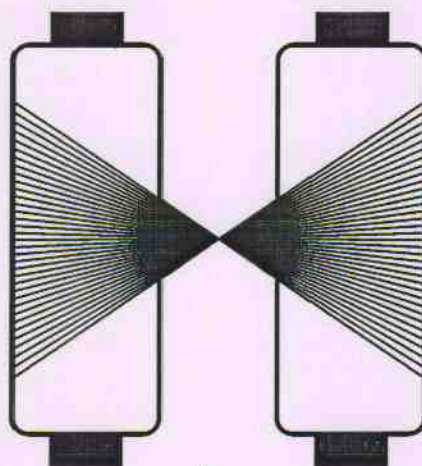




22nd

ANNUAL REPORT

2013-2014



HSML



HISAR SPINNING MILLS LIMITED



BOARD OF DIRECTORS

Sh. Gopal Krishan Gupta (M.D.)
Sh. T.N. Goel
Smt. Sapna Kansal
Sh. Anurag Gupta
Sh. Rajesh Gupta
Sh. Vikas Gupta

AUDITORS

Jain & Anil Sood
Chartered Accountants
SCO 12, Basement,
Feroze Gandhi Market,
Ludhiana - 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 22nd **ANNUAL GENERAL MEETING** of the Shareholders of HISAR SPINNING MILLS LIMITED will be held on Monday the 29th September, 2014 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, 2014 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 Mr. Vikas Gupta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Ms. Sapna Kansal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

Place : Chandigarh
Dated : 05.09.2014

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 Friday **the 03rd October, 2014 to Saturday the 04th October, 2014 (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 Independent Director for 5 years w.e.f 29/09/2014 to 28/09/2019.**

Sh. Vikas Gupta retires by rotation at the Annual General Meeting & being eligible, offers himself for reappointment. He has joined the Board of Directors as a Promoter director in the year 2006. He is a practicing Chartered Accountant having more than 17 years' experience in Finance and Accounts. The re-appointment of Sh. Vikas Gupta would be beneficial to the Company. He is a Director in one more Company. As on 31/03/2014 he does not hold any shares in the equity share capital of the company.

b) Brief Particulars of Mrs Sapna Kansal proposed for re-appointment as Director.

Mrs Sapna Kansal was appointed as director w.e.f. 20/06/2014 to fill the casual vacancy caused by the resignation of Mr. M.L. Kansal. She retires by rotation at the Annual General Meeting & being eligible, offers herself for reappointment. She is an experienced businesswoman having good knowledge of accounts & management. The re-appointment of Mrs Sapna Kansal would be beneficial to the Company. She is not a Director in any Company. As on 31/03/2014 she holds 63180 Equity Shares in the Company.

Place : Chandigarh
Dated : 05.09.2014

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 21st Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2014.

FINANCIAL RESULTS :

	Current Year (2013-2014)	(Rs. in Lacs) Previous Year (2012-2013)
Sales & Other Income	2116.37	1756.52
Profit Before Interest & Depreciation	281.63	364.74
Less Interest & Financial Exp.	34.38	44.05
Less Depreciation	110.65	137.09
Profit Before Exceptional & Extra Ordinary Items	136.60	183.60
Exceptional Items	0.00	5.18
Extra Ordinary Items	0.00	(47.02)
Profit Before Tax	136.60	141.76
Provision for Tax	16.87	28.36
Profit After Tax	119.73	113.40

PAST PERFORMANCE

The Turnover and other income of the Company has increased by around 20.49%, during the year, as compared to previous year but profit before tax shows a decline of 25.60% over previous year, because of shrink in margins due to slowdown in economy. However, the company hopes to perform better in the coming years.

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 up gradation Fund (TUF) by which concessional Loan/subsidy is granted by Govt. through its various nodal agencies for up gradation 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 of material it sold and by lowering the cost so to achieve this target he 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.

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 DEPOSITS:**

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 31.03.2015.

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

Mr. M.L. Kansal resigned from the directorship of the company w.e.f 31/03/2014. Your directors welcomed the contribution made by him during his tenure. Mrs Sapna Kansal was appointed as director to fill the casual vacancy caused by the resignation of Mr. M L Kansal. Your directors welcomed her appointment as director on the Board of the company. In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company Sh. Vikas Gupta & Mrs Sapna Kansal 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.

COST AUDITORS' APPOINTMENT

As per the requirement of the Central Government, and in pursuance of Section 233B of the Companies Act, 1956 your company carries out an audit of cost records, Subject to the approval of the Central Government, your Director have appointed M/s Satpaul Saini & Associates, to audit the cost accounts of the company for the financial year 2014

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 : 27.05.2014

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 OUT GO:

Foreign Exchange used : -

Foreign Exchange earned : --

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year (2013-2014)	Previous Year (2012-2013)
A) Power & Fuel Consumption :		
1. Power		
a. Purchased		
i) Units (KWH)	3991147	3530427
ii) Total Amount (Rs.)	29417825	21894994
iii) Rate/Unit Rs. KWH	7.37	6.20
b. Through Diesel Generator		
i) Units (KWH)	256309	292401
ii) Total Amount	3682161	3494556
iii) Cost/Unit	14.37	11.95
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.	1655 Units	1563 Units



CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2013-2014

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 2013-14. 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.	Mrs Sapna 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 2013-14 are given in Table below:-

(i) Board of Directors Meeting :

Date of Meeting	Total Members	Attendance by No. of Members
30.05.2013	6	5
13.08.2013	6	5
11.11.2013	6	5
13.02.2014	6	5

(ii) Audit Committee Meetings :

Date of Meeting	Total Members	Attendance by No. of Members
28.05.2013	3	3
11.08.2013	3	3
10.11.2013	3	3
18.02.2014	3	3



The details of attendance of each Director at the Board and Audit Committee Meetings held during the Financial Year 2013-14 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	4	4	Yes	1
2.	Sh. T.N. Goel	3	-	Yes	4
3.	Sh. M.L. Kansal	3	-	Yes	-
4.	Sh. Anurag Gupta	4	-	No	-
5.	Sh. Vikas Gupta	3	4	No	1
6.	Sh. Rajesh Gupta	3	4	No	-

3. AUDIT COMMITTEE

The current Audit Committee has following members viz. Sh. Rajesh Gupta as Chairman, Sh. Gopal Krishan Gupta and Sh. Vikas 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 2014 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 2013-2014 was Two and 2 complaints were received & settled during the year ended on 31st March, 2014.



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	
2010-11	Friday, 30/09/2011	11.00 am	Nil	
2011-12	Saturday, 29/09/2012	11.00 am	1	Appointment of Sh. Gopal Krishan Gupta as Managing Director.
			2	Appointment of Sh. Anurag Gupta as Executive Director.
2012-2013	Monday 30/09/2013	11.00	NIL	

7. DISCLOSURES:

(a) Disclosures regarding materially significant related party transactions

None of the transaction with any of the related parties was 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 : Monday September 29, 2014
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, 2013 to 31st March, 2014.

c) Book Closure:

The Dates of Book Closure are from 03rd October, 2014 to 04th October, 2014 (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