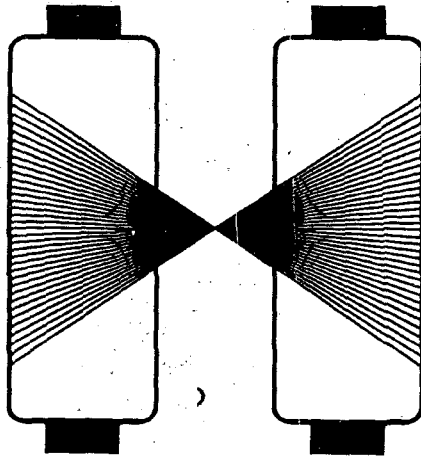




**17th**

**ANNUAL REPORT**

**2008-2009**



**H S M L** For Hisar Spinning Mills Ltd.

*Amulya*

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 SEVENTEENTH ANNUAL GENERAL MEETING of the Shareholders of HISAR SPINNING MILLS LIMITED, will be held on Wednesday the 30th September, 2009 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

To review, consider and adopt the Balance Sheet as at 31st March, 2009 and Profit and loss Account for the Year ended on that date along with the report of Auditors and Directors thereon.

To appoint a Director in place of Sh.T.N.Goel who retires by rotation and being eligible offers himself for reappointment.

To appoint a Director in place of Sh.Anurag Gupta who retires by rotation and being eligible offers himself for re-appointment.

To appoint a Director in place of Sh.M.L.Kansal who retires by rotation and being eligible offers himself for re-appointment.

To appoint Auditors and to fix their remuneration.

Place : Chandigarh  
Date : 31.08.2009

For and on Behalf of the Board

(Gopal Krishan Gupta)  
Managing Director

For Hisar Spinning Mills Ltd.

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 **Saturday the 26th September, 2009 to Wednesday the 30th September, 2009 (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 31/03/2009 he holds 1,40,308 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 31/03/2009 he holds 65,000 Equity Shares in the Company.



**c) 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 has rich experience of Textile Industry. He is associated with the company for the last Nine Years. He had earlier worked as Head of Deptt. Of Animal Science in Punjab Agricultural University, Ludhiana.

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 31/03/2009 he holds 1,41,770 Equity Shares in the Company.

Place : Chandigarh

**For and on Behalf of the Board**

Date : 31.08.2009

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



## **DIRECTOR'S REPORT**

### **To the Members**

Your Directors have great pleasure in presenting the 17th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2009.

### **FINANCIAL RESULTS :**

	Current Year (2008-2009)	(Rs. in Lacs) Previous Year (2007-2008)
Sales & Other Income	1181.79	1524.67
Profit Before Intt. & Depreciation	85.40	58.31
Less Interest & Financial Exp.	19.07	10.16
Less Depreciation	44.62	12.37
Profit Before Tax	21.71	35.78
Prov. For Income Tax	2.22	3.67
Prov. For FBT	0.11	0.31
Profit After Tax	19.38	31.80

### **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



### ED DEPOSIT :

company has not accepted any deposit within the meaning of section 58-A of the companies Act, 1956, the Companies (Acceptance of Deposits) Rules, 1975.

### TING OF SECURITIES :

Securities of the Company is listed on Stock Exchange at Mumbai. The Listing Fees have been paid up 1.03.2009.

### JRANCE :

ne properties and insurable interests of the company including Building, Plant & Machinery and Stock ever necessary and to the extent required have been properly insured.

### ITORS REPORT

points stated in the Auditors Report are self explanatory & needs no comments.

### ECTORS

cordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company .N.Goel, Sh.Anurag Gupta & Sh.M.L.Kansal retires by rotation and being eligible offer themselves for re- nointment.

### PORATE GOVERNANCE

Corporate Governance Report is annexed herewith alongwith Auditor's Certificate.

### ITORS

term of present Auditors of the company M/s. Jain & Anil Sood, Chartered Accountants, Ludhiana expires a conclusion of the ensuing Annual General Meeting and they are eligible for reappointment.

### ECTORS RESPONSIBILITY STATEMENT

That in the preparation of the annual accounts, the applicable accounting standards had been followed.

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 :

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 :

That the directors had prepared the annual accounts on a going concern basis.

### nowledgement :

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

: Chandigarh  
: 31.08.2009

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	:	9765028
Foreign Exchange earned	:	NIL

**FORM - A**

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

	<b>Current Year (2008-2009)</b>	<b>Previous Year (2007-2008)</b>
<b>A) Power &amp; Fuel Consumption :</b>		
<b>1. Power</b>		
<b>a. Purchased</b>		
i) Units (KWH)	2686025	2431205
ii) Total Amount (Rs.)	12060991	10742529
iii) Rate/Unit Rs. KWH	4.49	4.42
<b>b. Through Diesel Generator</b>		
i) Units (KWH)	195300	199500
ii) Total Amount	1789282	1729151
iii) Cost/Unit	9.16	8.67
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 Yarn / M.T.	1225 Units	961 Units



### 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.

### Board of Directors :

The Board of Hisar Spinning Mills Limited consists of Eight Directors during the financial year 2008-09. 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 :-

No.	Name of the Director	Category
	Sh. Gopal Krishan Gupta	Chairman Cum Managing Director
	Sh. T.N. Goel	Independent and Non-Executive Director
	Sh. M.L. Kansal	Non-Executive Director
	Sh. R.S. Malik	Independent and Non-Executive Director
	Sh. Anurag Gupta	Executive Director
	Sh. Vikas Gupta	Independent and Non-Executive Director
	Sh. Rajesh Gupta	Independent and Non-Executive Director
	Sh. Sudarshan Kumar Duggal	Independent and Non-Executive Director

### RD PROCEDURE :

Details of the meetings of the Board and Audit Committee held during the financial year 2008-2009 are in Table below :-

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

Date of Meeting	Total Members	Attendance by No. of Members
28.04.2008	8	4
28.07.2008	8	4
29.08.2008	8	7
31.10.2008	8	4
20.11.2008	8	3
30.01.2009	8	4

#### Audit Committee Meetings :

29.06.2008	3	3
16.08.2008	3	3
15.11.2008	3	3
15.03.2009	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 2008-09 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	1	-	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	1	4	No	-
7.	Sh. Rajesh Gupta	1	-	No	1
8.	Sh. Sudarshan Kumar Duggal	5	4	No	9

### 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 2009 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 relate formalities to the Registrar & Share Transfer Agent M/s Indus Portfolio Private Limited, G-65, Bali Naga 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 grievance of the shareholders concerning transfer of shares and non receipt of annual report and recommen measure for expeditious and effective investor services. The total number of letters received and replie to the shareholders during the year 2008-2009 were 7 and no complaint was outstanding as on 31 March, 2009.

### 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 :-

## HISAR SPINNING MILLS LIMITED



Year	Date	Time	Details of Special Resolution
2005-06	Saturday 30/09/2006	11.00 A.M.	Nil
2006-07	Saturday 29/09/2007	11.00 A.M.	Special Resolution for the Appointment of Managing Director & Executive Director was passed
2007-08	Monday 29/09/2008	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.

### 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.

### GENERAL SHAREHOLDER INFORMATION :

#### a) Annual General Meeting

Date : Wednesday September 30, 2009  
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 26th September, 2009 to 30th September, 2009 (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 1,83,008 shares in F.Y. 2008-2009 and no shares are pending for transfer.

# HISAR SPINNING MILLS LIMITED



## f) Distribution of Shareholding :

The Distribution of Shareholding as on 31st March, 2009 given in table below :-

No. of equity shares held	Total Holders	% of share holder	No. of share held	% of share holding
Up to 5000	10833	99.46	1906430.00	51.05
5001 to 10000	16	0.15	132600.00	3.55
10001 to 20000	12	0.11	198418.00	5.31
20001 to 30000	12	0.11	316874.00	8.48
30001 to 40000	5	0.04	189200.00	5.07
40001 to 50000	4	0.04	192400.00	5.15
50001 to 100000	6	0.06	418000.00	11.19
100000 and above	3	0.03	381078.00	10.20
<b>TOTAL</b>	<b>10891</b>	<b>100.00</b>	<b>3735000.00</b>	<b>100.00</b>

Categories of Shareholders as on 31st March, 2009 given in table below :-

Category	No. of share	% of Shareholdings
Indian Promoters	1773800	47.49
Private Corporate Bodies	70700	1.89
Indian Public	1890500	50.62
Others	—	—
<b>TOTAL</b>	<b>3735000</b>	<b>100.00</b>

## 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 3,02,600 Shares are in Electronic Form and 34,32,400 Shares are in Physical Form as on 31.03.2009.

## 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.

**HISAR SPINNING MILLS LIMITED**



**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of Hisar Spinning Mills Limited

We have examined the compliance of conditions of corporate governance by Hisar Spinning Mills Limited (the Company) for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchanges. The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us we certify that company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreements.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Share Transfer cum Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**FOR JAIN & ANIL SOOD**  
Chartered Accountants

Place : Chandigarh  
Date : 31.08.2009

**(RAJESH KUMAR JAIN)**  
Partner  
Membership No. 088447

# HISAR SPINNING MILLS LIMITED



## AUDITOR'S REPORT

To  
The Members,  
Hisar Spinning Mills Limited

1. We have audited the attached balance sheet of Hisar Spinning Mills Limited, as at 31st March 2009, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

v) On the basis of written representations received from the directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2009;

b) in the case of the profit and loss account, of the profit for the year ended on that date; and

c) in the case of the cash flow statement of the cash flows for the year ended on that date.

for JAIN & ANIL SOOD  
Chartered Accountants

Place: Chandigarh  
Date : 31.08.2009

(RAJESH KUMAR JAIN)  
Partner

Membership No. 088447



**ANNEXURE TO THE AUDITOR'S REPORT**

(referred to in our report of even date to the members of **Hisar Spinning Mills Limited** on accounts for the year ended **31st March 2009**)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The company has a program for the physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the company and the nature of its fixed assets. No significant discrepancies were noticed on such verification.

(c) Based on our scrutiny of the records of the company and the information and explanations given to us, we report that there was sale of fixed assets during the year but the fixed assets disposed of did not constitute a substantial part of the fixed assets of the company. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.

2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(a) The company has taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during a year from these parties was Rs. 4111000/- and the year end balance of loans taken from such parties was Rs. 11000/-. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.

(c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable.

(d) There is no overdue amount of loans taken from parties covered in the register maintained under section 301 of the Companies Act, 1956.



(2)

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the financial year under consideration.

6. Based on our scrutiny of the company's records and according to the information and explanations given to us, in our opinion, the company has not accepted any deposits from public which are 'deposits' within the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. (a) According to the information and explanations given to us and records of the company examined by us, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax and other material statutory dues applicable to it. Further according to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax and other material statutory dues were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of sales tax/income-tax/ custom duty/wealth-tax/ excise duty/ cess which have not been deposited on account of any dispute.

10. In our opinion, the accumulated losses of the company have exceeded fifty per cent of its net worth as on 31st March 2009. The company, however, has not incurred any cash losses in the financial year under consideration and in the financial year immediately preceding such financial year. In arriving at the accumulated losses, net worth and cash losses as above, we have considered the qualifications, if any, which are quantifiable in the audit reports of the years to which these pertain.



(3)

11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank. Further according to records of the company, the company has not issued any debentures till 31st March 2009.

12. According to the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

15. According to the records of the company and the information and explanations provided by the management, the company has not given any guarantee for loans taken by others from bank or financial institutions.

16. The term loans obtained by the company have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long term funds have been used to finance short term assets except permanent working capital.

18. According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. According to the records of the company, the company has not issued any debentures.

20. The company has not raised any money by public issues during the period covered by our audit report.

21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for JAIN & ANIL SOOD  
Chartered Accountants

Place: Chandigarh

(RAJESH KUMAR JAIN)

Date : 31.08.2009

Partner

Membership No. 088447

# HISAR SPINNING MILLS LIMITED



## BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE	AS AT		AS AT	
		31.03.2009		31.03.2008	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	I	43850000		43850000	
Reserves and Surplus	II	<u>3342000</u>	47192000	<u>3342000</u>	47192000
<b>LOAN FUNDS</b>					
Secured Loans	III	13130132		5352473	
Unsecured Loans	IV	<u>6011000</u>	19141132	<u>9611000</u>	14963473
<b>Total</b>			<u>66333132</u>		<u>62155473</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
	V				
Gross Block		85611866		65066607	
Less: Depreciation up to date		<u>56820415</u>		<u>54340088</u>	
Net Block			28791451		10726519
Capital Work in Progress			1128555		2128088
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	VI	11310100		13704268	
Sundry Debtors	VII	4938068		6809327	
Cash and Bank Balances	VIII	2223414		10078288	
Loans and Advances	IX	<u>2210399</u>		<u>4162894</u>	
<b>Total (a)</b>		<u>20681981</u>		<u>34754777</u>	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	X	<u>9788250</u>		<u>12908801</u>	
<b>Total (b)</b>		<u>9788250</u>		<u>12908801</u>	
<b>Net Current Assets (a) - (b)</b>			10893731		21845976
Profit and Loss Account			25519395		27454890
<b>Total</b>			<u>66333132</u>		<u>62155473</u>
<b>Notes on Accounts</b>		XX			

As per our report of even date attached

for JAIN & ANIL SOOD  
Chartered Accountants

for and on behalf of the Board

Place: Chandigarh  
Date : 31.08.2009

(RAJESH KUMAR JAIN)  
Partner

(GOPAL KRISHAN GUPTA) (T.N. GOEL)  
Managing Director. Director

# HISAR SPINNING MILLS LIMITED



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCHEDULE	FOR THE	FOR THE
		YEAR ENDED	YEAR ENDED
		31.03.2009	31.03.2008
		Rs.	Rs.
<b>INCOME</b>			
Sales	XI	117301042	151407115
Other Income	XII	878248	1059641
Increase/(-) Decrease in stock of finished goods and wastage	XIII	356038	623159
<b>Total</b>		<b>118535328</b>	<b>153089915</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	XIV	86849559	123911959
Manufacturing and Other Expenses	XV	17605070	17519433
Personnel Expenses	XVI	3222018	3281822
Administrative and General Expenses	XVII	1626901	1630552
Financial Expenses	XVIII	1907099	1015643
Selling Expenses	XIX	691132	915167
Depreciation		4462393	1237037
<b>Total</b>		<b>116364172</b>	<b>149511613</b>
<b>Profit before tax</b>		<b>2171156</b>	<b>3578302</b>
Less Provision for Current Tax		222494	367027
Less: Provision for Fringe Benefit Tax		11020	30803
<b>Profit after tax</b>		<b>1937642</b>	<b>3180472</b>
Less: Provision for Fringe Benefit Tax for earlier year		2147	-
Add: Surplus/(-)Deficit brought forward from last year		-27454890	-30635362
Surplus/(-)Deficit carried to Balance Sheet		-25519395	-27454890
<b>Notes on Accounts</b>	<b>XX</b>		

As per our report of even date attached

for JAIN & ANIL SOOD  
Chartered Accountants

for and on behalf of the Board

Place: Chandigarh  
Date: 31.08.2009

(RAJESH KUMAR JAIN)  
Partner

(GOPAL KRISHAN GUPTA) (T.N. GOEL)  
Managing Director Director

# HISAR SPINNING MILLS LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCHEDULE FOR THE YEAR ENDED 31.03.2009 (Rs.)	FOR THE YEAR ENDED 31.03.2008 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	2171156	3578302
<b>Adjustments for:</b>		
Depreciation	4462393	1237037
Profit on sale of fixed assets	-415263	-308089
Interest received	-89989	-5017
Interest paid	1587252	724549
<b>Operating profit before working capital changes</b>	7715549	5226782
Decrease/ (-) Increase in trade and other receivables	4390789	-2631562
Decrease/ (-) Increase in inventories	2394168	-257363
Increase/ (-) Decrease in trade payables and other liabilities	-3358751	2902534
<b>Cash generation from operation</b>	11141755	5240391
Income tax / Fringe benefit tax paid	-378421	-530005
<b>Net cash from Operating Activities</b>	<b>10763334</b>	<b>4710386</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale/ (-) Purchase of fixed assets (including capital work in progress)	-20953246	-2195418
Investment in fixed deposits pledged with banks as margin money	7264386	-8720000
Interest received	44663	-
<b>Net cash from Investing Activities</b>	<b>-13644197</b>	<b>-10915418</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (-) Decrease in Term Loan Facilities from Bank	12611579	-
Increase/ (-) Decrease in Working Capital Facilities from Bank	-4978235	3892242
Increase/ (-) Decrease in Unsecured Borrowings	-3600000	3600000
Interest paid	-1788295	-295789
<b>Net cash from Financing Activities</b>	<b>2245049</b>	<b>7196453</b>
<b>Net Increase/ (-) Decrease in Cash and Cash Equivalents</b>	<b>-635814</b>	<b>991421</b>
<b>Opening Cash and Cash Equivalents</b>	<b>1353271</b>	<b>361850</b>
<b>Closing Cash and Cash Equivalents</b>	<b>717457</b>	<b>1353271</b>

Notes on Accounts

XX

As per our report of even date attached

for JAIN & ANIL SOOD  
Chartered Accountants

for and on behalf of the Board

Place: Chandigarh  
Date : 31.08.2009

(RAJESH KUMAR JAIN)  
Partner

GOPAL KRISHAN GUPTA)  
Managing Director

(T.N. GOEL)  
Director



	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
80,00,000 (Previous Year 80,00,000) Equity Shares of Rs. 10/- each	80000000	80000000
20,00,000 (Previous Year 20,00,000) Preference Shares of Rs. 10/- each	20000000	20000000
	<u>100000000</u>	<u>100000000</u>
<b>Issued, Subscribed and Paid-up</b>		
37,35,000 (Previous Year 37,35,000) Equity Shares of Rs. 10/- each fully paid up	37350000	37350000
6,50,000 (Previous Year 6,50,000) 5% Redeemable Non-cumulative Preference Shares of Rs. 10/- each fully paid up (able to be redeemed in four quarterly installments beginning from 01.01.2024)	6500000	6500000
<b>Total</b>	<u>43850000</u>	<u>43850000</u>

**SCHEDULE - II**  
**RESERVES AND SURPLUS**

**Capital Reserves**

State Capital Subsidy received from Director of Industries, Haryana through Haryana State Industrial Development Corporation Limited. Secured by first charge on immovable and other tangible assets, present and future, in favour of Haryana State Industrial Development Corporation Limited).	3000000	3000000
Generating Set Subsidy received from Director of Industries, Haryana for installing Generating sets)	342000	342000
<b>Total</b>	<u>3342000</u>	<u>3342000</u>

**HISAR SPINNING MILLS LIMITED**

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - III</b>		
<b>SECURED LOANS</b>		
Working Capital Facilities from Punjab National Bank	374238	5352473
Term Loan Facilities from Punjab National Bank (*)	12755894	-
<b>Total</b>	<b>13130132</b>	<b>5352473</b>

(\*) Amount due for repayment out of term loans from banks with in one year is Rs. 2272000/- (previous year - Nil).

Working capital facilities from Punjab National Bank are secured by hypothecation of stock of all kind of raw material, stock in process, finished goods, store and spares of cotton and all other item acceptable to bank and book debts. The said facility is further secured by equitable mortgage of land measuring 34 Kanal and 14 Marla and building constructed thereon situated at Village Dabra Distt. Hissar and hypothecation of plant and machinery.

Term Loan facilities from Punjab National Bank are secured by first charge on existing as well as future block assets and mortgage of land on which the unit is constructed along with the building constructed thereon located at village Dabra, Hissar.

**SCHEDULE - IV**  
**UNSECURED LOANS**

From Directors	11000	3611000
From Others	6000000	6000000
<b>Total</b>	<b>6011000</b>	<b>9611000</b>

# HISAR SPINNING MILLS LIMITED



PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	Balance as on 1.4.2008	Additions	Sales	Balance as on 31.3.2009	Balance as on 1.4.2008	For the Year	Written Back	Balance as on 31.3.2009
<b>SCHEDULE - V</b>								
<b>FIXED ASSETS</b>								
Land and Site Development	1387964	-	-	1387964	-	-	-	1387964
Building								
- Factory	8652352	3679887	-	12332839	6848103	439340	-	5245396
- Office and Others	2068644	-	-	2068644	1002890	53188	-	1010566
Plant and Machinery	45135108	14792370	2179353	57748125	41834892	3271990	1982066	43124616
Weighing Scales	85823	26713	-	112536	46612	7744	-	54356
Electric Installations	4952869	455708	-	5408577	2679674	363387	-	3043061
Generating Sets	1533630	3129368	-	4662988	1186357	205647	-	1392004
Furniture and Fixtures	401011	-	-	401011	360439	7344	-	367783
Office Equipments	609217	10930	-	620147	404636	39506	-	444142
Fire Fighting Equipments	189739	629636	-	819375	159993	66455	-	224448
Vehicles	51650	-	-	51650	17692	8792	-	26484
<b>Total</b>	<b>65066807</b>	<b>22724612</b>	<b>2179353</b>	<b>85611866</b>	<b>54340088</b>	<b>4462393</b>	<b>1982066</b>	<b>28791451</b>
<b>Previous Year</b>	<b>65645967</b>	<b>492330</b>	<b>1071690</b>	<b>65066807</b>	<b>54057830</b>	<b>1237037</b>	<b>954779</b>	<b>10726519</b>
								<b>11588137</b>

# HISAR SPINNING MILLS LIMITED



	AS AT 31.03.2009 Rs.	AS AT 31.03.2008, Rs.
<b>SCHEDULE - VI</b>		
<b>INVENTORIES</b>		
(as taken, valued and certified by the management)		
Raw Material	5628230	8932303
Finished Goods	1961618	2317947
Wastage	227260	191085
Work in Process	1365965	689773
Stores, Spares, Diesel and Packing Material	2127027	1573160
<b>Total</b>	<b>11310100</b>	<b>13704268</b>
<b>SCHEDULE - VII</b>		
<b>SUNDRY DEBTORS</b>		
(unsecured considered good)		
Debtors outstanding for a period exceeding six months	295568	1584
Other Debtors	4642500	6807743
<b>Total</b>	<b>4938068</b>	<b>6809327</b>
<b>SCHEDULE - VIII</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand (including imprest)	120357	100474
Balance with Scheduled Banks		
- in Current Accounts	597100	124605
- in Fixed Deposit Accounts (including interest receivable)	1505957	8725017
(held as margin money against bank guarantees/letter of credit)		
Cheques in Hand	-	1128192
<b>Total</b>	<b>2223414</b>	<b>10078288</b>



**AS AT**  
**31.03.2009**  
**Rs.**

**AS AT**  
**31.03.2008**  
**Rs.**

**SCHEDULE - IX**
**LOANS AND ADVANCES**

(unsecured considered good)

Advances recoverable in cash or kind or for the value to be received	640077	50230
Advance to Suppliers	430008	3199356
Advance Income Tax and Fringe Benefit Tax (net) (including tax deducted/collected at source)	261898	119138
Security Deposits	878416	794170
<b>Total</b>	<b>2210399</b>	<b>4162894</b>

**SCHEDULE - X**
**CURRENT LIABILITIES**

Sundry Creditors

- Due to Micro, Small and Medium Enterprises  
(See Schedule - XX, Note 3)

- Due to Others	4630700	7431234
Advance from Customers	894035	1977422
Other Liabilities	3272378	2966220
Cheques Issued Liability	991137	533925

<b>Total</b>	<b>9788250</b>	<b>12908801</b>
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	FOR THE YEAR ENDED 31.03.2009 Rs.	FOR THE YEAR ENDED 31.03.2008 Rs.
<b>SCHEDULE - XI</b>		
<b>SALES</b>		
Cotton Yarn	114819034	149170259
Cotton Wastage	2437553	1948332
Raw Material	-	224624
Scrap	44455	63900
<b>Total</b>	<b>117301042</b>	<b>151407115</b>

**SCHEDULE - XII**  
**OTHER INCOME**

Interest Received (Tax deducted at source - Rs. 9786/- previous year - Nil)	89989	5017
Transfer of Hank Yarn Obligation	367454	438743
Insurance Claim Received	-	303729
Miscellaneous Income	5542	4063
Profit on Sale of Fixed Assets	415263	308089
<b>Total</b>	<b>878248</b>	<b>1059641</b>

**SCHEDULE - XIII**  
**INCREASE/ (-) DECREASE IN STOCK OF FINISHED  
GOODS AND WASTAGE**

Closing Stock of Finished Goods and Wastage	2188878	2509032
Closing Stock of Work in Process	1365965	689773
	<b>3554843</b>	<b>3198805</b>
Less:		
Opening Stock of Finished Goods and Wastage	2509032	1999390
Opening Stock of Work in Process	689773	576256
	<b>3198805</b>	<b>2575646</b>
<b>Total</b>	<b>356038</b>	<b>623159</b>



	FOR THE YEAR ENDED 31.03.2009 Rs.	FOR THE YEAR ENDED, 31.03.2008 Rs.
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**SCHEDULE - XIV**
**RAW MATERIAL CONSUMED**

Opening stock of Raw Material	8932303	9707748
Add : Purchases	83545486	123136514
	92477789	132844262
Less: Closing stock of Raw Material	5628230	8932303
<b>Total</b>	<b>86849559</b>	<b>123911959</b>

**SCHEDULE - XV**
**MANUFACTURING AND OTHER EXPENSES**

Stores and Spares Consumed	2362710	2596577
Diesel Consumed	1789282	1729151
Packing Material Consumed	1070078	1601616
Electric Stores Consumed	196699	582062
Job Work Charges	-	127500
Power and Fuel	12060991	10742529
Plant and Machinery Repair and Maintenance	125310	139998
<b>Total</b>	<b>17605070</b>	<b>17519433</b>

**SCHEDULE - XVI**
**PERSONNEL EXPENSES**

Salaries and Wages	1943896	1788109
House Rent Allowance	165967	177181
Staff and Labour Welfare	6295	6546
Employers' Contribution to Provident Fund and Other Funds	224942	277755
Employers' Contribution to E.S.I	52606	76713
Recruitment Expenses	250	300
Labour Charges	749634	873240
Bonus	78428	81978
<b>Total</b>	<b>3222018</b>	<b>3281822</b>

# HISAR SPINNING MILLS LIMITED



	FOR THE YEAR ENDED 31.03.2009 Rs.	FOR THE YEAR ENDED 31.03.2008 Rs.
<b>SCHEDULE - XVII</b>		
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Fees and Subscription	120872	97306
Building Repair and Maintenance	8257	18113
General Repair and Maintenance	6975	13273
Director's Remuneration	360000	360000
Insurance Charges	189029	177726
Legal and Professional Charges	30620	30207
<u>Auditor's Remuneration</u>		
- for Audit Fees	44120	44944
- for Tax Audit Fees	11030	11236
Printing and Stationery	111338	116633
Postage Expenses	81546	79771
Telephone Expenses	124330	142073
Scooter/Motorcycle Petrol and Maintenance	71053	60321
Rent	205056	205056
Computer Processing Charges	51000	48000
Advertisement	30790	27204
Weighment Charges	16800	16800
Miscellaneous Expenses	30526	31648
Director's Travelling Expenses	12046	40300
Electricity and Water Charges	121513	109941
<b>Total</b>	<b>1626901</b>	<b>1630552</b>

## SCHEDULE - XVIII FINANCIAL EXPENSES

Interest paid to Banks	1285695	182517
Interest paid to Others	301557	542032
Bank Charges	319847	291094
<b>Total</b>	<b>1907099</b>	<b>1015643</b>

## SCHEDULE - XIX SELLING EXPENSES

Freight and Cartage Outward	586205	760490
Commission on Sales	58478	106665
Additional Value Added Tax and Central Sales Tax	36091	
Rebate and Discount	10358	9509
Sample Expenses	-	38503
<b>Total</b>	<b>691132</b>	<b>915167</b>



## HISAR SPINNING MILLS LIMITED

### SCHEDULE - XX NOTES ON ACCOUNTS

#### 1. Significant Accounting Policies

##### a) **Basis of preparation and presentation of financial statements**

The accounts are prepared on accrual basis under the historical cost convention in accordance with generally accepted accounting principles and the accounting standards referred to in section 211(3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

##### b) **Inventories**

Inventories have been valued at lower of cost and net realisable value. The cost in respect of various items of inventory is computed as under:

- in case of raw material, stores, spares, diesel and packing material at first in first out (FIFO) cost method plus direct expenses.
- in case of work in process at raw material cost plus conversion cost depending upon the stage of completion.
- in case of finished goods at raw material cost plus conversion cost, packing cost and other overheads incurred to bring the goods up to their present condition and location.

##### c) **Revenue Recognition**

Sales of goods is recognised at the point of dispatch of goods to the customers and is disclosed net of returns, if any.

##### d) **Fixed Assets**

The Fixed assets have been stated at original cost including inward freight, other incidental costs relating to acquisition and installation thereof and duties and taxes less modvat/cenvat credit and value added tax credit, if any, and less depreciation up to date.

##### e) **Depreciation**

Depreciation on fixed assets has been provided on written down value method at the rates and in the manner specified in Schedule - XIV to the Companies Act, 1956.

##### f) **Effects of changes in foreign exchange rates**

Transactions in foreign currency are recorded on initial recognition in the reporting currency amount based on the exchange rate between the reporting currency and foreign currency at the date of transaction. At each balance sheet date foreign currency monetary items are reported at closing rates. Exchange differences arising on restatement of monetary items at closing rates have been provided during the year under consideration.

##### g) **Government Grants**

Government grants related to revenue expenses have been deducted from related expenses and government grants in the nature of capital investment subsidy have been credited to Capital Reserve.



(2)

**h) Employee Benefits****(i) Provident Fund and Pension Fund**

All eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the company make monthly contributions to the fund, which is equal to a specified percentage of the covered employee's basic salary and the contribution made by the company to such fund is charged to the profit and loss account. The company has no further obligations under this plan beyond its monthly contributions.

**(ii) Leave with Wages**

Provision for leaves, if any, is made on the basis of leaves accrued to the employees during the year.

**(iii) Gratuity**

Liability for gratuity is provided through a policy taken from Life Insurance Corporation of India (LIC) by a trust formed for the purpose. The liability is provided on the basis of actuarial valuation made by LIC as at the close of the year to cover the year's liability and such liability is charged to the profit and loss account.

**i) Borrowing Costs**

Borrowing costs that are directly attributable to qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Accordingly during the financial year the company has capitalised an amount of Rs. 820118/- as part of the cost of the qualifying asset.

**j) Accounting for Taxes on Income**

Provision for current income tax is made in accordance with the provisions of Income-tax Act, 1961. In accordance with Accounting Standard (AS) - 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax resulting from timing differences between book and tax profit is accounted for at the tax rates substantively enacted by the Balance Sheet date to the extent that the timing differences are expected to crystallise. Deferred tax assets are recognised only when there is virtual certainty of sufficient future profits available to realise such assets.

**k) Impairment of Assets**

The Company has considered all the external sources of information and internal sources of information indicating whether an individual asset or a cash-generating unit of the company has impaired. On the basis of those sources of information, no indication of a potential impairment loss is present, as such no formal estimate of recoverable amount has been made at the balance sheet date.

**l) Provisions and Contingent Liabilities**

Provisions are recognised for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.



(3)

2. **Contingent Liabilities not provided for:**

Counter guarantees issued to Punjab National Bank against guarantees issued by the said bank in favour of The President of India for Rs. 1455614/- covered by 100% margin in the shape of fixed deposits (previous year - Nil).

3. The Company has not received any communication from any of its suppliers/ service providers in response to letters issued by the Company, confirming whether or not they are registered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of any positive confirmation from the suppliers/ service providers, the information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 could not be determined.

4. The transactions with related parties as required to be disclosed according to Accounting Standard - 18 issued by The Institute of Chartered Accountants of India are as under:

(Amount in Rs.)

Particulars	Key management personnel		Enterprises over which key management personnel or relative of such personnel exercise significant influence		Total	
	For the year ended 31.03.2009	For the year ended 31.03.2008	For the year ended 31.03.2009	For the year ended 31.03.2008	For the year ended 31.03.2009	For the year ended 31.03.2008
a) Director Remuneration	360000	360000	-	-	360000	360000
b) Opening balance of Loans taken or accepted	3611000	11000	-	-	3611000	11000
c) Loans taken or accepted during the year	3200000	3600000	-	-	3200000	3600000
d) Loans repaid during the year	6800000	-	-	-	6800000	-
e) Closing balance of Loans taken or accepted	11000	3611000	-	-	11000	3611000
f) Purchase of Fixed Assets	-	-	240850	-	240850	-
g) Loans granted during the year	-	-	-	2000000	-	2000000
h) Loans recovered during the year	-	-	-	2000000	-	2000000
i) Sale Scrap	-	-	-	9270	-	9270

Key Management Personnel

: Sh. Gopal Krishan Gupta

: Sh. Anurag Gupta

Enterprises over which key management personnel or : M/s Usha Yarns Limited  
relative of such personnel exercise significant influence.

Contd./P/4



(4)

5. Details of gratuity plan taken by the Company from Life Insurance Corporation of India (LIC) through a trust formed for this purpose is as under:

**Opening and closing balance of obligations**

	Amount (Rs.)
a) Present value of obligation as at 01.04.2008	293251
b) Current service cost	118491
c) Present value of obligation as at 31.03.2009	411742

**Opening and closing balance of fund with LIC**

a) Balance in gratuity fund with LIC against opening obligation	293251
b) Income credited during the year	25786
c) Balance in gratuity fund with LIC against closing obligation	319037
d) Amount of funded liability recognised in the balance sheet	92705

**Expenses recognised during the year**

a) Current service cost	118491
b) Income credited during the year	25786
c) Expenses recognised during the year	92705

**Assumptions**

a) Discount rate (per annum)	8%
b) Rate of escalation in salary (per annum)	7%

6. Previous year's figures have been re-grouped / re-arranged wherever considered necessary to make them comparable with figures of the current year.

7. Figures have been rounded off to the nearest rupee.

8. Additional information required under paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

**A. Licenced and Installed Capacity (per annum)**

Particulars	Unit	* Licenced Capacity		** Installed Capacity	
		As at 31.03.2009	As at 31.03.2008	As at 31.03.2009	As at 31.03.2008
Cotton Yarn	M.T.	4500	4500	4000	4000

\* As per acknowledgement no. 3803/SIA/IMO/97 dated 22.12.1997 from Entrepreneurial Assistance Unit, Secretariat for Industrial Assistance, Ministry of Industry, Govt. of India.

\*\* Installed capacity is certified by the Management and not verified by the Auditors being a technical matter.

**B. Actual Production**

Particulars	Unit	for the year ended 31.03.2009	for the year ended 31.03.2008
Cotton Yarn	M.T.	2352.504	2737.041
Wastage	M.T.	613.816	715.416

Contd./P/5



(5)

**C. Sales**

Particulars	Unit	For the year ended 31.03.2009		For the year ended 31.03.2008	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Cotton Yarn	M.T.	2368.145	114819034	2723.081	149170259
Wastage	M.T.	620.696	2437553	711.052	1948332

**D. Opening Stock of Finished Goods**

Particulars	Unit	As at 01.04.2009		As at 01.04.2007	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Cotton Yarn	M.T.	49.000	2317947	35.040	1762066
Wastage	M.T.	63.695	191085	59.331	237324

**E. Closing Stock of Finished Goods**

Particulars	Unit	As at 31.03.2009		As at 31.03.2008	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Cotton Yarn	M.T.	52.200	1961618	49.000	2317947
Wastage	M.T.	56.815	227260	63.695	191085

**F. Raw Material Consumed**

Particulars	Unit	For the year ended 31.03.2009		For the year ended 31.03.2008	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Cotton and Cotton/Textile Waste	M.T.	3002.080	86849559	3466.320	123687335

**G. Other Additional Information**

Particulars	For the year ended 31.03.2009		For the year ended 31.03.2008	
	Amount (Rs.)		Amount (Rs.)	
(a) CIF value of Imports				
- Capital Goods		11583854	-	-
- Stores, Spares and Components		360516	-	-
(b) Value of Raw Material, Stores and Spares consumed during the year				
	Value	%	Value	%
i) Raw Material				
- Imported				
- Indigenous	86849559	100.00%	123687335	100.00%
ii) Stores, Spares and Components				
- Imported	131372	3.62%	-	-
- Indigenous	3498115	96.38%	4780255	100.00%

9. The information pursuant to Part IV of Schedule VI to the Companies Act, 1956:

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I REGISTRATION DETAILS**

Registration Number	31621
State Code	05
Balance Sheet Date	31.03.2009

**II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND)**

Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-

**III POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSAND)**

Total Liabilities	50602
Total Assets	50602

**Sources of Funds**

Paid up Capital	43850
Reserves and Surplus	3342
Secured Loans	13130
Unsecured Loans	6011
	<u>66333</u>

**For Hisar Spinning Mills Ltd.**

*[Signature]*

**Director**

**Application of Funds**

Net Fixed Assets	28791
Capital Work in Progress	1129
Net Current Assets	10894
Accumulated Losses	25519
	<u>66333</u>

**IV PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSAND)**

Turnover and other income	118179
Total Expenditure	116008
Profit before Tax	2171
Profit after Tax	1938
Earnings per Share (in Rs.)	0.52
Dividend Rate (%)	-

**V GENERIC NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY  
(AS PER MONETARY TERMS)**

Item Code No. (ITC Code)	52.05
Product Description	Cotton Yarn

As per our report of even date attached

for JAIN & ANIL SOOD  
Chartered Accountants

for and on behalf of the Board

Place: Chandigarh  
Date: 31.08.2009

(RAJESH KUMAR JAIN)  
Partner

(GOPAL KRISHAN GUPTA)  
Managing Director

(T.N. GOEL)  
Director

# HISAR SPINNING MILLS LIMITED

Regd. Office : V & P.O. Dabra, Hisar-125005 (Haryana)

## PROXY FORM

I/We ..... Regd. Folio No.....

Address.....

being member of Hisar Spinning Mills Ltd. appoint.....

of.....my/our proxy in my/our absence to at-

tend and vote for me/us for my/or our behalf, at the 17th Annual General Meeting of the Company to be held on Wednesday, 30th September, 2009 at 11.00 a.m. or at any adjournment thereof.

In witness thereof I/We have set my/our hand(s) this.....day of.....2009

Please affix  
Rs. 1  
Revenue  
Stamp

Signature of the member

In the presence of .....Witness

**Note :** The Proxy form must be deposited with the company, not less than 48 hours before the time for holding the meeting.

# HISAR SPINNING MILLS LIMITED

Regd. Office : V & P.O. Dabra, Hisar (Haryana)

17TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

I/Mr./Mrs./Miss.....

Reg. Folio No.....hereby record my presence at the 17th Annual General Meeting of the Company on Wednesday, 30th September 2009 at 11.00 a.m.

Signature of the member/proxy

**Note :** Please fill this attendance slip and hand it over at the entrance of the meeting hall.

BOOK-POST

*If undelivered please return to :*

**HISAR SPINNING MILLS LIMITED**

*Regd. Office & Works : 9th K.M. Stone,  
Hisar-Bhiwani Road,  
V.P.O. Dabra (Hisar) 125 005 (Haryana)*

For Hisar Spinning Mills Ltd.

*[Signature]*

Director