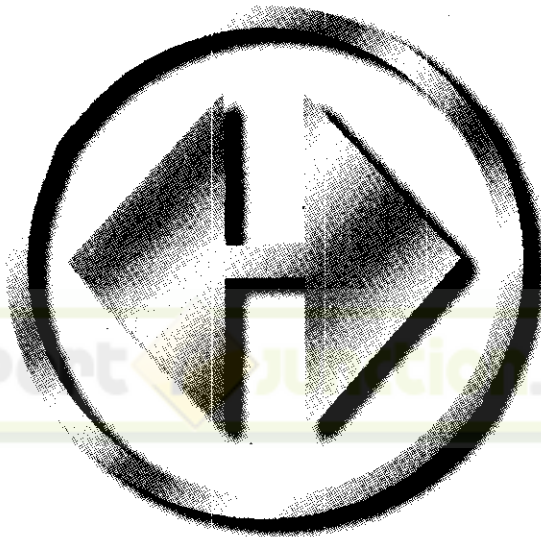


H.P. Cotton Textile Mills Limited



H.P. THREAD

**18th
ANNUAL REPORT
1998-99**



H.P. Cotton Textile Mills Ltd.

BOARD OF DIRECTORS

Shri Arjun Das Agarwal, Chairman.
Shri Kashmiri Lal Agarwal, Managing Director.
Shri Ashok Kumar Agarwal, Executive Director.
Shri Kailash Kumar Agarwal, Director Incharge.
Shri Krishan Kumar Agarwal.
Shri Ram Gopal Patwari.
Lt. Gen. (Retd.) Depinder Singh.
Shri Anil Aggarwalla

REGISTERED AND ADMINISTRATIVE OFFICE:

272, Model Town, Hisar-125 005 (Haryana).

WORKS:

15 K.M. Stone (Near Mayar Village)
Delhi Road, Hisar-125 044 (HARYANA)

BRANCHES:

DELHI, CALCUTTA, MUMBAI, AHMEDABAD, KANPUR, TIRUPUR

BANKERS:

State Bank of Patiala
Oriental Bank of Commerce

AUDITORS:

M/s A.K. Associates, New Delhi	- Statutory Auditor.
M/s R. J. Goel & Co., New Delhi	- Cost Auditor



H.P. Cotton Textile Mills Ltd.

18TH ANNUAL GENERAL MEETING

Day : Thursday
 Date : 16th September, 1999
 Time : 5.00 pm
 Venue : 272, Model Town, Hisar-125005

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H.P. Cotton Textile Mills Ltd.

NOTICE

Please be informed that the Eighteenth Annual General Meeting of the Shareholders of H.P. Cotton Textile Mills Ltd., Hisar will be held on Thursday the 16th September 1999 at 05.00 p.m. at the Registered office of the Company at 272, Model Town Hisar (Haryana) to transact the following Business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date together with Directors' Report and the Auditors' Report thereof.
2. To appoint Director in place of Lt.Gen.(Retd.)Depinder Singh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri Ashok Kumar Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To reappoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED that Sh. Anil Aggarwalla be and is hereby appointed as Director on the Board of the Company subject to retirement by rotation."

6. To approve re-appointment of Shri Ashok Kumar Agarwal as whole time director designated as Executive Director of the Company for a further period of 5 years and to consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

"Resolved that re-appointment of Shri Ashok Kumar Agarwal as Executive Director of the Company for a further period of 5 years i.e. from 02-08-1999 to 02-08-2004 be and is hereby approved.

It is further resolved that pursuant to the provisions of Section 198, 269, 309, 310, 314 and Schedule XIII and other applicable provisions, if any, of the Company Act, 1956, the consent of the Company is hereby accorded for payment of remuneration (including minimum remuneration) to be paid to Sh. Ashok Kumar Agarwal re-appointed as Executive Director for a period of 5 years effective from 02-08-1999 as per explanatory statement attached to this notice and forming part hereof.

"Resolved further that the Board of Directors be and is hereby authorized to take such steps as may be necessary and desirable to give effect to this resolution."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT ,1956

ITEM NO. 5.

Shri Anil Aggarwalla has been appointed as additional Director on the Board of the Company in the meeting of Board of Directors held on 29th July 1999 . The tenure of Shri Anil Aggarwalla as additional director expires with the conclusion of this annual general meeting. The Company has received a notice in writing from a member purposing candidature of Shri Anil Aggarwalla to appoint him as a Director on the Board subject to retirement by rotation.

MEMORANDUM OF INTEREST

None of the Directors other than Shri Anil Aggarwalla himself is interested in this resolution.



H.P. Cotton Textile Mills Ltd.

ITEM NO. 6

The Board of Directors of the Company (The Board) in its meeting held on 29th July, 1999 resolved to "Re-appoint Shri Ashok Kumar Agarwal as Executive Director of the Company Subject to retirement by rotation for a further period of Five Years with effect from 02-08-1999 upon the terms and conditions setout hereunder, subject to the approval by a resolution of the Shareholders of the Company in this General Meeting.

The material terms and conditions of remuneration payable shall be as under :-

Period from	: 02-08-1999 to 01-08-2004
Designation	: Executive Director.
Remuneration	: Rs.11,000-1,000-15,000 per month.

Perquisites : In addition to the above Shri Ashok Kumar Agarwal shall be entitled to perquisites like furnished accommodation or house rent allowance, in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowance for utilisation of gas, electricity, water, furnishing and repairs, reimbursement of medical expenses incurred for himself and his family, leave travel concession for himself and his family, club fees, personal accident insurance, leave encashment, contribution to provident fund superannuation and gratuity funds, provision for car and telephone etc. in accordance with schedule XIII of the companies Act, 1956 and rules made there under, such perquisite shall not exceed an amount equal to his annual salary in that year.

PROVIDED THAT :

- For the purpose of calculating above ceiling, perquisites shall be valued as per Income Tax rules, wherever applicable and in the absence of any such rules, perquisites shall be calculated at actual cost; the provision of Company Car for official use and Telephone at residence (including payment for local calls and long distance official calls) shall not be included in computation of ceiling on perquisites;
- The Company's contribution to Provident Fund and Superannuation Fund not exceeding 25% of salary shall not be included in computation of ceiling on perquisites.
- The Company's contribution to Gratuity Funds in accordance with the Rules of the Company shall not be included in the computation of ceiling on perquisites; and
- The appointment of Shri Ashok Kumar Agarwal shall be subject to retirement by rotation. He shall be subject to the same provision as to resignation, removal and vacation of office as the other Directors of the Company and if he ceases to hold office of director for any cause, he shall ipso facto and immediately ceases to be the Executive Director.

MEMORANDUM OF INTEREST :

Shri Ashok Kumar Agarwal is the relative of Shri Arjun Das Agarwal, Shri Kashmiri Lal Agarwal and Shri Krishan Kumar Agarwal the directors of the Company and therefore may be deemed to be interested in the above resolution. This may also be deemed as memorandum of interest under section 302 of the Act and the same is not separately been sent to the Shareholders.

By order of the Board

ARJUN DAS AGARWAL
CHAIRMAN

PLACE : HISAR
29TH JULY, 1999



H.P. Cotton Textile Mills Ltd.

NOTES :

1. **A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
3. The register of transfers and share transfer books of the Company will remain closed from 1st September, 99 to 15th September, 99.
4. Members are requested to quote their folio numbers in all their correspondence.
5. Shareholders intending to enquire about accounts, to be explained in the meeting, are requested to inform the Company at least 10 days in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
6. Members are requested to immediately intimate to the Company any change in their address as registered with the company, mentioning the Pin Code Number.
7. The Company has already transferred, unclaimed dividend declared upto the financial year ended 31st March, 1995 to the G.R.A. of the Central Government as required by the Companies Unpaid Dividend (transfer to the General Revenue Account of the Central Government) Rules 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Haryana and Delhi, New Delhi.
9. By virtue of an amendment in the Companies Act 1956, every share holder is now entitled to nominate a person to whom his shares in the Company shall vest in the unfortunate event of his death.

The shareholders who want to avail of the facility of nomination may send-in their nomination in form 2B prescribed under the Companies Act, 1956, . A specimen of the said form is appended at the end of this annual report as Annexure.

By order of the Board

ARJUN DAS AGARWAL
CHAIRMAN

PLACE : HISAR
29TH JULY, 1999



H.P. Cotton Textile Mills Ltd.

DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the Eighteenth Annual Report of your Company together with audited accounts for the year ended on March 31, 1999.

FINANCIAL RESULTS :

	1998-99		(Rs. in lacs) 1997-98	
	Rupees	%age	Rupees	%age
Production value	6217	100.00	6334	100.00
Excise payment	293	4.71	305	4.82
Net production	5924	95.29	6029	95.18
Raw materials/Consumables	3616	58.16	3669	57.93
Other expenses	1476	23.74	1385	21.87
Depreciation	167	2.69	162	2.55
Financial Expenses	255	4.10	274	4.32
Selling expenses	428	6.88	403	6.36
Operating profit	(18)	(0.28)	136	2.15
Other Income	20	0.32	18	0.28
Profit before tax	2	0.04	154	2.43
Income tax	-	-	21	0.33
Net Profit	2	0.04	133	2.10

PERFORMANCE

There is no improvement in recessionary conditions in our product segment. In spite of downing shutters by many weak and inefficient Mills, product availability still exceeds local demand. Unremunerative and most competitive prices offered by our neighboring and South Asian suppliers, post devaluation, have squeezed volume of Indian exports and resultant margins. The overall conditions in traditional yarn trade globally is precarious.

In the present buyers' market where the supply exceeds demand, Manufacturers are compelled to sell hosiery yarn below cost to keep the wheel moving and to recover fixed cost to the maximum extent possible.

Increase in Excise levy from five to eight percentage point in the name of simplification of duty structure by Government of India has further deepened the crisis. It will cost the company roughly another two crore of rupees in a year which cannot be passed on to the customers in prevailing worst recessionary conditions.

However our concentrated efforts in maximising local and export sales of sewing threads have made it possible to atleast BREAK EVEN.

DIVIDENDS

Your Directors, after considering all the relevant financial and other constraints, very reluctantly decided not to recommend distribution of dividend for this year also.



H.P. Cotton Textile Mills Ltd.

EXPORTS

Intensified export promotion efforts made by the Company has added many a new Countries and overseas Customers as regular indenters for a number of our existing and tailor made newly developed range of sewing Threads. We have increased our direct Export earnings to Rupees 731 Lacs from Rupees 519 Lacs , an increase of above forty percent , inspite of weak and challenging market conditions.

PROSPECTS

The Company does not envisage any significant improvement in the already depressed traditional yarn market. To survive in such an environment, we need courage, foresight and all round improvement in productivity with new and improved range of product-mix. Now more and more quality production of sewing thread is our life line and we all are making earnest efforts in this direction.

Y2K COMPLIANT

After identifying the requirements scientifically , the Company has initiated effective steps towards Y2K compliance and is confident that the preventive steps taken are sufficient. In any unlikely event of problem the Secretarial, Financial and all other commercial functions can be converted to Manual Working within no time.

SAFFTY HEALTH AND ENVIRONMENT

Your company continues to maintain high level of awareness amongst all employees by integrating safety, health and environment as essential part of the business process. The company is adhering to all the regulatory principles prescribed by the Government and local authorities.

ENERGY CONSERVATION, TECHNOLOGY AND FOREIGN EXCHANGE

All out efforts for energy conservation at every stage of production are being made and standards reviewed regularly. Maximum captive power generation is encouraged with optimum fuel efficiency. Details/disclosures of particulars in the report of Directors (Rule 1988)is appended as annexure I hereto and forms part of this report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company continued its efforts to enhance and maximise the contribution of the human resources towards optimising organisational goals and to meet the challenges of changing business environment. As in the past, harmonious and congenial industrial relations have been maintained through- out the year.

Since none of the employees has been paid emoluments above the prescribed limit of disclosure hence no detail is being submitted under sub section 2(A) of section 217 of the Companies Act 1956.

INSURANCE

All the properties and insurable interest of the company including building, plant, machinery and stocks etc. wherever necessary and to the extent desirable are adequately insured against fire and natural calamities.

FIXED DEPOSITS

The Company has not invited/ accepted fixed deposits in terms of Section 58 A of the Companies Act, 1956.

COMPLIANCE OF GUIDELINES OF SEBI/STOCK EXCHANGES

The performance of your Company as to compliance of various guidelines issued by Sebi and Stock Exchanges from time to time, is satisfactory. The shares of the Company are listed at Delhi, Mumbai, Calcutta, Ludhiana and Jaipur Stock Exchanges.



H.P. Cotton Textile Mills Ltd.

AUDITORS

M/s A.K.Associates, New Delhi were appointed Auditors of the Company to hold office till the conclusion of 18th Annual General Meeting. Accordingly the said Auditors retire on the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Auditors have furnished to the Company the requisite certificate under section 224(1) of the Companies Act 1956 that their appointment, if made, would be within the prescribed limit.

COST AUDITORS

As prescribed under the order of the Central Government, the Company maintains required cost accounting records and has appointed M/s R.J.Goel & Co. Cost Auditors, New Delhi to audit such records and report thereon.

DIRECTORS

In accordance with the requirement of Companies Act 1956 and the Article of Association of the Company Shri Ashok Kumar Agarwal and Lt. Gen. (Retd) Depender Singh retire by rotation and are eligible and have offered themselves for re-appointment.

Shri Anil Aggarwalla, who was appointed as additional Director of the company in the meeting of Board of Directors held on 29th July, 1999 hold office as director till the conclusion of ensuing General Meeting but being eligible, offer himself for re-appointment.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation for the continued support and co-operation received and confidence reposed in the Company and the Management by the Financial Institutions, Consortium Bankers, Share Holders, Indenters, Customers and Suppliers, the State and Central government and other agencies. The Company also wishes to thank all the employees for their dedicated service.

For and on behalf of the Board

ARJUN DAS AGARWAL
Chairman

PLACE : HISAR
DATED : 29th July,1999



H.P. Cotton Textile Mills Ltd.

ANNEXURE TO THE DIRECTORS' REPORT

ENERGY CONSERVATION

The system of continuous evaluation of energy consumption has been further strengthened to optimise efficiency, reduce transmission losses and curtail unproductive power and fuel consumption.

Captive power generating sets have been synchronised and machine loads have been relocated for optimal use of power generated.

Studies to reduce energy consumption and achieve maximum efficiency is an on going process and suitable investment will continue to be made in these areas in future also.

RESEARCH AND DEVELOPMENT

Several new quality/range of product mix have been developed to meet the requirements to end users.

Developmental work towards identification of operating conditions suitable for plant operation at higher efficiency has been undertaken.

Through careful study/evaluation/appraisal of operational/ manufacturing and quality parameters, reduction in downtime, usages of fresh water and emissions in manufacturing process/ operations have been achieved.

Common equipment and facilities are used for operational as well as R & D activities. No separate account is maintained and as such expenditure on R & D is not separately ascertainable.

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

Modification of process equipments and products are carried out to suit market requirements and to achieve optimum operational efficiency.

Continuous efforts are being made by the company to keep pace in improving the technologies obtained, emphasis being on technology upgradation, energy conservation and optimization to reduce the variable operating cost and increasing the safety in and around work place.

The plant performance is closely monitored for optimization of plant operation to reduce the consumption of raw material, chemical and spares.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earned	Rs. 731.24 Lacs
Foreign Exchange Used.	Rs. 45.02 Lacs.