.18	5.06
<b>b. Through Diesel Generator</b>		
i) Units (KWH)	125300	143500
ii) Total Amount	1371303	1448223
iii) Cost/Unit	10.94	10.09
Steam Coal	NIL	NIL
Furnace Oil	NIL	NIL
Others/Internal Generators	NIL	NIL
<b>2. Fuel</b>	NIL	NIL
<b>B) Consumption Per Unit of Production</b>		
Cotton Yam / M.T.	1342 Units	1342 Units





**CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2011-2012**

**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 2011-12. 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 :-

<b>Sr.No.</b>	<b>Name of the Director</b>	<b>Category</b>
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 2011-2012 are given in Table below :-

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

<b>Date of Meeting</b>	<b>Total Members</b>	<b>Attendance by No. of Members</b>
29.04.2011	6	5
30.07.2011	6	4
31.08.2011	6	6
31.10.2011	6	4
30.01.2012	6	5

**(ii) Audit Committee Meetings :**

27.06.2011	3	3
25.08.2011	3	3
17.11.2011	3	3
16.02.2012	3	3



## HISAR SPINNING MILLS LIMITED

The details of attendance of each Director at the Board and Audit Committee Meetings held during the Financial Year 2011-12 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	3	-	Yes	4
3.	Sh. M.L. Kansal	5	-	Yes	-
4.	Sh. Anurag Gupta	5	-	No	-
5.	Sh. Vikas Gupta	3	4	No	2
6.	Sh. Rajesh Gupta	3	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 2012 is given below :

	<u>Salary Paid</u>	<u>Service Tenure</u>
1. Sh. Anurag Gupta	360000	up to 31.01.2017

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 2011-2012 were 4 and no complaint was outstanding as on 31st March, 2012.

### 6. GENERAL BODY MEETINGS :

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